

TONG HERR RESOURCES BERHAD
(Company No.432139-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 September 2014
(Financial Year Ending 31 December 2014)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | (Unaudited) Quarter Ended 30-Sep-14 RM'000 | (Unaudited) Quarter Ended 30-Sep-13 RM'000 | (Unaudited) Quarter Ended 30-Sep-14 RM'000 | (Unaudited) Quarter Ended 30-Sep-13 RM'000 |
| Revenue | 146,593 | 138,589 | 412,494 | 395,702 |
| Cost of Sales | <u>(125,880)</u> | <u>(119,654)</u> | <u>(352,042)</u> | <u>(346,025)</u> |
| Gross Profit | 20,713 | 18,935 | 60,452 | 49,677 |
| Other income | 2,394 | (478) | 4,417 | 2,474 |
| Distribution costs | (3,760) | (2,498) | (9,176) | (6,937) |
| Administrative and general expenses | (3,423) | (4,069) | (7,803) | (10,753) |
| Finance costs | (257) | (429) | (1,379) | (1,129) |
| Share of results of associates | 266 | (2,659) | 431 | (3,983) |
| Profit Before Tax | <u>15,933</u> | <u>8,802</u> | <u>46,942</u> | <u>29,349</u> |
| Tax expenses | (3,069) | (3,175) | (9,080) | (6,879) |
| Profit For The Period | <u>12,864</u> | <u>5,627</u> | <u>37,862</u> | <u>22,470</u> |
| Other comprehensive income | | | | |
| Currency translation differences for foreign operations | 3,940 | 3,920 | 1,593 | 7,476 |
| Share of other comprehensive income of associates | 144 | 601 | (786) | (1,867) |
| | 4,084 | 4,521 | 807 | 5,609 |
| Total comprehensive income for the period | <u>16,948</u> | <u>10,148</u> | <u>38,669</u> | <u>28,079</u> |
| Profit for the period attributable to: | | | | |
| Owners of the Company | 8,769 | 3,661 | 26,858 | 14,887 |
| Non-controlling interests | 4,095 | 1,966 | 11,004 | 7,583 |
| | <u>12,864</u> | <u>5,627</u> | <u>37,862</u> | <u>22,470</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 11,666 | 7,112 | 26,921 | 18,564 |
| Non-controlling interests | 5,282 | 3,036 | 11,748 | 9,515 |
| | <u>16,948</u> | <u>10,148</u> | <u>38,669</u> | <u>28,079</u> |
| Earnings per share attributable to owners of the Company: | | | | |
| Basic, for profit for the period (sen) | <u>6.94</u> | <u>2.89</u> | <u>21.25</u> | <u>11.77</u> |
| Diluted, for profit for the period (sen) | <u>6.94</u> | <u>2.89</u> | <u>21.25</u> | <u>11.77</u> |

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

TONG HERR RESOURCES BERHAD
(Company No.432139-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014
(Financial Year Ending 31 December 2014)

| | (Unaudited) 30 September 2014 RM'000 | (Audited) 31 December 2013 RM'000 |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 145,192 | 153,717 |
| Prepaid lease payments | 6,234 | 6,356 |
| Investment in associates | 74,884 | 75,131 |
| | <u>226,310</u> | <u>235,204</u> |
| Current assets | | |
| Inventories | 214,680 | 178,836 |
| Trade and other receivables | 63,423 | 49,533 |
| Financial assets at fair value through profit or loss | 1,268 | 0 |
| Prepayments | 1,810 | 1,260 |
| Current tax assets | 34 | 82 |
| Cash and cash equivalents | 118,611 | 103,911 |
| | <u>399,826</u> | <u>333,622</u> |
| TOTAL ASSETS | <u>626,136</u> | <u>568,826</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 127,430 | 127,430 |
| Treasury shares | (1,961) | (1,929) |
| Currency translation reserve | (5,208) | (5,271) |
| Retained profits | 212,628 | 199,676 |
| Equity attributable to owners of the Company | <u>332,889</u> | <u>319,906</u> |
| Non-controlling interests | <u>95,310</u> | <u>86,212</u> |
| Total equity | <u>428,199</u> | <u>406,118</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 5,564 | 5,512 |
| Loans and borrowings | 7,209 | 12,761 |
| | <u>12,773</u> | <u>18,273</u> |
| Current Liabilities | | |
| Loans and borrowings | 162,072 | 118,277 |
| Trade and other payables | 17,072 | 24,373 |
| Financial liabilities at fair value through profit or loss | - | 542 |
| Current tax liabilities | 6,020 | 1,243 |
| | <u>185,164</u> | <u>144,435</u> |
| TOTAL LIABILITIES | <u>197,937</u> | <u>162,708</u> |
| TOTAL EQUITY AND LIABILITIES | <u>626,136</u> | <u>568,826</u> |
| Net assets per share attributable to owners of the Company (sen) | <u><u>263</u></u> | <u><u>253</u></u> |

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

TONG HERR RESOURCES BERHAD
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AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Period Ended 30 September 2014
(Financial Year Ending 31 December 2014)

| | Non-Distributable | | | Distributable* | | Non-controlling interests (RM'000) | Total Equity (RM'000) |
|-----------------------------|------------------------------|--------------------------------|---|------------------------------|---|--|-----------------------------|
| | Share Capital (RM'000) | Treasury Shares (RM'000) | Currency Translation Reserves (RM'000) | Retained profits (RM'000) | Equity attributable to owners of the Company (RM'000) | | |
| At 1 January 2014 | 127,430 | (1,929) | (5,271) | 199,676 | 319,906 | 86,212 | 406,118 |
| Total comprehensive income | 0 | 0 | 63 | 26,858 | 26,921 | 11,748 | 38,669 |
| Purchase of own shares | 0 | (32) | 0 | 0 | (32) | 0 | (32) |
| Dividends paid:- | | | | | | | |
| - Owners of the Company | 0 | 0 | 0 | (13,906) | (13,906) | 0 | (13,906) |
| - Non-controlling interests | 0 | 0 | 0 | 0 | 0 | (2,650) | (2,650) |
| At 30 September 2014 | <u>127,430</u> | <u>(1,961)</u> | <u>(5,208)</u> | <u>212,628</u> | <u>332,889</u> | <u>95,310</u> | <u>428,199</u> |
| At 1 January 2013 | 127,430 | (1,833) | (7,721) | 187,139 | 305,015 | 84,208 | 389,223 |
| Total comprehensive income | 0 | 0 | 3,678 | 14,887 | 18,565 | 9,515 | 28,080 |
| Purchase of own shares | 0 | (96) | 0 | 0 | (96) | 0 | (96) |
| Dividends paid:- | | | | | | | |
| - Owners of the Company | 0 | 0 | 0 | (5,059) | (5,059) | 0 | (5,059) |
| - Non-controlling interests | 0 | 0 | 0 | 0 | 0 | (2,450) | (2,450) |
| At 30 September 2013 | <u>127,430</u> | <u>(1,929)</u> | <u>(4,043)</u> | <u>196,967</u> | <u>318,425</u> | <u>91,273</u> | <u>409,698</u> |

* Treasury shares as at 30 September 2014 amounting RM 1,961,125 (30 September 2013: RM1,929,107), being the total cost of the treasury shares purchased, are considered as non-distributable.
(The Unaudited Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

TONG HERR RESOURCES BERHAD
(Company No.432139-W)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014
(Financial Year Ending 31 December 2014)

| | (Unaudited) Quarter Ended 30-Sep-14 RM'000 | (Unaudited) Quarter Ended 30-Sep-13 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 46,942 | 29,349 |
| Adjustments for:- | | |
| Non-cash items | 12,616 | 20,967 |
| Non-operating items | (421) | (645) |
| | 59,137 | 49,671 |
| Changes in working capitals | (57,835) | (28,344) |
| | 1,302 | 21,327 |
| Cash generated from operations | 1,302 | 21,327 |
| Net income tax paid | (4,203) | (2,995) |
| Net cash (used in)/ from operating activities | (2,901) | 18,332 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipments | (3,220) | (5,988) |
| Proceeds from disposal of property, plant and equipments | 0 | 22 |
| Interest received | 1,800 | 1,796 |
| Net cash used in investing activities | (1,420) | (4,170) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in bank borrowings, net | 41,436 | 19,114 |
| Term loans repaid | (4,691) | (1,575) |
| Dividends paid to shareholders of the Company | (13,906) | (5,059) |
| Dividends paid to non-controlling interests | (2,650) | (2,450) |
| Interest paid | (1,319) | (1,110) |
| Purchase of own shares | (32) | (96) |
| Decrease of fixed deposits pledged | 626 | 0 |
| Net cash from financing activities | 19,464 | 8,824 |
| Net increase in cash and cash equivalents | 15,143 | 22,986 |
| Effect of exchange rate changes | 183 | 356 |
| Cash and cash equivalents at beginning of financial period | 103,285 | 94,655 |
| Cash and cash equivalents at end of financial period | 118,611 | 117,997 |

Cash and cash equivalents at end of financial period comprise the following:

| | As at 30-Sep-14 RM'000 | As at 30-Sep-13 RM'000 |
|--|------------------------------|------------------------------|
| Cash and bank balances | 118,611 | 118,572 |
| Less: Fixed deposits pledged with bank | 0 | (575) |
| | 118,611 | 117,997 |

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)