

# HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

## A. Explanatory Notes to the Interim Financial Statements as required by FRS134

### A1. Basis of preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard 134 (“FRS”), Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Hunza Properties Berhad Group (“the Group”) for the year ended 30 June 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions so as to give a true and fair view of the state of affairs of the Group as of 31 December 2014 and of its result and cash flows for the period then ended.

### A2. Changes in accounting policies

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2014 except for the adoption of the following:-

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

- Amendments to FRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to FRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to FRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139, Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014**

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to FRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to FRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to FRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

Adoption of the above FRSs, Interpretations and Amendments do not have any significant impact on the Group’s financial position and results.

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## **A2. Changes in accounting policies (Cont'd)**

### **Malaysian Financial Reporting Standards, MFRSs**

The Company falls within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate. Therefore, the Company is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

Based on the MASB announcement on 2 September 2014, the effective date for the adoption of MFRS Framework by transitioning entities (i.e. entities affected by MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate) was deferred from annual period beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined by the MASB, the Company has elected to continue to apply the FRS Framework up till its financial year ending 30 June 2017 and thereafter will adopt the Standards of the MFRS Framework that will be in force as per the MASB during the financial year ending 30 June 2018.

## **A3. Declaration of audit qualification**

The annual financial statements of the Group for the immediate preceding financial year ended 30 June 2014 were not subject to any qualification on the report of the auditors.

## **A4. Seasonal or cyclical factors**

The business operations of the Group have not been significantly affected by seasonal or cyclical factors, except being primarily a property developer and real estate investor it is highly correlated to the nation's economy.

## **A5. Unusual items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size, or incidence for the financial period under review.

## **A6. Changes in estimates**

There were no material changes in estimates for the financial period under review.

## **A7. Debt and equity securities**

The number of treasury shares brought forward from the last financial year ended 30 June 2014 was 16,087,652 ordinary shares of RM1 each at total cost of RM28,787,558. During this financial period, HPB has bought back a further 8,411,100 ordinary shares at the average price of RM1.93 per share. All the above ordinary shares bought back were held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965 and the balance of treasury shares as at 31 December 2014 is accordingly 24,498,752. There were no share cancellations and resale of treasury shares during the period. Subsequent to 31 December 2014 (up to 13 February 2015), no shares have been bought back.

On 3 March 2010, 43,679,467 warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time on or after the issue date but not later than 5.00 p.m. on 2 March 2015. The number of unexercised warrants as at 1 July 2014 was 11,320,229. During the financial period, 203,300 shares have been issued by virtue of exercise of warrants. Hence as at 31 December 2014, 11,116,929 warrants remained unexercised. Subsequent to 31 December 2014 (up to 13 February 2015), 1,108,950 shares have been issued by virtue of exercise of warrants.

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Notes to the Condensed Consolidated Interim Financial Statements:-

## **A7. Debt and equity securities (Cont'd)**

After accounting for the share buy-back transactions and warrants conversions, the Company's issued and paid-up share capital on 31 December 2014 is 220,536,452 ordinary shares (excluding 24,498,752 treasury shares). Subsequent to 31 December 2014 (up to 13 February 2015), the Company's issued and paid-up share capital is 221,645,402 ordinary shares (excluding 24,498,752 treasury shares).

## **A8. Dividend payable**

No dividend was paid during the period under review.

Please refer to note B11 for dividend declared / proposed.

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Notes to the Condensed Consolidated Interim Financial Statements:-

## A9. Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units.

	Property Development RM'000	Property Investment RM'000	Construction RM'000	Trading RM'000	Total reportable segment RM'000	Other non-reportable segments RM'000	Elimination RM'000	Consolidated RM'000
<b>Financial period ended 31 December 2014</b>								
External revenue	62,828	27,291	106	-	90,225	1,193	-	91,418
Inter-segment revenue	-	738	16	7,403	8,157	5,426	(13,583)	-
Segment profit / (loss)	20,595	10,637	77	(32)	31,277	2,962	(4,134)	30,105
Segment assets	311,463	949,538	1,978	4,709	1,267,688	64,723	-	1,332,411
<b>Financial period ended 31 December 2013</b>								
External revenue	46,621	16,741	73	-	63,435	871	-	64,306
Inter-segment revenue	-	826	69	3,378	4,273	2,524	(6,797)	-
Segment profit	12,982	8,864	(570)	(201)	21,075	(800)	2,714	22,989
Segment assets	311,787	853,361	1,703	2,507	1,169,358	32,129	-	1,201,487

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Notes to the Condensed Consolidated Interim Financial Statements:-

## A10. Valuations of property, plant & equipment

The value of land and buildings is stated at 2010 valuation less accumulated depreciation, after a revaluation exercise carried out on 21 May 2010 by an independent firm of professional valuers using “open market value with existing use” basis. This was in line with our policy that freehold office units and buildings (held for own use) stated at valuation are revalued at regular intervals of at least once in every five years.

## A11. Valuations of investment properties

The value of such are based upon a valuation exercise carried out by independent firms of professional valuers (for Investment Properties which are significant) and/or directors. The valuation methods used in determining the valuation are the investment method and comparison method. This was in line with our policy upon adoption of FRS 140, that investment properties are revalued at regular intervals of at least once every year.

It was done in 4<sup>th</sup> quarter for immediate previous financial year (FY 2014).

## A12. Material events subsequent to the interim reporting period

There are no material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

## A13. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date. However, subsequent to 31 December 2014:

On 26 January 2015, HPB acquired 7,500 ordinary shares of RM1.00 each representing 30% of the total issued and paid-up capital of Nilai Arif Sdn Bhd (“NASB”) (see note B7).

On 11 February 2015, NASB increased its total paid up share capital to RM250,000 comprising 250,000 shares of RM1.00 each. This is in order that for NASB to apply for the housing developer license, NASB must have a minimum total paid up share capital of RM250,000 as one of the conditions stated under the Housing Development (Control and Licensing) Act 1966.

Accordingly, HPB has subscribed for all of the 225,000 ordinary shares of RM1.00 each at par in NASB as the two other unrelated individual shareholders of NASB, had renounced their rights absolutely in relation to the allotment of 225,000 ordinary shares in the paid-up capital of NASB.

Upon completion of the subscription on 11 February 2015, NASB became a subsidiary (93% owned) of HPB.

## A14. Commitments – Group

At end of current quarter  
31 December 2014

RM'000

Investment properties

Contract sum	27,890
Less: Progress claims certified to date	<u>(11,968)</u>
Contracted but not provided for	<u>15,922</u>

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Notes to the Condensed Consolidated Interim Financial Statements:-

**A15. Contingent liabilities**

There were no contingent liabilities as at 31 December 2014.

**A16. Significant related party transactions**

There were no significant related party transactions for the financial period to-date.

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Notes to the Condensed Consolidated Interim Financial Statements:-

## **B. Additional information required by the listing requirements of Bursa Malaysia Securities Berhad**

### **B1. Performance review of the Group**

The Group achieved revenue of RM38.4 million and profit before taxation of RM7.6 million for current quarter as compared to RM33.0 million and RM12.1 million respectively in preceding year's corresponding quarter.

Revenue was higher in current quarter compared to preceding year's corresponding quarter was mainly due to:-

- i. Higher sales from the property development segment due to stronger take-up rate;
- ii. Higher occupancy rate for Gurney Paragon Mall and Office Tower as compared to corresponding quarter, as they were just newly opened then in July 2013 and Aug 2013 respectively.

Profit before tax was higher in preceding year's corresponding quarter compared to current quarter was mainly due to the revaluation gain of RM 6.7 million.

### **B1.1 Performance and current year prospects of each operating segment**

#### **i) Property Development**

Phase 4 double storey link house (184 units) in Bandar Putra Bertam which was launched in 3<sup>rd</sup> quarter of previous financial year 2014, has shown a strong take up rate. Another 172 units of Phase 4 was launched in current quarter and is expected to contribute decently to the Group's results in this fiscal year.

The earthwork for the "Green" building super-condominiums of Alila II is in progress, and sales are expected to commence in the second half of calendar year 2015. The Juru Project is planned to take off upon approval by the authorities, which is expected to be in 1<sup>st</sup> half of calendar year 2015.

We had begun the construction of low cost apartments as one of the major steps undertaken to re-settle squatters in our 42+ acres land in Bayan Baru. Work is progressing smoothly.

#### **ii) Property Investment**

The property investment segment reported revenue of RM27.2 million and profit before tax of RM3.1 million (this is after a RM7.5 million interest expenses deducted from the operational profit of RM10.6 million, as per the segment reports in note A9) for the current 6 month period as compared to revenue of RM16.7 million and profit before tax of RM3.1 million (this is after a RM5.8 million interest expenses in additional to the operational profit of RM8.9 million) in the corresponding 6 month period ended 31 December 2013.

The increase in revenue was mainly due to higher occupancy rate for Gurney Paragon Mall and Office Tower (refer B1 ii above). However, the profit before tax is relatively unchanged from prior period comparative mainly due to higher interest expense incurred arising from additional loan drawdown.

#### **iii) Construction and Trading**

The construction and trading arms of the Group currently comprises sales of building materials and rental of machinery to contractors for low cost apartments in Bayan Baru and Bertam projects.

The purpose of these activities is mainly for sourcing materials at a better quality and pricing directly from the manufacturers for the Group's own development and investment projects.

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Notes to the Condensed Consolidated Interim Financial Statements:-

iii) Construction and Trading (Cont'd)

The increase in revenue for trading was due to more projects ie. our low cost apartments (refer B1.1 i) and Bertam project. However there were more low margin products transacted during current quarter, hence leading to not strong results.

**B2. Material changes in the quarterly results as compared with preceding quarter**

The Group achieved profit before taxation of RM7.6 million for current quarter as compared to RM14.0 million in preceding quarter ended 30 September 2014.

The decrease of profit before taxation for the current quarter was mainly attributable to the lower sales from the property development segment.

**B3. Prospects for the current financial year**

Going forward, the Group shall concentrate on constructing the latest phase of double storey link houses in Bandar Putra Bertam and the “Green” building super-condominiums of Alila II. At the same time, we will maintain focus on the tenancing and management of Gurney Paragon Retail Mall and Office Tower. We also stress on the construction of low cost apartments which is progressing smoothly (refer B1.1 i).

Based on the above factors, the Board is confident that the Group will continue to record a decent performance in current financial year.

**B4. Variance of actual profit from forecast profit**

Not applicable. The Group has not published any profit forecast nor profit guarantee for the period under review.

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended	Corresponding Quarter ended	Current year to date ended	Corresponding year to date ended
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	(1,901)	(3,664)	(5,190)	(5,981)
- Previous year	-	-	-	-
Deferred tax	156	223	60	467
	<u>(1,745)</u>	<u>(3,441)</u>	<u>(5,130)</u>	<u>(5,514)</u>

The current tax expenses approximate the statutory tax rate.

**B6. Status of corporate proposals**

There were no corporate proposals that have been announced but not yet completed as at the date of issuance of the quarterly report.



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## B7. Other receivables

Pursuant to paragraph 8.23 (1)(ii), (2)(e) and PN No.11/2001 of the Bursa Securities Listing Requirements, the Board of HPB wishes to announce the financial assistance provided by the Group during the year are as follows:

Nilai Arif Sdn Bhd (“NASB”)

A wholly-owned subsidiary of the Company, Hunza Properties (North) Sdn. Bhd. (“HPN”) had entered into an agreement with NASB whereby NASB appointed HPN as project manager cum consultant to provide evaluation and advisory services on a mixed development project “Alila II”. In addition, HPN had agreed to provide a sum of up to RM60 million as security deposits and/or financial assistance to NASB in the form of corporate guarantee for banking facilities for the mixed development project. HPN is entitled to a share of the profit generated from the said development.

As at 31 December 2014, the amount of security deposit provided by the subsidiary company to NASB is RM23.31 million and there was no corporate guarantee given by HPB group at that juncture. The security deposit shall be repaid to HPN before NASB is entitled to its share of profit.

No share of profit was recorded for the period ended 31 December 2014 under this agreement. The earthwork of Alila II is in progress and sales are targeted to begin in the second half of calendar year 2015.

Subsequent to the period ended 31 December 2015, HPB became the owner of 93% of the paid-up share capital of NASB, thus making it a subsidiary (see note A13).

## B8. Group borrowings

Details are as follows:

	<u>RM'000</u> Unsecured	<u>RM'000</u> Secured	<u>RM'000</u> Total
<u>Current</u>			
Bankers' acceptances	751	-	751
Revolving credit	-	3,000	3,000
Long-term borrowings due less than 1 year	2,462	10,080	12,542
	<u>3,213</u>	<u>13,080</u>	<u>16,293</u>
<u>Non-current</u>			
Long-term borrowings due between 1 and 5 years	-	159,761	159,761
Long-term borrowings due more than 5 years	-	255,357	255,357
	<u>-</u>	<u>415,118</u>	<u>415,118</u>

All borrowings are denominated in *Ringgit Malaysia*. Those secured are by way of legal charge over lands, fixed and floating charge over other assets and corporate guarantee.

The Group's secured long-term loans obtained from licensed financial institutions bear interest rates ranging from 1 % to 2% above the banks' cost of funds and fixed rate at 5.25%.

The Group's bankers' acceptances bear interest rates at 1.25% to 1.75% above the banks' cost of funds. The revolving credit bears interest rates at 1.5% above bank's cost of funds per annum.

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## B9. Breakdown of realised and unrealised profits or losses of the Group

	At end of current quarter 31 December 2014
	RM'000
Realised profits	196,801
Unrealised profits	328,886
Total retained profits	<u>525,687</u>

## B10. Changes in material litigation

### (i) Arbitration & Litigation between Hunza Properties (Gurney) Sdn Bhd (“HPG”), Hunza Properties (Penang) Sdn Bhd (“HPP”) and PLB-KH Bina Sdn Bhd (“PLB-KH”)

On 3 September 2009, HPG and HPP, wholly-owned subsidiaries of the Company issued a Notice of Arbitration referring the disputes and differences between HPP and HPG, and PLB-KH under the contract dated 14 January 2008 entered among HPP, HPG and PLB-KH (“the Contract”) to arbitration. The Contract was for the basement construction works of the Gurney Paragon Project. HPP’s and HPG’s claims are premised upon PLB-KH’s breaches of the Contract and for loss and damages as a result thereof.

The arbitration proceedings are still on-going, and are at the stage of evidence taking of HPP & HPG’s witnesses. The arbitration has been fixed for continued hearing in March 2015.

The solicitors still continue to have the opinion that HPP and HPG have a good arguable case against the Respondent in the arbitration.

### (ii) Writ action filed by HPG and HPP against PLB Engineering Bhd (“PLB Eng”)

HPG and HPP have on 3 November 2009 jointly commenced a Writ Action against PLB Eng which is the holding company of PLB-KH pursuant to the Letter of Corporate Guarantee dated 20 August 2008 wherein PLB Eng guaranteed a sum of RM1.52 million amounting to 5% of the contract price of the Contract.

However, PLB Eng had subsequently referred the issue on the payment out of the guarantee sum under the Corporate Guarantee to be part of the on-going arbitration between HPP & HPG and PLB-KH.

HPG and HPP’s still continue to have the opinion that HPG and HPP have a good arguable case against PLB Eng.

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Notes to the Condensed Consolidated Interim Financial Statements:-

## B10. Changes in material litigation (cont'd)

### (iii) **Suit in Penang High Court of Lye Siew Weng (as public officer for Persatuan Kwangtung Dan Tengchow, Pulau Pinang) with Hunza Parage Development Sdn Bhd (“HPD”)**

HPD, wholly-owned subsidiary of the Company, has on 12 December 2014 received a Writ dated 2 December 2014 and Statement of Claim dated 2 December 2014 from the solicitors of Lye Siew Weng, Public Officer for Persatuan Kwangtung and Tengchow, Pulau Pinang (“Kwangtung”).

Kwangtung and HPD (as developer) had entered into a Joint-Venture Agreement dated 26 March 1990 and a Supplemental Agreement dated 28 August 1993 (collectively known as the “JV Agreements”) for the development of lands known as Lot 2381, Lot 2383 and Lot 2386, held under Geran Nos. 14022, 14024 and 14027 respectively, Section 1, Daerah Timur Laut, Penang by erecting thereon three (3) blocks of condominium (“Condominium Blocks”) and a commercial block (shopping center) (“Commercial Block”) upon the terms and conditions therein set out.

Kwangtung has vide a Letter of Termination dated 13.09.2000 to HPD, asserted that the JV Agreements had lapsed and expired on 28.08.2000 and have therefore been terminated.

HPD disputed the termination of the JV Agreements by Kwangtung. HPD (as Plaintiff) commenced legal proceedings against Kwangtung (as Defendant) under Penang High Court CS No. 22-416-2003 (“the First Proceedings”). Vide a judgment made 30.06.2011, the High Court, inter alia found that the JV Agreements were lawfully terminated.

Vide its public officer, Lye Siew Weng, Kwangtung commenced legal proceedings under Penang High Court (“the Proceedings”) against HPD for inter alia, the claims and reliefs as follows:

- an order that a sum of RM7.2 million is due to Kwangtung in respect of moneys received by HPD as trustee being net profits for the sale of apartments in the Condominium Blocks (pursuant to the JV Agreements);
- an order for the payment of the sum of RM7.2 million together with interest at 5% per annum held by HPD as trustee for Kwangtung;
- a sum of RM10.6 million being one-third (1/3) of the total net profits that Kwangtung would have made from the sale of the Commercial Block had the JV Agreements not been breached by HPD.
- interest at the rate of 5% per annum on the sum of RM10.6 million

HPD’s solicitors have expressed its professional opinion as follows:

- i. That the alleged claims by Kwangtung that HPD holds the alleged profit of RM7.2 million arising from the sale of the Condominium Blocks pursuant to the JV Agreements as trustee for Kwangtung is unsustainable;
- ii. That the claims by Kwangtung for the sums of RM7.2 million and RM10.6 million pursuant to the JV Agreements which were terminated on 28.08.2000 are time barred under the Limitations Act, 1953;
- iii. That HPD has a valid and sustainable defence against the claims by Kwangtung for the sums of RM7.2 million and RM10.6 million under the doctrine of res judicata and/or estoppel upon the premise that the claims by Kwangtung against HPD arising from the JV Agreement should have been litigated and disposed under First Proceedings.

HPD’s solicitors have since filed HPD’s Statement of Defence on 13 January 2015. HPD’s solicitors have also filed an application to strike out Kwangtung’s claim on the grounds that it is time barred, frivolous and an abuse of Court process. The said application is pending for hearing in the High Court.

Please refer to announcements via Bursa dated 15 December 2014 and 23 February 2015.

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## B11. Dividends declared / proposed

The board of directors has not proposed any dividend for the financial period under review.

## B12. Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2014 RM'000	Corresponding quarter ended 31.12.2013 RM'000	Current year ended 31.12.2014 RM'000	Corresponding year ended 31.12.2013 RM'000
Profit attributable to ordinary shareholders	3,872	7,404	11,500	8,842
Weighted average number of ordinary shares in issue (excluding treasury shares)	227,278	209,397	224,598	200,699
Basic earnings per ordinary share (sen)	1.70	3.54	5.12	4.41

### (b) Diluted

The diluted earnings per share is based on the profit attributable to ordinary shareholders and after adjusting for notional savings on interest arising from proceeds resulting from the conversion of warrants. The weighted average numbers of ordinary shares in issue during the period have also been adjusted for the dilutive effects of all potential ordinary shares, i.e shares exercisable under warrants.

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2014 RM'000	Corresponding quarter ended 31.12.2013 RM'000	Current year ended 31.12.2014 RM'000	Corresponding year ended 31.12.2013 RM'000
Profit attributable to ordinary shareholders	3,921	7,475	11,595	8,979
Adjusted weighted average number of ordinary shares in issue (excluding treasury shares)	231,936	215,306	229,412	206,718
Diluted earnings per ordinary share (sen)	1.69	3.47	5.05	4.34

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## B13. Profit for the period

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 31.12.2014 RM'000	Corresponding Quarter ended 31.12.2013 RM'000	Current Year to date ended 31.12.2014 RM'000	Corresponding year to date ended 31.12.2013 RM'000
Profit for the year is arrived at after charging:				
Depreciation of property, plant and equipment	585	652	1,149	1,232
Property, plant and equipment written off	-	15	5	17
Interest expenses	4,760	3,065	8,427	6,205
and after crediting:				
Fair value gain on investment property	-	6,703	-	6,703
Gain on disposal of property, plant and equipment	-	-	142	175
Interest income	349	202	681	413

## B14. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Current	Preceding
	Quarter ended 31.12.2014 RM'000	Year Corresponding Quarter ended 31.12.2013 RM'000
Cash and bank balances	53,585	15,247
Deposits with licensed banks	39,446	38,689
Bank overdraft	-	(6,824)
	<u>93,031</u>	<u>47,112</u>
Less : Deposit pledged	(172)	(111)
	<u><u>92,859</u></u>	<u><u>47,001</u></u>

## B15. Derivative financial instruments

There were no financial instruments with off balance sheet risk for the financial period under review.

# **HUNZA PROPERTIES BERHAD**

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Notes to the Condensed Consolidated Interim Financial Statements:-

## **B16. Gains or Losses arising from fair value changes of financial liabilities**

There were no gains or losses resulting from fair valuing of financial liabilities for the financial period under review.

By Order of the Board  
**Hunza Properties Berhad**

GUNN CHIT GEOK  
CHEW SIEW CHENG  
Secretaries

Penang

26 February 2015