



**HOCK HENG STONE INDUSTRIES BHD.**

**(Company No. : 840040-H)**

**(Incorporated in Malaysia)**

**Condensed Consolidated  
Interim Financial Statements  
For the fourth quarter ended  
31 December 2014**

Company No. : 840040-H

Hock Heng Stone Industries Bhd.  
(Incorporated in Malaysia)

**Condensed Consolidated Statements of Comprehensive Income**  
**For the fourth quarter ended 31 December 2014**  
(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 31.12.2014 RM'000	Preceding year corresponding quarter ended 31.12.2013 RM'000	Current year- to-date 31.12.2014 RM'000	Preceding year corresponding period 31.12.2013 RM'000
<b>Continuing operations</b>					
Revenue		13,221	11,493	39,954	39,719
Cost of sales		(10,473)	(7,462)	(30,067)	(28,701)
<b>Gross profit</b>		<u>2,748</u>	<u>4,031</u>	<u>9,887</u>	<u>11,018</u>
Other income		78	520	329	610
Administrative, general and selling expenses		(2,010)	(3,323)	(7,132)	(8,159)
Operating profit		816	1,228	3,084	3,469
Finance costs		(489)	(543)	(1,433)	(1,918)
<b>Profit before tax</b>	23	<u>327</u>	<u>685</u>	<u>1,651</u>	<u>1,551</u>
Income tax expense	24	(304)	(132)	(820)	(579)
<b>Profit for the period</b>		<u>23</u>	<u>553</u>	<u>831</u>	<u>972</u>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>23</u>	<u>553</u>	<u>831</u>	<u>972</u>
<b>Profit attributable to:</b>					
Owners of the parent		52	569	893	1,169
Non-controlling interests		(29)	(16)	(62)	(197)
		<u>23</u>	<u>553</u>	<u>831</u>	<u>972</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		52	569	893	1,169
Non-controlling interests		(29)	(16)	(62)	(197)
		<u>23</u>	<u>553</u>	<u>831</u>	<u>972</u>
<b>Earnings per share attributable to owners of the parent:</b>					
Basic, for the period (sen)	33	0.07	0.71	1.12	1.46
Diluted, for the period (sen)	33	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.  
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Condensed Consolidated Statements of Financial Position  
As at 31 December 2014

	Note	Unaudited As at 31.12.2014 RM'000	Audited As at 31.12.2013 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	22,959	25,778
Investment properties		1,389	1,415
Land use rights		4,072	2,425
Land held for property development		5,535	-
Development expenditure		379	379
Deferred tax assets		198	208
		<u>34,532</u>	<u>30,205</u>
<b>Current assets</b>			
Property development costs		23,905	22,504
Inventories	8	31,519	27,846
Trade receivables and other receivables		12,650	18,758
Other current assets		5,184	6,662
Income tax receivable		107	97
Cash and bank balances	9	2,336	3,789
		<u>75,701</u>	<u>79,656</u>
<b>Total assets</b>		<u>110,233</u>	<u>109,861</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Income tax payable		343	320
Borrowings	26	15,307	13,067
Trade payables and other payables		10,454	15,459
Other current liability		-	40
		<u>26,104</u>	<u>28,886</u>
<b>Net current assets</b>		<u>49,597</u>	<u>50,770</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		405	676
Borrowings	26	31,227	28,633
		<u>31,632</u>	<u>29,309</u>
<b>Total liabilities</b>		<u>57,736</u>	<u>58,195</u>
<b>Equity attributable to owners of the parent</b>			
Share capital		40,000	40,000
Retained earnings	34	12,346	11,453
		<u>52,346</u>	<u>51,453</u>
Non-controlling interests		151	213
<b>Total equity</b>		<u>52,497</u>	<u>51,666</u>
<b>Total equity and liabilities</b>		<u>110,233</u>	<u>109,861</u>
Net assets per share attributable to ordinary equity holders of the Company (sen)			
		<u>65.43</u>	<u>64.32</u>

These Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.  
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Condensed Consolidated Statements of Changes in Equity  
For the fourth quarter ended 31 December 2014  
(The figures have not been audited)

	Attributable to equity holders of the parent		Total equity attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Distributable Retained earnings RM'000			
Opening balance at 1 January 2013	40,000	10,284	50,284	410	50,694
Total comprehensive income for the period	-	1,169	1,169	(197)	972
Closing balance at 31 December 2013	40,000	11,453	51,453	213	51,666
Opening balance at 1 January 2014	40,000	11,453	51,453	213	51,666
Total comprehensive income for the period	-	893	893	(62)	831
Closing balance at 31 December 2014	40,000	12,346	52,346	151	52,497

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.  
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**Condensed Consolidated Statements of Cash Flows**  
**For the fourth quarter ended 31 December 2014**  
**(The figures have not been audited)**

	Note	Current year- to-date 31.12.2014 RM'000	Preceding year corresponding period 31.12.2013 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		1,651	1,551
Adjustment for:			
Amortisation of land use rights		82	59
Depreciation of property, plant and equipment		1,886	1,984
Depreciation of investment properties		26	27
Impairment loss on trade receivables		200	999
Reversal of impairment loss on trade receivables		(98)	(313)
Write-down of inventories		423	34
Property, plant and equipment written off		7	-
Gain on disposal of property, plant and equipment		(29)	(107)
Gain on disposal of investment properties		-	(12)
Unrealised gain on foreign exchange		19	78
Interest expense		1,433	1,918
Interest income		(45)	(48)
<b>Operating profit before changes in working capital</b>		<u>5,555</u>	<u>6,170</u>
Changes in working capital:			
Increase in inventories		(4,096)	(1,142)
Decrease in receivables		6,006	1,639
Decrease/(increase) in other current assets		1,478	(1,650)
Decrease/(increase) in property development costs		3,115	(215)
(Decrease)/increase in payables		(5,024)	1,903
Decrease in other current liability		(40)	(116)
<b>Cash generated from operations</b>		<u>6,994</u>	<u>6,589</u>
Income tax paid		(1,068)	(714)
Income tax refund		-	286
Interest paid		<u>(2,952)</u>	<u>(2,711)</u>
<b>Net cash from operating activities</b>		<u>2,974</u>	<u>3,450</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(3,640)	(2,894)
Increase of land held for property development		(3,687)	-
Purchase of prepaid land lease payments		(1,730)	-
Proceeds from disposal of property, plant and equipment		31	246
Proceeds from disposal of investment properties		-	55
Interest received		45	48
<b>Net cash used in investing activities</b>		<u>(8,981)</u>	<u>(2,545)</u>

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Condensed Consolidated Statements of Cash Flows  
For the fourth quarter ended 31 December 2014  
(The figures have not been audited)

	<b>Current year- to-date</b>	<b>Preceding year corresponding period</b>
<b>Note</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Increase/(decrease) of short term borrowings	3,297	(4,153)
Drawdown of term loans	6,054	11,208
Repayment of term loans	(3,213)	(8,250)
Repayment of obligation under finance leases	(414)	(430)
<b>Net cash from/(used in) financing activities</b>	<u>5,724</u>	<u>(1,625)</u>
<b>Net decrease in cash and cash equivalents</b>	(283)	(720)
<b>Cash and cash equivalents at beginning of period</b>	35	755
<b>Cash and cash equivalents at end of period</b>	9 <u>(248)</u>	<u>35</u>

These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

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## Notes to the Interim Financial Statements for the fourth quarter ended 31 December 2014

### Part A - Explanatory notes pursuant to Financial Reporting Standard 134

#### 1. Basis of preparation

The interim financial statements is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

#### 2. Summary of significant accounting policies

The significant accounting policies adopted are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2013.

##### 2.1 Changes in accounting policies and effects arising from adoption of new FRSs, amendments to FRSs and IC Interpretations

At beginning of current financial period, the Group had adopted the following new FRSs, amendments to FRSs and IC Interpretations:

*Effective for financial periods beginning on or after 1 January 2014*

- Amendments to FRS 10, FRS 12 and FRS 127 (2011): *Investment Entities*
- Amendments to FRS 132: *Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 136: *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to FRS 139: *Novation of Derivatives and Contribution of Hedge Accounting*
- IC Interpretation 21 *Levies*

##### 2.2 Standards and Interpretations issued but not yet effective

The following new and amended FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

*Effective for financial periods beginning on or after 1 July 2014*

- Amendments to FRS 119: *Defined Benefits Plans - Employee Contributions*
- Annual Improvements to FRSs 2010 - 2012 Cycle
- Annual Improvements to FRSs 2011 - 2013 Cycle

*Effective for financial periods to be announced by MASB*

- FRS 9 (2009) *Financial Instruments*
- FRS 9 (2010) *Financial Instruments*
- FRS 9 *Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)*
- Amendments to FRS 9 and FRS 7: *Mandatory Effective Date of FRS 9 and Transition Disclosures*

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**Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)**

**3. Seasonal or cyclical factors**

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

**4. Unusual items**

There were no unusual items because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

**5. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

**6. Debt and equity securities**

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

**7. Property, plant and equipment**

Acquisitions

Below are the property, plant and equipment acquired by the Group during the period ended:

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Land	-	19
Factory buildings and extensions	3,247	-
Building-in-progress	275	2,785
Plant, machinery and factory equipment	97	130
Motor vehicles	414	265
Other assets *	91	77
	<u>4,124</u>	<u>3,276</u>

\* Other assets comprise of office equipment, furniture and fittings, electrical installation, computers and cabin.

During the period under review, the Group acquired property, plant and equipment by mean of:

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Finance lease	280	200
Interest expense capitalised	204	182
Cash outflow	3,640	2,894
	<u>4,124</u>	<u>3,276</u>



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**Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)**

**7. Property, plant and equipment (continued)**

Disposals

Below is the property, plant and equipment disposed by the Group during the period under review:

	<b>Cost RM'000</b>	<b>Net carrying amount RM'000</b>	<b>Sales proceeds RM'000</b>	<b>Gain on disposals RM'000</b>
Motor vehicles	79	-	29	29
	<u>79</u>	<u>-</u>	<u>29</u>	<u>29</u>

**8. Inventories**

During the current period ended 31 December 2014, there were write-down of inventories of RM423,000 (31.12.2013: RM34,000). This expense was included in the cost of sales in the statement of comprehensive income.

**9. Cash and bank balances**

	<b>31.12.2014 RM'000</b>	<b>31.12.2013 RM'000</b>
Cash at banks and on hand	1,790	2,304
Short term deposits with licensed banks	546	1,485
Cash and bank balances	<u>2,336</u>	<u>3,789</u>
Less: Bank overdrafts	<u>(2,584)</u>	<u>(3,754)</u>
<b>Total cash and cash equivalents</b>	<u>(248)</u>	<u>35</u>

**10. Fair value hierarchy**

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

**11. Provisions for cost of restructuring**

There were no provision for, or reversal of, costs of restructuring during the reporting period.

**12. Dividends paid**

There were no dividends paid in the current financial quarter ended 31 December 2014.

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**Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)**

**13. Capital commitments**

Capital commitments as at end of the current quarter are as follows:

	31.12.2014 RM'000	31.12.2013 RM'000
Property, plant and equipment:		
- Approved and contracted for	364	6,153
- Approved and not contracted for	662	662
	<u>1,026</u>	<u>6,815</u>

**14. Contingent assets and liabilities**

There were no contingent assets or liabilities since 31 December 2013.

**15. Segment information**

The segment information in respect of the Group's operating segments are as follows:

- (i) Sales of goods - manufacture and sales of dimension stones and related products and is completed within 6 months.
- (ii) Construction - supply and installation of dimension stones and related products for projects secured and is completed over a period of more than 6 months.
- (iii) Property development - property development.
- (iv) Others - investment holding.

	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Period ended 31.12.2014</b>						
<b>Revenue:</b>						
External customers	29,438	6,656	3,860	-	-	39,954
Inter-segment	22,197	-	-	-	(22,197)	-
	<u>51,635</u>	<u>6,656</u>	<u>3,860</u>	<u>-</u>	<u>(22,197)</u>	<u>39,954</u>
<b>Results:</b>						
Interest income	44	-	-	1	-	45
Finance costs	1,209	9	215	-	-	1,433
Depreciation and amortisation	1,863	131	-	-	-	1,994
Other non-cash expense	525	-	-	-	-	525
Segment profit/(loss)	<u>1,823</u>	<u>162</u>	<u>(227)</u>	<u>(80)</u>	<u>(27)</u>	<u>1,651</u>

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

15. Segment information (continued)

	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Period ended 31.12.2014</b>						
<i>(continued)</i>						
<b>Assets</b>						
Capital expenditure	5,701	153	3,687	-	-	9,541
Segment assets	72,611	9,612	27,953	57	-	110,233
<b>Segment liabilities</b>	<b>33,702</b>	<b>-</b>	<b>23,993</b>	<b>41</b>	<b>-</b>	<b>57,736</b>
<b>Period ended 31.12.2013</b>						
<b>Revenue:</b>						
External customers	29,987	9,732	-	-	-	39,719
Inter-segment	20,810	-	-	400	(21,210)	-
	50,797	9,732	-	400	(21,210)	39,719
<b>Results:</b>						
Interest income	47	-	-	1	-	48
Finance costs	1,352	28	538	-	-	1,918
Depreciation and amortisation	1,923	147	-	-	-	2,070
Segment profit/(loss)	1,846	461	(750)	282	(288)	1,551
<b>Assets</b>						
Capital expenditure	1,940	1,336	-	-	-	3,276
Segment assets	75,137	11,126	23,555	43	-	109,861
<b>Segment liabilities</b>	<b>36,519</b>	<b>40</b>	<b>21,571</b>	<b>65</b>	<b>-</b>	<b>58,195</b>

16. Changes in composition of the Group

There were no changes in the composition of the Group in the current quarter under review.

17. Events after the reporting period

There were no material events subsequent to the end of the current quarter.

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

18. Related party transactions

The Group had the following transactions with related parties during the current quarter under review and current year-to-date as well as the balances with the related parties as disclosed below:

(i) Company in which certain directors, Low Kim Hock, Low Kim Joo, Low Kim Ong and a major shareholder, Low Kim Chung have interest:

- LBS Realty Sdn. Bhd. ("LBS")

(ii) Company in which certain directors, Low Kim Hock, Low Kim Joo, Low Kim Ong and a major shareholder, Low Kim Chung have deemed interested by virtue of their interests in LBS which in turn holds 70% equity interest in EMP:

- EMP Design Sdn. Bhd. ("EMP")

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.12.2014 RM'000	Preceding year corresponding quarter ended 31.12.2013 RM'000	Current year- to-date 31.12.2014 RM'000	Preceding year corresponding period 31.12.2013 RM'000
Rental paid to LBS	21	21	84	84
Sales of dimension stone products to EMP	1,641	702	3,848	3,264
			<b>Amount owed by related parties</b>	
			<b>As at 31.12.2014 RM'000</b>	<b>As at 31.12.2013 RM'000</b>
LBS			-	-
EMP			1,417	1,016

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements

19. Review performance of the Group

**3 months ended 31.12.2014**

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 31.12.2014 RM'000	Preceding year corresponding quarter ended 31.12.2013 RM'000	RM'000	%
Revenue	13,221	11,493	1,728	15.0
- Sales of goods segment	7,862	9,273	(1,411)	(15.2)
- Construction segment	1,499	2,220	(721)	(32.5)
- Property development segment	3,860	-	3,860	-
Profit before tax	327	685	(358)	52.3

**Revenue**

The Group's revenue for current quarter ("4Q2014") ended 31 December 2014 has increased by RM1.73 million or 15.0% to RM13.22 million as compared to corresponding quarter in the preceding year. The increase in revenue for 4Q2014 was due to revenue generated from property development segment amounted to RM3.86 million however partially off-set by the decrease in sales of goods segment by RM1.41 million and construction segment by RM0.72 million.

**Profit before tax**

The Group's profit before tax for 4Q2014 has decreased by RM0.36 million to RM0.33 million as compared to profit before tax of RM0.68 million in corresponding quarter in preceding year. The decrease in profit before tax in 4Q2014 is mainly due to the decrease in operating profit by RM1.28 million and the decrease in other income by RM0.44 million, however off-set the decrease of the administrative, general and selling expenses by RM1.31 million in the current quarter under review. Higher administrative, general and selling expenses in corresponding quarter in preceding year was due to impairment loss on trade receivables amounted to RM1.00 million.

**12 months ended 31.12.2014**

	Cumulative quarter		Increase/(decrease)	
	Current year- to-date 31.12.2014 RM'000	Preceding year corresponding period 31.12.2013 RM'000	RM'000	%
Revenue	39,954	39,719	235	0.6
- Sales of goods segment	29,438	29,987	(549)	(1.8)
- Construction segment	6,656	9,732	(3,076)	(31.6)
- Property development segment	3,860	-	3,860	-
Profit before tax	1,651	1,551	100	6.4

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**Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)**

**19. Review performance of the Group (continued)**

**12 months ended 31.12.2014 (continued)**

**Revenue**

The Group's revenue for current year-to-date ("12M2014") ended 31 December 2014 has slight increased by RM0.24 million or 0.6% to RM39.95 million as compared to corresponding period in the preceding year. The increase in revenue for 12M2014 was due to the revenue generated from property development segment amounted to RM3.86 million however partially off-set by the decrease in sales of goods segment by RM0.55 million and the decrease in construction segment by RM3.07 million.

**Profit before tax**

The Group's profit before tax for 12M2014 has slight increased by RM0.10 million to RM1.65 million in comparison with the corresponding period in the preceding year. The increase in the profit before tax is mainly due to decrease of the administrative, general and selling expenses by RM1.03 million and the reduce of finance costs by RM0.48 million, however partially off-set by the decrease in operating profit by RM1.13 million and decrease of other income by RM0.28 million. Higher administrative, general and selling expenses in corresponding period in preceding year was due to impairment loss on trade receivables amounted to RM1.00 million while higher other income in corresponding period in preceding year resulted from the reversal impairment loss on trade receivables amounted to RM0.31 million.

**20. Material changes in the profit before tax as compared to the immediate preceding quarter**

	Individual quarter		Increase/ (decrease) RM'000
	Current quarter ended 31.12.2014 RM'000	Preceding quarter ended 30.9.2014 RM'000	
Revenue	13,221	9,737	3,484
Profit before tax	<u>327</u>	<u>328</u>	(1)

The Group recorded slight decreased in profit before tax of by RM1,000 for the current quarter under review as compared to profit before tax in the immediate preceding quarter.

**21. Commentary on prospects**

The Malaysian economy is expected to sustain its growth momentum between 5% to 6% in year 2015, driven by resilient domestic demand and improvement in external environment. Domestic demand is expected to remain strong and continue to be the driver of growth. Private investment remain vibrant is expected to record a double-digit growth supported by the on-going Economic Transformation Programme ("ETP") projects. Construction sector is forecasted to grow at 10.7% while manufacturing and services sector forecasted to grow at 5.5% and 5.6% respectively which lead economic drive in year 2015. The strong performance of the construction sector is expected to continue, largely supported by the civil engineering and residential sub-sectors. (Source: *Economic Report 2014/2015, Ministry of Finance, Malaysia*)

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**Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)**

**21. Commentary on prospects (continued)**

Barring any unforeseen circumstances with the favourable outlook of construction sector in 2015, the Directors believe that the Group's prospects for the next financial year ending 31 December 2015 will remain favourable.

**22. Profit forecast or profit guarantee**

The Group has not issued any profit forecast or profit guarantee for the current quarter under review and hence this information is not applicable.

**23. Profit before tax**

Included in the profit before tax are the following items:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.12.2014 RM'000	Preceding year corresponding quarter ended 31.12.2013 RM'000	Current year- to-date 31.12.2014 RM'000	Preceding year corresponding period 31.12.2013 RM'000
Interest income	(7)	(11)	(45)	(48)
Other income (including investment income)	-	-	-	-
Interest expense	489	543	1,433	1,918
Depreciation of:				
- Property, plant and equipment	471	468	1,886	1,984
- Investment properties	6	6	26	27
Amortisation of land use rights	23	15	82	59
Impairment loss on trade receivables	200	999	200	999
Reversal of impairment loss on trade receivables	(25)	(313)	(98)	(313)
Bad debts written off	-	-	-	-
Write-down of inventories	201	34	423	34
Inventories written off	-	-	-	-
(Gain)/Loss on disposal of quoted and unquoted investments	-	-	-	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	-	(103)	(29)	(107)
- Investment properties	-	(12)	-	(12)
Impairment of assets	-	-	-	-
Property, plant and equipment written off	7	-	7	-
(Gain)/Loss on foreign exchange:				
- Realised	(2)	(5)	(13)	(24)
- Unrealised	19	78	19	78
(Gain)/Loss on derivative	-	-	-	-
Rental income	(14)	(69)	(48)	(96)

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

24. Income tax expense

Major components of income tax expense includes the following:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.12.2014 RM'000	Preceding year corresponding quarter ended 31.12.2013 RM'000	Current year- to-date 31.12.2014 RM'000	Preceding year corresponding period 31.12.2013 RM'000
<b>Current tax:</b>				
Malaysian income tax	263	264	1,024	972
(Over)/underprovision in previous years	41	2	57	2
	<u>304</u>	<u>266</u>	<u>1,081</u>	<u>974</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(37)	(68)	(291)	(329)
(Over)/underprovision in previous years	37	(66)	30	(66)
	<u>-</u>	<u>(134)</u>	<u>(261)</u>	<u>(395)</u>
Total income tax expense	<u>304</u>	<u>132</u>	<u>820</u>	<u>579</u>

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate of the Group for the current and previous corresponding quarter were higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

25. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this interim financial statements.

26. Borrowings and debts securities

None of the below borrowings are denominated in foreign currencies.

	31.12.2014 RM'000	31.12.2013 RM'000
<b>Short term borrowings</b>		
Secured:		
Bank overdrafts	2,584	3,754
Banker acceptances	5,200	7,539
Trust receipts	5,636	-
Obligation under finance leases	309	399
Term loans	1,578	1,375
	<u>15,307</u>	<u>13,067</u>



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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

26. Borrowings and debts securities (continued)

	31.12.2014	31.12.2013
	RM'000	RM'000
<b>Long term borrowings</b>		
Secured:		
Obligation under finance leases	522	566
Term loans	30,705	28,067
	<u>31,227</u>	<u>28,633</u>
<b>Total borrowings</b>	<u>46,534</u>	<u>41,700</u>

27. Material litigation

There were no pending material litigations at the date of this interim financial statements.

28. Dividend

No interim dividend has been recommended for the current quarter under review.

29. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

30. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 31 December 2014 or the previous financial year ended 31 December 2013.

31. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 December 2014 or the previous financial year ended 31 December 2013.

32. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2014 or the previous financial year ended 31 December 2013.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

33. Earnings per share

(a) Basic

Basic earnings per share amounts is calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.12.2014	Preceding year corresponding quarter ended 31.12.2013	Current year- to-date 31.12.2014	Preceding year corresponding period 31.12.2013
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	52	569	893	1,169
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	<u>0.07</u>	<u>0.71</u>	<u>1.12</u>	<u>1.46</u>

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares for the current quarter under review and current year-to-date.

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**Part C - Disclosure of realised and unrealised profits or losses**

**34. Retained earnings**

The breakdown of realised and unrealised retained earnings is as follows:

	<b>Realised RM'000</b>	<b>Unrealised RM'000</b>	<b>Total retained earnings RM'000</b>
<b>Financial year ended 31 December 2014</b>			
Total retained earnings of the Company and its subsidiaries	12,926	(706)	12,220
Less: Consolidation adjustments			126
Retained earnings of the Group			<u>12,346</u>
<b>Financial year ended 31 December 2013</b>			
Total retained earnings of the Company and its subsidiaries	12,441	(1,068)	11,373
Less: Consolidation adjustments			80
Retained earnings of the Group			<u>11,453</u>

**35. Auditors' report on the preceding annual financial statements**

The auditors' report on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2013 were not subject to any qualification.

**36. Authorisation for issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 27 February 2015.