



**HOCK HENG STONE INDUSTRIES BHD.**

(Company No. : 840040-H)

(Incorporated in Malaysia)

**Condensed Consolidated  
Interim Financial Statements  
For the second quarter ended  
30 June 2015**

Company No. : 840040-H

Hock Heng Stone Industries Bhd.  
(Incorporated in Malaysia)

**Condensed Consolidated Statements of Comprehensive Income**  
**For the second quarter ended 30 June 2015**  
**(The figures have not been audited)**

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 30.6.2015 RM'000	Preceding year corresponding quarter ended 30.6.2014 RM'000	Current year- to-date 30.6.2015 RM'000	Preceding year corresponding period 30.6.2014 RM'000
<b>Continuing operations</b>					
Revenue		8,513	8,514	20,025	16,996
Cost of sales		(6,424)	(6,087)	(14,912)	(11,983)
<b>Gross profit</b>		<b>2,089</b>	<b>2,427</b>	<b>5,113</b>	<b>5,013</b>
Other income		365	92	510	157
Administrative, general and selling expenses		(1,745)	(1,713)	(3,601)	(3,547)
Operating profit		709	806	2,022	1,623
Finance costs		(451)	(348)	(917)	(627)
<b>Profit before tax</b>	23	<b>258</b>	<b>458</b>	<b>1,105</b>	<b>996</b>
Income tax expense	24	(107)	(172)	(395)	(352)
<b>Profit for the period</b>		<b>151</b>	<b>286</b>	<b>710</b>	<b>644</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>151</b>	<b>286</b>	<b>710</b>	<b>644</b>
<b>Profit attributable to:</b>					
Owners of the parent		155	278	748	670
Non-controlling interests		(4)	8	(38)	(26)
		<b>151</b>	<b>286</b>	<b>710</b>	<b>644</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		155	278	748	670
Non-controlling interests		(4)	8	(38)	(26)
		<b>151</b>	<b>286</b>	<b>710</b>	<b>644</b>
<b>Earnings per share attributable to owners of the parent:</b>					
Basic, for the period (sen)	33	0.19	0.35	0.94	0.84
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 2014 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 30 June 2015

	Note	Unaudited As at 30.6.2015 RM'000	Audited As at 31.12.2014 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	24,505	24,431
Investment properties		1,370	1,389
Land use rights		4,027	4,072
Land held for property development		4,063	4,063
Development expenditure		379	379
Deferred tax assets		203	208
		<u>34,547</u>	<u>34,542</u>
<b>Current assets</b>			
Property development costs		24,582	23,905
Inventories	8	30,956	31,520
Trade receivables and other receivables		13,288	12,685
Other current assets		7,777	5,125
Income tax receivable		161	106
Cash and bank balances	9	1,789	2,336
		<u>78,553</u>	<u>75,677</u>
<b>Total assets</b>		<u>113,100</u>	<u>110,219</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Income tax payable		343	353
Borrowings	26	16,930	15,307
Trade payables and other payables		11,604	10,431
		<u>28,877</u>	<u>26,091</u>
<b>Net current assets</b>		<u>49,676</u>	<u>49,586</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		431	405
Borrowings	26	30,585	31,226
		<u>31,016</u>	<u>31,631</u>
<b>Total liabilities</b>		<u>59,893</u>	<u>57,722</u>
<b>Equity attributable to owners of the parent</b>			
Share capital		40,000	40,000
Retained earnings	34	13,068	12,320
		<u>53,068</u>	<u>52,320</u>
Non-controlling interests		139	177
<b>Total equity</b>		<u>53,207</u>	<u>52,497</u>
<b>Total equity and liabilities</b>		<u>113,100</u>	<u>110,219</u>
Net assets per share attributable to ordinary equity holders of the Company (sen)		<u>66.34</u>	<u>65.40</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 2014 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

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Condensed Consolidated Statements of Changes in Equity  
For the second quarter ended 30 June 2015  
(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 2014	40,000	11,453	51,453	213	51,666
Total comprehensive income for the period	-	670	670	(26)	644
Closing balance at 30 June 2014	40,000	12,123	52,123	187	52,310
Opening balance at 1 January 2015	40,000	12,320	52,320	177	52,497
Total comprehensive income for the period	-	748	748	(38)	710
Closing balance at 30 June 2015	40,000	13,068	53,068	139	53,207

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 2014 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 second quarter ended 30 June 2015**  
**(The figures have not been audited)**

	Note	Current year- to-date 30.6.2015 RM'000	Preceding year corresponding period 30.6.2014 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		1,105	996
Adjustment for:			
Amortisation of land use rights		45	35
Depreciation of property, plant and equipment		931	964
Depreciation of investment properties		18	13
Reversal of impairment loss on trade receivables		(171)	(46)
Reversal on write-down of inventories		(69)	47
Gain on disposal of property, plant and equipment		(23)	-
Interest expense		917	627
Interest income		(13)	(27)
<b>Operating profit before changes in working capital</b>		<u>2,740</u>	<u>2,609</u>
Changes in working capital:			
Decrease/(increase) in inventories		633	(2,622)
(Increase)/decrease in receivables		(432)	4,257
(Increase)/decrease in other current assets		(2,652)	301
Increase in property development costs		(751)	(606)
Increase/(decrease) in payables		1,173	(1,993)
Increase in other current liability		-	1
<b>Cash generated from operations</b>		<u>711</u>	<u>1,947</u>
Income tax paid		(429)	(350)
Interest paid		(943)	(740)
<b>Net cash (used in)/from operating activities</b>		<u>(661)</u>	<u>857</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(786)	(2,314)
Increase of land held for property development		-	(3,679)
Purchase of prepaid land lease payments		-	(1,730)
Proceeds from disposal of property, plant and equipment		52	-
Interest received		13	27
<b>Net cash used in investing activities</b>		<u>(721)</u>	<u>(7,696)</u>
<b>Cash flows from financing activities</b>			
(Decrease)/increase of short term borrowings		(683)	1,405
Drawdown of term loans		165	5,496
Repayment of term loans		(722)	(638)
Repayment of obligation under finance leases		(173)	(209)
<b>Net cash (used in)/from financing activities</b>		<u>(1,413)</u>	<u>6,054</u>
<b>Net decrease in cash and cash equivalents</b>		(2,795)	(785)
<b>Cash and cash equivalents at beginning of period</b>		(248)	35
<b>Cash and cash equivalents at end of period</b>	9	<u>(3,043)</u>	<u>(750)</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 2014 and the accompanying explanatory notes attached to these interim financial statements.

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## Notes to the Interim Financial Statements for the second quarter ended 30 June 2015

### 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 2014. 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 2014.

#### 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 2014.

##### 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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Hock Heng Stone Industries Bhd.  
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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>30.6.2015</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Land	119	-
Factory buildings and extensions	-	2,194
Building-in-progress	101	172
Plant, machinery and factory equipment	460	2
Motor vehicles	285	26
Other assets *	68	33
	<u>1,033</u>	<u>2,427</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>30.6.2015</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expense capitalised	101	113
Hire purchase	146	-
Cash outflow	786	2,314
	<u>1,033</u>	<u>2,427</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:

	Cost RM'000	Net carrying amount RM'000	Sales proceeds RM'000	Gain on disposals RM'000
Factory equipment	7	5	10	5
Motor vehicles	497	24	42	18
	<u>504</u>	<u>29</u>	<u>52</u>	<u>23</u>

8. Inventories

During the current period ended 30 June 2015, there were no write-down of inventories.

9. Cash and bank balances

	30.6.2015 RM'000	31.12.2014 RM'000
Cash at banks and on hand	1,243	1,790
Short term deposits with licensed banks	546	546
Cash and bank balances	<u>1,789</u>	<u>2,336</u>
Less: Bank overdrafts	<u>(4,832)</u>	<u>(2,584)</u>
<b>Total cash and cash equivalents</b>	<u><b>(3,043)</b></u>	<u><b>(248)</b></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 30 June 2015.



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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:

	30.6.2015 RM'000	31.12.2014 RM'000
Property, plant and equipment:		
- Approved and contracted for	124	364
- Approved and not contracted for	662	662
	<u>786</u>	<u>1,026</u>

14. Contingent assets and liabilities

There were no contingent assets or liabilities since 31 December 2014.

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 30.6.2015</b>						
<b>Revenue:</b>						
External customers	14,413	5,612	-	-	-	20,025
Inter-segment	7,624	-	-	-	(7,624)	-
	<u>22,037</u>	<u>5,612</u>	<u>-</u>	<u>-</u>	<u>(7,624)</u>	<u>20,025</u>
<b>Results:</b>						
Interest income	13	-	-	-	-	13
Finance costs	673	118	126	-	-	917
Depreciation and amortisation	920	74	-	-	-	994
Other non-cash expense	(240)	-	-	-	-	240
Segment profit/(loss)	<u>992</u>	<u>122</u>	<u>(164)</u>	<u>(58)</u>	<u>213</u>	<u>1,105</u>
<b>Assets</b>						
Capital expenditure	999	34	-	-	-	1,033
Segment assets	<u>79,082</u>	<u>5,154</u>	<u>28,797</u>	<u>67</u>	<u>-</u>	<u>113,100</u>
<b>Segment liabilities</b>						
	<u>35,886</u>	<u>-</u>	<u>23,959</u>	<u>48</u>	<u>-</u>	<u>59,893</u>

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Hock Heng Stone Industries Bhd.  
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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 30.6.2014</b>						
<b>Revenue:</b>						
External customers	13,594	3,402	-	-	-	16,996
Inter-segment	10,272	-	-	-	(10,272)	-
	<u>23,866</u>	<u>3,402</u>	<u>-</u>	<u>-</u>	<u>(10,272)</u>	<u>16,996</u>
<b>Results:</b>						
Interest income	27	-	-	-	-	27
Finance costs	526	19	82	-	-	627
Depreciation and amortisation	941	71	-	-	-	1,012
Segment profit/(loss)	<u>974</u>	<u>127</u>	<u>(123)</u>	<u>(100)</u>	<u>118</u>	<u>996</u>
<b>Assets</b>						
Capital expenditure	4,109	47	3,679	-	-	7,835
Segment assets	<u>77,665</u>	<u>9,992</u>	<u>27,488</u>	<u>56</u>	<u>-</u>	<u>115,201</u>
<b>Segment liabilities</b>	<u>38,779</u>	<u>41</u>	<u>24,005</u>	<u>66</u>	<u>-</u>	<u>62,891</u>

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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Hock Heng Stone Industries Bhd.  
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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 30.6.2015 RM'000	Preceding year corresponding quarter ended 30.6.2014 RM'000	Current year- to-date 30.6.2015 RM'000	Preceding year corresponding period 30.6.2014 RM'000
Rental paid to LBS	21	21	42	42
Sales of dimension stone products to EMP	453	1,036	999	1,962
			<b>Amount owed by related parties</b>	
			<b>As at 30.6.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
LBS			-	-
EMP			1,136	1,417

The transactions above were based on negotiated and mutually agreed terms and has been approved by the shareholders in the Annual General Meeting.

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Hock Heng Stone Industries Bhd.  
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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 30.6.2015

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 30.6.2015 RM'000	Preceding year corresponding quarter ended 30.6.2014 RM'000	RM'000	%
Revenue	8,513	8,514	(1)	(0.0)
- Sales of goods segment	5,945	7,300	(1,355)	(18.6)
- Construction segment	2,568	1,214	1,354	111.5
Profit before tax	258	458	(200)	(43.7)

**Revenue**

The Group's revenue for current quarter ("2Q2015") ended 30 June 2015 has decreased marginally by RM1,000 as compared to corresponding quarter in the preceding year. The marginal decrease in revenue for 2Q2015 was due to the increase in construction segment by RM1.35 million however off-set by the decrease in sales of goods segment by the same amount of RM1.35 million.

**Profit before tax**

The Group's profit before tax for 2Q2015 has decreased by RM0.20 million to RM0.26 million as compared to profit before tax of RM0.46 million in corresponding quarter in preceding year. The decrease in profit before tax in 2Q2015 is mainly due to the decreased of the operating profit by RM0.34 million in the current quarter under review.

6 months ended 30.6.2015

	Cumulative quarter		Increase/(decrease)	
	Current year- to-date 30.6.2015 RM'000	Preceding year corresponding period 30.6.2014 RM'000	RM'000	%
Revenue	20,025	16,996	3,029	17.8
- Sales of goods segment	14,413	13,594	819	6.0
- Construction segment	5,612	3,402	2,210	65.0
Profit before tax	1,105	996	109	10.9

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

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

**6 months ended 30.6.2015 (continued)**

**Revenue**

The Group's revenue for current year-to-date ("6M2015") ended 30 June 2015 has increased by RM3.03 million or 17.8% to RM20.03 million as compared to corresponding period in the preceding year. The increase in revenue for 6M2015 was due to the increase in construction segment by RM2.21 million and the increase in sales of goods segment by RM0.82 million.

**Profit before tax**

The Group's profit before tax for 6M2015 has increased by marginally RM0.11 million to RM1.11 million in comparison with the corresponding period in the preceding year. The increase in the profit before tax is mainly due to marginal improvement in operating profit by RM0.10 million and the increase in other income by RM0.35 million. However, the improvement in operating profit and the increase in other income were partially off-set by the increase of the increase of finance costs by RM0.29 million which resulted by higher of borrowings in the current quarter under review.

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

	<b>Individual quarter</b>		<b>Increase/ (decrease) RM'000</b>
	<b>Current quarter ended 30.6.2015 RM'000</b>	<b>Preceding quarter ended 31.3.2015 RM'000</b>	
Revenue	8,513	11,512	(2,999)
Profit before tax	<u>258</u>	<u>847</u>	(589)

The Group recorded decrease in profit before tax of by RM0.59 million for the current quarter under review as compared to profit before tax in the immediate preceding quarter. The decrease of profit before tax in current quarter is mainly due to the decrease of operating profit as resulted lower revenue generated in current quarter as compared to immediate preceding quarter.

**21. Commentary on prospects**

The Malaysian economy is expected to grow between 5% to 6% in 2015, supported by domestic demand and improvement in external environment. Domestic demand is expected to remain strong and continue to be the driver of growth. Private investment is expected to continue to record a double-digit growth supported by accelerated implementation of on-going Economic Transformation Programme projects. Meanwhile, public investments will continue to support growth with higher capital spending by the Non-Financial Public Enterprises. 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 segments. (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, the Directors believe that the Group's prospects for the remaining periods of the 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 30.6.2015 RM'000	Preceding year corresponding quarter ended 30.6.2014 RM'000	Current year- to-date 30.6.2015 RM'000	Preceding year corresponding period 30.6.2014 RM'000
Interest income	(5)	(12)	(13)	(27)
Other income (including investment income)	-	-	-	-
Interest expense	451	348	917	627
Depreciation of:				
- Property, plant and equipment	471	476	931	964
- Investment properties	9	6	18	13
Amortisation of land use rights	22	20	45	35
Impairment loss on trade receivables	-	-	-	-
Reversal of impairment loss on trade receivables	(171)	(46)	(171)	(46)
Bad debts written off	-	-	-	-
Write-down of inventories	-	47	-	47
Reversal on inventories written off	-	-	(69)	-
(Gain)/loss on disposal of quoted and unquoted investments	-	-	-	-
(Gain)/loss on disposal of:				
- Property, plant and equipment	13	-	(23)	-
- Investment properties	-	-	-	-
Impairment of assets	-	-	-	-
Property, plant and equipment written off	-	-	-	-
(Gain)/loss on foreign exchange:				
- Realised	(7)	(5)	(4)	(20)
- Unrealised	-	-	-	-
(Gain)/loss on derivative	-	-	-	-
Rental income	(76)	(10)	(136)	(24)

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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 30.6.2015 RM'000	Preceding year corresponding quarter ended 30.6.2014 RM'000	Current year- to-date 30.6.2015 RM'000	Preceding year corresponding period 30.6.2014 RM'000
<b>Current tax:</b>				
Malaysian income tax	87	214	364	472
Under/(over)provision in previous years	-	-	-	-
	<u>87</u>	<u>214</u>	<u>364</u>	<u>472</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(7)	(42)	3	(112)
Under/(over)provision in previous years	27	-	28	(8)
	<u>20</u>	<u>(42)</u>	<u>31</u>	<u>(120)</u>
Total income tax expense	<u>107</u>	<u>172</u>	<u>395</u>	<u>352</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.

	30.6.2015 RM'000	31.12.2014 RM'000
<b>Short term borrowings</b>		
Secured:		
Bank overdrafts	4,832	2,584
Banker acceptances	3,413	5,200
Obligation under finance leases	295	308
Trust receipts	6,740	5,636
Term loans	1,650	1,579
	<u>16,930</u>	<u>15,307</u>

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

26. Borrowings and debts securities (continued)

	30.6.2015 RM'000	31.12.2014 RM'000
<b>Long term borrowings</b>		
Secured:		
Obligation under finance leases	509	522
Term loans	<u>30,076</u>	<u>30,704</u>
	<u>30,585</u>	<u>31,226</u>
<b>Total borrowings</b>	<u>47,515</u>	<u>46,533</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 30 June 2015 or the previous financial year ended 31 December 2014.

31. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2015 or the previous financial year ended 31 December 2014.

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 30 June 2015 or the previous financial year ended 31 December 2014.



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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 30.6.2015	Preceding year corresponding quarter ended 30.6.2014	Current year- to-date 30.6.2015	Preceding year corresponding period 30.6.2014
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	155	278	748	670
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.19	0.35	0.94	0.84

(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 30 June 2015</b>			
Total retained earnings of the Company and its subsidiaries	13,560	(228)	13,332
Less: Consolidation adjustments			<u>(264)</u>
Retained earnings of the Group			<u>13,068</u>
<b>Financial year ended 31 December 2014</b>			
Total retained earnings of the Company and its subsidiaries	12,932	(216)	12,716
Less: Consolidation adjustments			<u>(396)</u>
Retained earnings of the Group			<u>12,320</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 2014 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 24 August 2015.