



**HOCK HENG STONE INDUSTRIES BHD.**

(Company No. : 840040-H)  
(Incorporated in Malaysia)

**Condensed Consolidated  
Interim Financial Statements  
For the third quarter ended  
30 September 2015**

Company No. : 840040-H

Hock Heng Stone Industries Bhd.  
(Incorporated in Malaysia)

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

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 30.9.2015 RM'000	Preceding year corresponding quarter ended 30.9.2014 RM'000	Current year- to-date 30.9.2015 RM'000	Preceding year corresponding period 30.9.2014 RM'000
<b>Continuing operations</b>					
Revenue		8,706	9,737	28,731	26,733
Cost of sales		(6,170)	(7,611)	(21,082)	(19,594)
<b>Gross profit</b>		<b>2,536</b>	<b>2,126</b>	<b>7,649</b>	<b>7,139</b>
Other income		107	94	617	251
Administrative, general and selling expenses		(1,833)	(1,575)	(5,434)	(5,122)
Operating profit		810	645	2,832	2,268
Finance costs		(476)	(317)	(1,393)	(944)
<b>Profit before tax</b>	23	<b>334</b>	<b>328</b>	<b>1,439</b>	<b>1,324</b>
Income tax expense	24	(217)	(164)	(612)	(516)
<b>Profit for the period</b>		<b>117</b>	<b>164</b>	<b>827</b>	<b>808</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>117</b>	<b>164</b>	<b>827</b>	<b>808</b>
<b>Profit attributable to:</b>					
Owners of the parent		89	171	837	841
Non-controlling interests		28	(7)	(10)	(33)
		<b>117</b>	<b>164</b>	<b>827</b>	<b>808</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		89	171	837	841
Non-controlling interests		28	(7)	(10)	(33)
		<b>117</b>	<b>164</b>	<b>827</b>	<b>808</b>
<b>Earnings per share attributable to owners of the parent:</b>					
Basic, for the period (sen)	33	0.11	0.21	1.05	1.05
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 September 2015

	Note	Unaudited As at 30.9.2015 RM'000	Audited As at 31.12.2014 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	25,210	24,431
Investment properties		1,361	1,389
Land use rights		4,005	4,072
Land held for property development		4,063	4,063
Development expenditure		379	379
Deferred tax assets		184	208
		<u>35,202</u>	<u>34,542</u>
<b>Current assets</b>			
Property development costs		24,873	23,905
Inventories	8	31,513	31,520
Trade receivables and other receivables		12,132	12,685
Other current assets		7,462	5,125
Income tax receivable		304	106
Cash and bank balances	9	1,929	2,336
		<u>78,213</u>	<u>75,677</u>
<b>Total assets</b>		<u>113,415</u>	<u>110,219</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Income tax payable		79	353
Borrowings	26	17,999	15,307
Trade payables and other payables		10,950	10,431
Other current liability		87	-
		<u>29,115</u>	<u>26,091</u>
<b>Net current assets</b>		<u>49,098</u>	<u>49,586</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		503	405
Borrowings	26	30,505	31,226
		<u>31,008</u>	<u>31,631</u>
<b>Total liabilities</b>		<u>60,123</u>	<u>57,722</u>
<b>Equity attributable to owners of the parent</b>			
Share capital		40,000	40,000
Retained earnings	34	13,157	12,320
		<u>53,157</u>	<u>52,320</u>
Non-controlling interests		135	177
<b>Total equity</b>		<u>53,292</u>	<u>52,497</u>
<b>Total equity and liabilities</b>		<u>113,415</u>	<u>110,219</u>
Net assets per share attributable to ordinary equity holders of the Company (sen)			
		<u>66.45</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

Hock Heng Stone Industries Bhd.  
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Condensed Consolidated Statements of Changes in Equity  
For the third quarter ended 30 September 2015  
(The figures have not been audited)

	Attributable to equity holders of the parent				
	Share capital	Distributable Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2014	40,000	11,453	51,453	213	51,666
Total comprehensive income for the period	-	841	841	(33)	808
Closing balance at 30 September 2014	40,000	12,294	52,294	180	52,474
Opening balance at 1 January 2015	40,000	12,320	52,320	177	52,497
Total comprehensive income for the period	-	837	837	(10)	827
Transactions with owners					
Accretion of interest in subsidiary	-	-	-	(32)	(32)
Closing balance at 30 September 2015	40,000	13,157	53,157	135	53,292

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 third quarter ended 30 September 2015**  
**(The figures have not been audited)**

	Note	Current year- to-date 30.9.2015 RM'000	Preceding year corresponding period 30.9.2014 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		1,439	1,324
Adjustment for:			
Amortisation of land use rights		67	59
Depreciation of property, plant and equipment		1,419	1,415
Depreciation of investment properties		29	20
Reversal of impairment loss on trade receivables		(171)	(73)
Reversal on write-down of inventories		(202)	222
Gain on disposal of property, plant and equipment		(23)	(29)
Interest expense		1,393	944
Interest income		(18)	(38)
<b>Operating profit before changes in working capital</b>		<u>3,933</u>	<u>3,844</u>
Changes in working capital:			
Decrease/(increase) in inventories		209	(4,085)
Decrease in receivables		724	6,507
Increase in other current assets		(2,337)	(1,081)
Increase in property development costs		(968)	(1,018)
Increase/(decrease) in payables		519	(3,348)
Increase/(decrease) in other current liability		87	(24)
<b>Cash generated from operations</b>		<u>2,167</u>	<u>795</u>
Income tax paid		(962)	(851)
<b>Net cash from/(used in) operating activities</b>		<u>1,205</u>	<u>(56)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1,933)	(3,627)
Increase of land held for property development		-	(2,667)
Purchase of prepaid land lease payments		-	(1,730)
Proceeds from disposal of property, plant and equipment		52	30
Accretion of interest in subsidiary		(32)	-
Interest received		18	38
<b>Net cash used in investing activities</b>		<u>(1,895)</u>	<u>(7,956)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(1,541)	(1,095)
(Decrease)/increase of short term borrowings		(153)	3,261
Drawdown of term loans		248	5,496
Repayment of term loans		(768)	(1,081)
Repayment of obligation under finance leases		(257)	(180)
<b>Net cash (used in)/from financing activities</b>		<u>(2,471)</u>	<u>6,401</u>
<b>Net decrease in cash and cash equivalents</b>		(3,161)	(1,611)
<b>Cash and cash equivalents at beginning of period</b>		(248)	35
<b>Cash and cash equivalents at end of period</b>	9	<u>(3,409)</u>	<u>(1,576)</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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Hock Heng Stone Industries Bhd.  
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## Notes to the Interim Financial Statements for the third quarter ended 30 September 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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**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>30.9.2015</b>	<b>30.9.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Land	259	1,012
Buildings	779	2,194
Building-in-progress	149	223
Plant, machinery and factory equipment	527	86
Motor vehicles	412	208
Other assets *	102	56
	<u>2,228</u>	<u>3,779</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>30.9.2015</b>	<b>30.9.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expense capitalised	149	152
Hire purchase	146	-
Cash outflow	1,933	3,627
	<u>2,228</u>	<u>3,779</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	6	19	13
Motor vehicles	521	23	33	10
	<u>528</u>	<u>29</u>	<u>52</u>	<u>23</u>

8. Inventories

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

9. Cash and bank balances

	30.9.2015 RM'000	31.12.2014 RM'000
Cash at banks and on hand	1,383	1,790
Short term deposits with licensed banks	546	546
Cash and bank balances	<u>1,929</u>	<u>2,336</u>
Less: Bank overdrafts	<u>(5,338)</u>	<u>(2,584)</u>
<b>Total cash and cash equivalents</b>	<u>(3,409)</u>	<u>(248)</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 September 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:

	30.9.2015 RM'000	31.12.2014 RM'000
Property, plant and equipment:		
- Approved and contracted for	-	364
- Approved and not contracted for	662	662
	<u>662</u>	<u>1,026</u>

14. Contingent assets and liabilities

There were no contingent assets or liabilities since the previous financial year ended 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 30.9.2015</b>						
<b>Revenue:</b>						
External customers	22,125	6,606	-	-	-	28,731
Inter-segment	12,756	-	-	-	(12,756)	-
	<u>34,881</u>	<u>6,606</u>	<u>-</u>	<u>-</u>	<u>(12,756)</u>	<u>28,731</u>
<b>Results:</b>						
Interest income	18	-	-	-	-	18
Finance costs	1,038	166	189	-	-	1,393
Depreciation and amortisation	1,402	113	-	-	-	1,515
Other non-cash expense	(373)	-	-	-	-	(373)
Segment profit/(loss)	<u>1,431</u>	<u>146</u>	<u>(251)</u>	<u>(57)</u>	<u>170</u>	<u>1,439</u>
<b>Assets</b>						
Capital expenditure	1,960	268	-	-	-	2,228
Segment assets	<u>75,903</u>	<u>8,131</u>	<u>29,269</u>	<u>112</u>	<u>-</u>	<u>113,415</u>
<b>Segment liabilities</b>						
	<u>35,890</u>	<u>88</u>	<u>24,107</u>	<u>38</u>	<u>-</u>	<u>60,123</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 30.9.2014</b>						
<b>Revenue:</b>						
External customers	21,577	5,156	-	-	-	26,733
Inter-segment	16,435	-	-	-	(16,435)	-
	<u>38,012</u>	<u>5,156</u>	<u>-</u>	<u>-</u>	<u>(16,435)</u>	<u>26,733</u>
<b>Results:</b>						
Interest income	37	-	-	1	-	38
Finance costs	791	7	146	-	-	944
Depreciation and amortisation	1,400	94	-	-	-	1,494
Other non-cash expense	149	-	-	-	-	149
Segment profit/(loss)	<u>1,630</u>	<u>119</u>	<u>(200)</u>	<u>(148)</u>	<u>(77)</u>	<u>1,324</u>
<b>Assets</b>						
Capital expenditure	5,370	139	2,667	-	-	8,176
Segment assets	<u>76,353</u>	<u>10,738</u>	<u>27,694</u>	<u>60</u>	<u>-</u>	<u>114,845</u>
<b>Segment liabilities</b>	<u>38,433</u>	<u>16</u>	<u>23,890</u>	<u>32</u>	<u>-</u>	<u>62,371</u>

16. Changes in composition of the Group

Save as disclosed below, there were no changes in the composition of the Group.

During the current quarter under review, the Company had acquired an additional 60,001 ordinary shares of RM1.00 each, which representing 20% equity interests in Hock Heng Stone East Coast Sdn. Bhd. ("HHSEC") from Mr. Wong Liang Meng. With the acquisition of shares, HHSEC becomes a wholly-owned subsidiary of the Company.

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 30.9.2015 RM'000	Preceding year corresponding quarter ended 30.9.2014 RM'000	Current year- to-date 30.9.2015 RM'000	Preceding year corresponding period 30.9.2014 RM'000
Rental paid to LBS	21	21	63	63
Sales of dimension stone products to EMP	292	245	1,291	2,207
			<b>Amount owed by related parties</b>	
			<b>As at 30.9.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
LBS			-	-
EMP			841	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.

Company No. : 840040-H

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 30.9.2015**

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 30.9.2015 RM'000	Preceding year corresponding quarter ended 30.9.2014 RM'000	RM'000	%
Revenue	8,706	9,737	(1,031)	(10.6)
- Sales of goods segment	7,711	7,982	(271)	(3.4)
- Construction segment	995	1,755	(760)	(43.3)
Profit before tax	334	328	6	1.8

**Revenue**

The Group's revenue for current quarter ("3Q2015") ended 30 September 2015 has decreased by RM1.03 million or 10.6% to RM8.71 million as compared to corresponding quarter in the preceding year. The decrease in revenue for 3Q2015 was due to the decrease in construction segment by RM0.76 million and sales of goods segment by RM0.27 million.

**Profit before tax**

The Group's profit before tax for 3Q2015 has slight increased to RM0.334 million as compared to corresponding quarter in preceding year. The marginal increase in profit before tax in 3Q2015 is mainly due to the improvement in operating profit and the increase in other income by RM0.423 million and however were off-set by the increase of finance costs, administrative, general and selling expenses by RM0.417 million in the current quarter under review.

**9 months ended 30.9.2015**

	Cumulative quarter		Increase/(decrease)	
	Current year- to-date 30.9.2015 RM'000	Preceding year corresponding period 30.9.2014 RM'000	RM'000	%
Revenue	28,731	26,733	1,998	7.5
- Sales of goods segment	22,125	21,577	548	2.5
- Construction segment	6,606	5,156	1,450	28.1
Profit before tax	1,439	1,324	115	8.7

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

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

**9 months ended 30.9.2015 (continued)**

**Revenue**

The Group's revenue for current year-to-date ("9M2015") ended 30 September 2015 has increased by RM2.00 million or 7.5% to RM28.73 million as compared to corresponding period in the preceding year. The increase in revenue for 9M2015 was due to the increase in construction segment by RM1.45 million and sales of goods segment by RM0.55 million.

**Profit before tax**

The Group's profit before tax for 9M2015 has increased by marginally RM0.12 million to RM1.44 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 RM0.51 million and the increase in other income by RM0.37 million. However, this improvement in operating profit and the increase in other income were partially off-set by the increase of administrative, general and selling expenses by RM0.31 million and finance costs by RM0.45 million respectively in the current quarter under review.

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

	Individual quarter		Increase/ (decrease) RM'000
	Current quarter ended 30.9.2015 RM'000	Preceding quarter ended 30.6.2015 RM'000	
Revenue	8,706	8,513	193
Profit before tax	<u>334</u>	<u>258</u>	76

The Group recorded increase in profit before tax of by RM0.08 million for the current quarter under review as compared to profit before tax in the immediate preceding quarter. The increase of profit before tax in current quarter is mainly due to the increase of operating profit as resulted higher 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 30.9.2015 RM'000	Preceding year corresponding quarter ended 30.9.2014 RM'000	Current year- to-date 30.9.2015 RM'000	Preceding year corresponding period 30.9.2014 RM'000
Interest income	(5)	(11)	(18)	(38)
Other income (including investment income)	-	-	-	-
Interest expense	476	317	1,393	944
Depreciation of:				
- Property, plant and equipment	488	451	1,419	1,415
- Investment properties	11	7	29	20
Amortisation of land use rights	22	24	67	59
Impairment loss on trade receivables	-	-	-	-
Reversal of impairment loss on trade receivables	-	(27)	(171)	(73)
Bad debts written off	-	-	-	-
Write-down of inventories	-	175	-	222
Reversal on inventories written off	(133)	-	(202)	-
(Gain)/loss on disposal of quoted and unquoted investments	-	-	-	-
(Gain)/loss on disposal of:				
- Property, plant and equipment	-	(29)	(23)	(29)
- Investment properties	-	-	-	-
Impairment of assets	-	-	-	-
Property, plant and equipment written off	-	-	-	-
(Gain)/loss on foreign exchange:				
- Realised	(9)	9	(13)	(11)
- Unrealised	-	-	-	-
(Gain)/loss on derivative	-	-	-	-
Rental income	(139)	(10)	(275)	(34)

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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 30.9.2015 RM'000	Preceding year corresponding quarter ended 30.9.2014 RM'000	Current year- to-date 30.9.2015 RM'000	Preceding year corresponding period 30.9.2014 RM'000
<b>Current tax:</b>				
Malaysian income tax	112	289	476	761
Under/(over)provision in previous years	14	16	14	16
	<u>126</u>	<u>305</u>	<u>490</u>	<u>777</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	102	(142)	105	(254)
Under/(over)provision in previous years	(11)	1	17	(7)
	<u>91</u>	<u>(141)</u>	<u>122</u>	<u>(261)</u>
Total income tax expense	<u>217</u>	<u>164</u>	<u>612</u>	<u>516</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.

	30.9.2015 RM'000	31.12.2014 RM'000
<b>Short term borrowings</b>		
Secured:		
Bank overdrafts	5,338	2,584
Banker acceptances	3,732	5,200
Obligation under finance leases	288	308
Trust receipts	6,951	5,636
Term loans	1,690	1,579
	<u>17,999</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)

	30.9.2015 RM'000	31.12.2014 RM'000
<b>Long term borrowings</b>		
Secured:		
Obligation under finance leases	432	522
Term loans	30,073	30,704
	<u>30,505</u>	<u>31,226</u>
<b>Total borrowings</b>	<u>48,504</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 September 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 September 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 September 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 30.9.2015	Preceding year corresponding quarter ended 30.9.2014	Current year- to-date 30.9.2015	Preceding year corresponding period 30.9.2014
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	89	171	837	841
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.11	0.21	1.05	1.05

(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 September 2015</b>			
Total retained earnings of the Company and its subsidiaries	13,704	(319)	13,385
Less: Consolidation adjustments			<u>(228)</u>
Retained earnings of the Group			<u>13,157</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 23 November 2015.