

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period End : 31 DEC 2014
 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
		31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
		RMB'000	RMB'000	RM'000	RM'000
Revenue		3,235	5,070	1,835	2,877
Cost of sales		(2,821)	(4,533)	(1,601)	(2,572)
Gross Profit		414	537	235	305
Finance and other income		45	603	26	342
Marketing and distribution		(327)	(658)	(186)	(373)
Administrative expenses		(77,139)	(72,567)	(43,766)	(41,172)
Other expense		(84,357)	(84)	(47,862)	(48)
(Loss)/profit before tax		(161,364)	(72,169)	(91,553)	(40,947)
Income tax expenses	B4	-	(11,742)	-	(6,662)
(Loss)/profit net of tax		(161,364)	(83,911)	(91,553)	(47,609)
Other comprehensive Income:					
Foreign currency translation		-	-	-	-
Total comprehensive (loss)/income for the period		(161,364)	(83,911)	(91,553)	(47,609)
(Loss)/profit attributable to :					
- Owners of the parent		(153,327)	(79,738)	(86,993)	(45,241)
- Non-controlling interests		(8,037)	(4,173)	(4,560)	(2,368)
		(161,364)	(83,911)	(91,553)	(47,609)
Total comprehensive (loss)/income attributable to :					
- Owners of the parent		(153,327)	(79,738)	(86,993)	(45,241)
- Non-controlling interests		(8,037)	(4,173)	(4,560)	(2,368)
		(161,364)	(83,911)	(91,553)	(47,609)
(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders	B11				
Basic (RMB cents / RM sen)		(22.96)	(11.94)	(13.03)	(6.77)
Diluted (RMB cents / RM sen)		(22.96)	(11.94)	(13.03)	(6.77)

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

Note:

The presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.56737 as at 31 Dec 2014.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period Ended : 31 DEC 2014
 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		YEAR TO DATE ENDED 31-Dec-14 RMB'000	YEAR TO DATE ENDED 31-Dec-13 RMB'000	YEAR TO DATE ENDED 31-Dec-14 RM'000	YEAR TO DATE ENDED 31-Dec-13 RM'000
Revenue		11,040	36,495	6,264	20,706
Cost of sales		(10,493)	(27,736)	(5,953)	(15,737)
Gross Profit		547	8,759	310	4,970
Finance and other income		415	1,997	235	1,133
Marketing and distribution		(15,310)	(10,478)	(8,686)	(5,945)
Administrative expenses		(92,548)	(82,261)	(52,509)	(46,672)
Other expense		(84,367)	(327)	(47,867)	(186)
(Loss)/profit before tax		(191,263)	(82,310)	(108,517)	(46,700)
Income tax expenses	B4	-	(11,547)	-	(6,551)
(Loss)/profit net of tax		(191,263)	(93,857)	(108,517)	(53,252)
Total comprehensive (loss)/ income for the period		(191,263)	(93,857)	(108,517)	(53,252)
(Loss)/profit attributable to :					
- Owners of the parent		(181,749)	(89,208)	(103,119)	(50,614)
- Non-controlling interests		(9,514)	(4,649)	(5,398)	(2,638)
		(191,263)	(93,857)	(108,517)	(53,252)
Total comprehensive (loss)/ income attributable to :					
- Owners of the parent		(181,749)	(89,208)	(103,119)	(50,614)
- Non-controlling interests		(9,514)	(4,649)	(5,398)	(2,638)
		(191,263)	(93,857)	(108,517)	(53,252)
(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders	B11				
Basic (RMB cents / RM sen)		(27.21)	(13.35)	(15.44)	(7.58)
Diluted (RMB cents / RM sen)		(27.21)	(13.35)	(15.44)	(7.58)

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

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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period Ended : 31 DEC 2014
 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DEC 2014

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 31-Dec-14 RMB'000	AS AT 31-Dec-13 RMB'000	AS AT 31-Dec-14 RM'000	AS AT 31-Dec-13 RM'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		51,465	64,847	29,200	36,792
Biological assets		-	71,753	-	40,710
Prepayments		-	7,136	-	4,049
		<u>51,465</u>	<u>143,736</u>	<u>29,200</u>	<u>81,551</u>
Current assets					
Inventories		66,060	80,482	37,480	45,663
Trade and other receivables		15,232	57,921	8,642	32,863
Prepayments		120,324	118,800	68,269	67,404
Cash and cash equivalents		77,712	121,755	44,091	69,080
		<u>279,328</u>	<u>378,958</u>	<u>158,482</u>	<u>215,009</u>
Current liabilities					
Trade and other payables		9,679	9,874	5,492	5,602
Other liabilities		1,018	1,461	578	829
		<u>10,697</u>	<u>11,335</u>	<u>6,070</u>	<u>6,431</u>
Net current assets		<u>268,631</u>	<u>367,623</u>	<u>152,412</u>	<u>208,578</u>
Non-current liability					
Deferred tax liabilities		15,299	15,299	8,680	8,680
Net assets		<u>304,797</u>	<u>496,060</u>	<u>172,932</u>	<u>281,449</u>
EQUITY					
Share capital		205,838	205,838	116,786	116,786
Other reserve		30,531	30,531	17,322	17,322
Retained earnings		58,883	240,632	33,409	136,527
Non-controlling interests		9,545	19,059	5,415	10,814
Total equity		<u>304,797</u>	<u>496,060</u>	<u>172,932</u>	<u>281,449</u>
Net Assets per share attributable to equity holders of the Group (RMB / RM)		0.46	0.74	0.26	0.42

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

Note:

The presentation currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.56737 as at 31 Dec 2014.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period Ended : 31 DEC 2014
 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Attributable to Equity Holders of The Group			Non-controlling interests	Total Equity
	RMB'000	RMB'000	Reserve funds	Other capital reserves	Retained Earnings		
(IN RMB)							
At 1 January 2014	205,838	205,838	29,508	1,023	240,632	477,001	496,060
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	-	(181,749)	(181,749)	(191,263)
At 31 Dec 2014	205,838	205,838	29,508	1,023	58,883	296,252	304,797
(IN RM)							
At 1 January 2014	116,786	116,786	16,742	580	136,527	270,636	281,450
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	-	(103,119)	(103,119)	(108,517)
At 31 Dec 2014	116,786	116,786	16,742	580	33,409	167,516	172,932

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

Note:

The presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.56737 as at 31 Dec 2014.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED

Stock Name : CNOUHUA

Financial Period Ended : 31 DEC 2014

Quarter : 4

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Attributable to Equity Holders of The Group				Total Equity
	RMB'000	RMB'000	Statutory Reserve funds	Foreign currency translation reserves	Other capital reserves	Retained Earnings	
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(IN RMB)							
At 1 January 2013	205,838	-	29,508	-	1,023	329,840	589,917
Profit for the period	-	-	-	-	-	(89,208)	(93,857)
At 31 Dec 2013	205,838	-	29,508	-	1,023	477,001	496,060
	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000
(IN RM)							
At 1 January 2013	116,786	-	16,742	-	580	187,141	334,701
Profit for the period	-	-	-	-	-	(50,614)	(53,252)
At 31 Dec 2013	116,786	-	16,742	-	580	136,527	281,449

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

Note:

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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
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 Financial Period Ended : 31 DEC 2014
 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CURRENT YEAR TO DATE 31-Dec-14 RMB'000	PRECEDING CORRESPONDING YEAR TO DATE 31-Dec-13 RMB'000	CURRENT YEAR TO DATE 31-Dec-14 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Dec-13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	(191,263)	(82,310)	(108,517)	(46,700)
Adjustments for :-				
Depreciation and amortisation expenses	7,628	208	4,328	118
Impairment loss on PPE	3,213	9,586	1,823	5,439
Loss on disposal of PPE	2,749	-	1,560	-
Depreciation of biological assets	-	5,036	-	2,857
Impairment loss on biological assets	-	49,044	-	27,826
Impairment loss on trade receivables	39,652	11,098	22,497	6,297
Loss on disposal of biological assets	81,620	-	46,309	-
Impairment loss on inventories	27,629	-	15,676	-
Write-off of prepayments	6,928	-	3,931	-
Gains arising from initial recognition of harvested grapes	-	(685)	-	(389)
Interest income	(317)	(1,312)	(180)	(744)
Operating profit before working capital changes	(22,161)	(9,335)	(12,573)	(5,296)
<i>Decrease/(increase) in:</i>				
Inventories	(13,207)	7,138	(7,493)	4,050
Trade and other receivables	1,513	(101,322)	858	(57,487)
<i>(Decrease)/increase in:</i>				
Trade and other payables	(195)	(4,736)	(111)	(2,687)
Other liabilities	(443)	(1,354)	(251)	(768)
Cash flows generated from/(used in) operations	(34,493)	(109,609)	(19,570)	(62,189)
Income tax paid	-	(895)	-	(508)
Interest income received	317	1,312	180	744
Net cash flows generated from/(used in) operating activities	(34,176)	(109,192)	(19,390)	(61,952)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	(879)	-	(499)
Loan repaid from Third Party	-	-	-	-
Proceeds from held- to-maturity investment	-	100,000	-	56,737
Purchase of biological assets	(9,867)	(10,700)	(5,598)	(6,071)
Net cash flow generated from/(used in) investing activities	(9,867)	88,421	(5,598)	50,167
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders	-	-	-	-
Dividends paid to non controlling-interests	-	-	-	-
Dividend recovered	-	-	-	-
Net cash flows used in financing activities	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(44,043)	(20,771)	(24,989)	(11,785)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	121,755	142,526	69,080	80,865
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	77,712	121,755	44,091	69,080
Cash and cash equivalents at the end of the period comprise the followings:				
Cash on hand and at banks	77,712	121,755	44,091	69,080
	<u>77,712</u>	<u>121,755</u>	<u>44,091</u>	<u>69,080</u>

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013)

Note:

The functional and presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.56737 as at 31 Dec 2014.

A. NOTES TO THE QUARTERLY RESULTS

1. Basis of accounting and changes in accounting policies

a) Basis of accounting

The condensed consolidated financial statements for the financial year ended 31 December 2014 are unaudited and have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

The condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this financial report.

b) Changes in accounting policies

At the date of this report, the Group has adopted certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods after 1 January 2014.

The directors do not anticipate that the adoption of the new standards (including consequential amendments) and interpretations will result in any material impact to the financial statements.

2. Seasonality or cyclicity of operation

The business of the Group is generally affected by seasonal factors. Usually the first and fourth quarters of the year are the best quarters for wine industry in the People's Republic of China ("PRC"). Consumers tend to purchase and drink more wines during the festive periods of Christmas, New Year and the Lunar New Year. Due to the current unfavourable global and domestic market conditions, the sales did not pick up during the above mentioned period and the fluctuation is not obviously manifested.

3. Unusual items due to nature, size or incidence

There were no unusual items due to nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial fourth quarter ended 31 December 2014.

4. Changes in estimates

There were no material changes in estimates for the financial fourth quarter ended 31 December 2014.

5. Prepayments in Current assets

The prepayments in current assets include RMB118.80 million, which is two payments for acquisition by Yantai Fazenda Ouhua Winery Co., Ltd, of all that land and buildings located at No. 3, Wolong North Road, Yantai City that has been used for a total cash consideration of RMB132million.

6. Changes in share capital and debts

There were no issuances, cancellations, resale and repayments of debt and equity securities for the financial fourth quarter ended 31 December 2014.

7. Dividends Payable

The Board of directors does not recommend any interim dividend for the current quarter ended 31 December 2014.

8. Segment Information

a) Operating segments

	White Wine	Red Wine	Total
<u>12 months ended 31 December 2014</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	2,570	8,470	11,040
Results			
Segment gross profit	(4,792)	5,339	547
Unallocated expenses, net			(192,127)
Interest income			317
Interest expense			-
Loss before tax			(191,263)
Income tax expense			-
Net loss			(191,263)
	White Wine	Red Wine	Total
<u>12 months ended 31 December 2013</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	6,820	29,675	36,495
Results			
Segment gross profit	1,458	7,301	8,759
Unallocated expenses, net			(92,381)
Interest income			1,312
Interest expense			-
Loss before tax			(82,310)
Income tax expense			(11,547)
Net loss			(93,857)

Other segment information

	International Label	Own Label	Total
<u>12 months ended 31 December 2014</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	4,290	6,750	11,040

	International Label	Own Label	Total
<u>12 months ended 31 December</u>			
<u>2013</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	9,842	26,653	36,495

b) Geographical segments

As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operation is presented.

9. Subsequent events

There were no material events subsequent to the end of the financial period under review that have not been reflected in this fourth quarter report as at the date of this report.

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial fourth quarter ended 31 December 2014.

11. Contingent liabilities or assets

No material contingent liabilities and assets, which upon becoming enforceable may have a material effect on the financial position of the Group since the last annual statement of financial position date.

12. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the financial fourth quarter ended 31 December 2014.

13. Capital commitments

There are no material commitments for capital expenditure, which upon becoming enforceable, may have a material effect on the financial position of the Group for the financial fourth quarter ended 31 December 2014.

14. Retained Earnings

The breakdown of retained profits of the Group as at the respective reporting dates is as follows:

	As at 31 Dec 2013		As at 31 Dec 2014	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	244,192	138,547	62,444	35,429
Unrealised retained profits:	(3,560)	(2,020)	(3,560)	(2,020)
	-----	-----	-----	-----
Total group retained profits:	240,632	136,527	58,884	33,409
	=====	=====	=====	=====

15. Recurring related party transactions

For the financial year ended 31 December 2014, the Group rented office and factory premises from a director-related company, Yantai Ouhua Winery Co., Ltd, with rental expense amounting to RMB 756,000.

B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS

1. Review of the performance of the Group

For the financial year ended 31 December 2014 ("12M2014"), the Group revenue decreased by RMB25.46 million or 69.75% to RMB11.04 million, from RMB36.50 million in the previous corresponding period ended 31 December 2013 ("12M2013"). Loss before (net of) tax increased by RMB108.95 million from RMB82.31 million in 12M2013 to RMB191.26 million in 12M2014. Loss net of tax increased by RMB97.4 million from RMB93.86 million in 12M2013 to RMB191.26 million in 12M2014.

For the current quarter, the Group recorded a revenue decrease of RMB4.57 million from RMB7.81 million to RMB3.24 million and an increase in loss net of tax of RMB150.4 million from RMB10.96 million to RMB161.36 million, both from the immediate preceding quarter ended 30 September 2014.

The decrease of sales as compared with the corresponding period in 2013 is mainly due to the continuous downward trend of the whole winery market in PRC, which led to the further sales decrease of the grape wine. The increase of loss net of tax is mainly due to four reasons: i) The revenue decrease; ii) Allowance for bad debts. During this financial quarter, the Company made RMB39.65 million allowance for accounts receivable that exceeded twelve months; iii) Loss on disposal of biological assets. During past several years, the Company has invested much funds in vineyards but got little harvest. The grapevines died over large areas for bad weather, insect pests and disease and poor management. So the management decided to abandon the vineyards to cut loss. The Company made RMB81.62 million disposal loss for biological assets during the fourth financial quarter ended 31 December 2014. iv) RMB6.928 million Write-off of prepayments related with the biological assets.

2. Prospects

Through deep researching and analyzing of the current wine market, the management of the Group reached a view that due to the slowdown of the whole business and economic market development, coupled with various measures introduced by the Chinese government to curb drink driving, anti-corruption drive, promote frugal spending lifestyle, substantial reduction on its entertainment budget expenses, the consumption of the grape wine has been seriously affected and consequently led to a huge decrease in sales of the winery industry throughout the country. The decrease has been going on all along with the continuous execution of these unfavourable measures in the current sluggish market condition.

Our revenue has decreased tremendously because of the current sluggish market condition. In order to overcome the difficult situation and maintain our business as a going concern, the management has taken measures to cut down unnecessary expenses. After conducting cost benefit analysis, the management decided to discontinue the planting of grapes at the vineyards to cut further losses because throughout the years almost all of them have died off due to bad weather and diseases infected by insect pests. The huge investment cost in biological asset has produced very poor yield for the past years.

Moving forward, in order to have a better future for the Group, the management decided to proactively look for other good investment opportunities which are feasible for diversifying development strategy as a way to improve the status of the difficult business operation.

3. Profit forecast and guarantee

No profit forecast or guarantee were previously announced and disclosed by the Group in a public document.

4. Income tax charge

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	-	-	-	-

5. Sales of unquoted investments and/or properties

There are no sales of unquoted investments and/or properties of the Group in the current quarter and financial fourth quarter ended 31 December 2014.

6. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the financial fourth quarter ended 31 December 2014.

7. Status of corporate proposals and utilisation of proceeds

The Public Issue was to raise gross proceeds of RM79.53 million, which shall accrue to us and we intend to utilise the proceeds raised in the following manner: -

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe	Deviation	
				RM'000	%
Expansion of our market presence and distribution network, in particular Fazenda Ohua specialty stores	35,788	35,788	By 2 Nov 2012		0
Enhance the quality of and Control over our material supplies	7,952	7,952	By 2 Nov 2012		0
Expansion of our production Capacity and range of wines	11,930	11,930	By 2 Nov 2012		0
Enhance R&D capabilities	3,977	3,977	By 2 Nov 2012		0
Working capital	9,544	12,993	By 2 Nov 2012	(3,449)	(36)
Estimated listing expenses	<u>10,339</u>	<u>6,890</u>	By 2 Nov 2012	3,449	33
Total	<u>79,530</u>	<u>79,530</u>			

The listed expenses incurred was RM6.89 million. The excess of RM3.449 million as compared to the estimated listing expenses of RM10.339 million was utilised for working capital purposes.

8. Group borrowings and debts securities

Our Group has no borrowings and debts securities as at the reporting date of the fourth quarter under review.

9. Off-balance sheet financial instruments risks

As at the date of this report, we do not have nor are we using any off-balance sheet financial instruments.

10. Changes in material litigation

As at the date of this report, our Group is not engaged in any legal proceedings which may materially affect the financial position of our Group, and our Directors are not aware of any legal proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

11. (Loss)/Earnings per share

(Loss)/Earnings per share for 31 December 2014 and 31 December 2013 were computed by dividing the (loss)/profit net of tax and minority interests of the respective financial period by the weighted average number of ordinary shares of 668,000,000 each respectively. There was no potential dilutive instrument as at 31 December 2014.

12. Audit report of the Group's preceding annual and immediate financial statements

Our Group's audited financial statements for the financial year ended 31 December 2013 were subject to qualified opinion.