

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2013 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Quarter ⁽²⁾ 30.06.2012 RM'000	Current Year-To-Date 30.06.2013 RM'000	Preceding Year-To-Date ⁽²⁾ 30.06.2012 RM'000
Continuing Operations				
Revenue	113,979	N/A	227,398	N/A
Direct operating costs	(96,129)	N/A	(194,023)	N/A
Gross profit	17,850	N/A	33,375	N/A
Other operating income	381	N/A	889	N/A
Distribution costs	(976)	N/A	(2,450)	N/A
Administrative costs	(3,820)	N/A	(9,476)	N/A
Other operating costs	(1,588)	N/A	(1,816)	N/A
	(6,384)	N/A	(13,742)	N/A
Profit from operations	11,847	N/A	20,522	N/A
Finance costs	(1,682)	N/A	(3,274)	N/A
Profit before tax	10,165	N/A	17,248	N/A
Income tax expense	(2,942)	N/A	(5,005)	N/A
Profit after tax	7,223	N/A	12,243	N/A
Total comprehensive income attributable to:				
- Owners of the parent	7,223	N/A	12,243	N/A
- Non-controlling interests	-	N/A	-	N/A
	7,223	N/A	12,243	N/A
Earnings per share (sen) attributable to owners of the parent:				
- Basic ⁽³⁾	2.67	N/A	4.69	N/A
- Diluted	N/A	N/A	N/A	N/A

LEON FUAT BERHAD
(Company No.756407-D)

Notes:

N/A Not applicable

- (1) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Pro forma Consolidated Financial Information and Accountants' Report for the financial year ended 31 December 2012 as disclosed in the Prospectus of the Company dated 13 May 2013 and the accompanying explanatory notes attached to this interim financial statements.*
- (2) No comparative figures for the preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
- (3) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013 ⁽¹⁾

	As at 30.06.2013 RM'000	As at 31.12.2012 ⁽²⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	85,032	N/A
Other investment	33	N/A
	<u>85,065</u>	<u>N/A</u>
Current assets		
Inventories	128,317	N/A
Trade receivables	124,525	N/A
Other receivables, deposits and prepayments	3,705	N/A
Fixed deposits with licensed banks	29,996	N/A
Cash and bank balances	13,183	N/A
	<u>299,726</u>	<u>N/A</u>
TOTAL ASSETS	<u>384,791</u>	<u>N/A</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	155,000	N/A
Share premium	5,094	N/A
Merger deficit	(109,545)	N/A
Capital reserve	1	N/A
Fair value reserve	(27)	N/A
Retained earnings	143,113	N/A
Total equity	<u>193,636</u>	<u>N/A</u>
Non-current liabilities		
Deferred tax liabilities	3,078	N/A
Borrowings	10,220	N/A
	<u>13,298</u>	<u>N/A</u>
Current liabilities		
Trade payables	42,718	N/A
Other payables and accruals	1,804	N/A
Borrowings	127,501	N/A
Tax liabilities	5,834	N/A
	<u>177,857</u>	<u>N/A</u>
TOTAL LIABILITIES	<u>191,155</u>	<u>N/A</u>
TOTAL EQUITY AND LIABILITIES	<u>384,791</u>	<u>N/A</u>
Net assets per share attributable to owners of the parent (RM) ⁽³⁾	0.62	N/A

LEON FUAT BERHAD
(Company No.756407-D)

Notes:

N/A *Not applicable*

- (1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Pro forma Consolidated Financial Information and Accountants' Report for the financial year ended 31 December 2012 as disclosed in the Prospectus of the Company dated 13 May 2013 and the accompanying explanatory notes attached to this interim financial statements.*
- (2) *No comparative figures for the preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
- (3) *Based on the issued share capital of 310,000,000 shares after the completion of the Acquisitions (as detailed in Note B7 (i)) and after the Public Issue (as detailed in Note B7 (ii)).*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2013 ⁽¹⁾

	< -----Attributable to equity holders of the Company----- >							
	< -----Non-distributable----- >					Distributable		
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000	
At 1 January 2013	#	-	-	-	-	(1,374)	(1,374)	
Effect arising from merger	125,345	-	(109,545)	1	(27)	132,244	148,018	
Public issue of shares	29,655	5,931	-	-	-	-	35,586	
Total comprehensive income for the period	-	-	-	-	-	12,243	12,243	
Share issue expenses	-	(837)	-	-	-	-	(837)	
At 30 June 2013	<u>155,000</u>	<u>5,094</u>	<u>(109,545)</u>	<u>1</u>	<u>(27)</u>	<u>143,113</u>	<u>193,636</u>	

Notes:

No comparative figures for the preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This represents RM3.00.

(1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Pro forma Consolidated Financial Information and Accountants' Report for the financial year ended 31 December 2012 as disclosed in the Prospectus of the Company dated 13 May 2013 and the accompanying explanatory notes attached to this interim financial statements.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2013 ⁽¹⁾

	Current Year-To-Date 30.06.2013 RM'000	Preceding Year-To-Date 30.06.2012⁽²⁾ RM'000
Cash Flows for Operating Activities		
Profit before tax	17,248	N/A
Adjustments for:		
Impairment loss on trade receivables	415	N/A
Reversal of impairment loss on trade receivables	(109)	N/A
Depreciation of property, plant and equipment	2,939	N/A
Interest expense	3,014	N/A
Dividend income	(2)	N/A
Gain on disposal of property, plant and equipment	(232)	N/A
Interest income	(143)	N/A
Operating profit before working capital changes	<u>23,130</u>	N/A
Increase in inventories	(32,702)	N/A
Increase in trade and other receivables	(7,096)	N/A
Increase in trade and other payables	21,704	N/A
Cash generated from operations	<u>5,036</u>	N/A
Interest paid	(3,014)	N/A
Interest received	143	N/A
Income tax paid	(2,807)	N/A
Net cash used in operating activities	<u>(642)</u>	N/A
Cash Flows for Investing Activities		
Dividend received	2	N/A
Purchase of property, plant and equipment	(2,631)	N/A
Placement of fixed deposits	(12)	N/A
Proceeds from disposal of property, plant and equipment	256	N/A
Net cash used in investing activities	<u>(2,385)</u>	N/A
Cash Flows from Financing Activities		
Net proceeds from issuance of shares	34,749	N/A
Repayments of Al-BaiBithamanAjil Islamic (ABBA) financing	(331)	N/A
Payment of finance lease payables	(1,748)	N/A
Repayments of term loans	(695)	N/A
Net drawdown of bankers' acceptances	4,168	N/A
Net cash generated from financing activities	<u>36,143</u>	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2013 ⁽¹⁾ (CONT'D)

	Current Year-To-Date 30.06.2013 RM'000	Preceding Year-To-Date 30.06.2012 ⁽²⁾ RM'000
Net increase in cash and cash equivalents	33,116	N/A
Cash and cash equivalents at beginning of the period	(7,170)	N/A
Cash and cash equivalents at end of the period	<u>25,946</u>	<u>N/A</u>
Cash and cash equivalents at end of period comprises:		
Fixed deposits with licensed banks	29,996	N/A
Cash and bank balances	13,183	N/A
Bank overdrafts	(16,841)	N/A
	<u>26,338</u>	<u>N/A</u>
Less: Fixed deposit under lien	(392)	N/A
	<u>25,946</u>	<u>N/A</u>

Notes:

N/A *Not applicable*

(1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Pro forma Consolidated Financial Information and Accountants' Report for the financial year ended 31 December 2012 as disclosed in the Prospectus of the Company dated 13 May 2013 and the accompanying explanatory notes attached to this interim financial statements.*

(2) *No comparative figures for the preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

A EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”) and paragraph 9.22 (Appendix 9B Part A) of the Main Market Listing Requirement (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

This is the second interim financial report on the consolidated results for the second quarter ended 30 June 2013 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial statements should be read in conjunction with the Pro forma Consolidated Financial Information and the Accountants’ Report for the financial year ended 31 December 2012 as disclosed in the Prospectus of the Company dated 13 May 2013.

The interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (“the Group”) since the financial year ended 31 December 2012.

The Group has adopted merger accounting method for the preparation of this interim combined financial statements. The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus of the Company dated 13 May 2013, except for the adoption of the following:

New or Revised MFRSs/Amendments/Interpretations

MFRS 3, Business Combinations (2004)
MFRS 10, Consolidated Financial Statements
MFRS 11, Joint Arrangements
MFRS 12, Disclosure of Interest in Other Entities
MFRS 13, Fair Value Measurement
MFRS 119, Employee Benefits
MFRS 127, Separate Financial Statements
MFRS 128, Investments in Associates and Joint Ventures
Amendments to MFRS 1, First-time Adoption of Malaysia Financial Reporting Standard
Amendments to MFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial liabilities
Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11, Joint Arrangements: Transition Guidance
Amendments to MFRS 12, Disclosure of Interest in Other Entities: Transition Guidance
Amendments to MFRS101, Presentation of Financial Statements – Presentation of items of other Comprehensive Income
Amendments to MFRS 116, Property, Plant and Equipment
Amendments to MFRS 132, Financial Instruments: Presentation
Amendments to MFRS 134, Interim Financial Reporting
Amendment to IC Interpretation 2, Members’ Shares in Co-operative Entities and Similar Instruments
IC Interpretation 20, Stripping Cost in the Production Phase of a Surface Mine

A1. Accounting Policies and Basis of Preparation(Cont'd)

The adoption of the above standards, amendments and interpretations did not have any material impact on the financial position and performance of the Group.

The Group has not applied in advance the following MFRSs and amendments to MFRSs that have been issued by MASB but not yet effective for the current financial year:

		<u>Effective Date</u>
MFRS 9	Financial Instruments	1 January 2015
Amendments to MFRS 10	Consolidated financial statements	1 January 2014
Amendments to MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
Amendments to MFRS 127	Separate Financial Statements	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

The Group is in the process of assessing the impact which may arise from adoption of the above standard and amendments.

A2. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Reports on the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2012 were not qualified.

A3. Seasonality or Cyclical of Operations

The Group's operations were not significantly affected by any seasonal or cyclical factors during the current quarter and current financial year-to-date.

A4. Unusual Items

There were no significant items affecting assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence during the current quarter and current financial year-to-date saved for the completion of the listing scheme as mention in Note B7.

A5. Changes in Estimates

There were no changes in the estimates of amounts reported in the prior interim period of the current financial year that have a material effect on the results for the current quarter and current financial year-to-date.

A6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and current financial year-to-date except for the issuance of shares by the Company in conjunction with the listing scheme disclosed in Note B7.

A7. Dividend Paid

No dividend was paid in the current quarter.

A8. Segment Information

Segment information of the Group for the financial year-to-date ended 30 June 2013 is as follows:

	Investment Holding RM'000	Trading of Steel Products RM'000	Processing of Steel Products RM'000	Others ⁽¹⁾ RM'000	Elimination RM'000	Consolidated RM'000
External revenue	-	87,655	139,447	296	-	227,398
Direct operating costs	-	(73,748)	(120,052)	(223)	-	(194,023)
Gross Profit	-	13,907	19,395	73	-	33,375
Add/(Less):						
- Other income						889
- Operating expenses						(13,742)
- Finance costs						(3,274)
Profit before taxation						17,248
Income tax expense						(5,005)
Profit for the period						12,243

Comparative figures for the preceding financial year-to-date are not presented as this is the second interim report for the second quarter ended 30 June 2013 being announced by the Company.

Note:

(1) Mainly consists of trading of specialised steel materials including tool steel and non-ferrous metal products including bronze, brass, aluminium and copper products.

A9. Valuations of Property, Plant and Equipment

There were no amendments to the valuation of property, plant and equipment that have been brought forward from the preceding annual financial statements.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current quarter up to the date of issue of this report that have not been reflected in the financial statements for the current quarter and current financial year-to-date.

A11. Effects of Changes in Composition of the Group

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

A12. Capital Commitments

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Approved and contracted for:		
- Purchase of motor vehicles	916	N/A

Note:

N/A Not applicable

A13. Changes in Contingent Liabilities and Contingent Assets

There were no contingent assets and liabilities since the end of the previous financial year up to 30 June 2013.

A14. Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Quarter ⁽¹⁾ 30.06.2012 RM'000	Current Year- To-Date 30.06.2013 RM'000	Preceding Year- To-Date ⁽¹⁾ 30.06.2012 RM'000
Sales to related parties	1,320	N/A	3,275	N/A
Purchases from related parties	305	N/A	1,500	N/A
Rental expense paid to a related party	60	N/A	120	N/A
	<u>1,685</u>	<u>N/A</u>	<u>4,895⁽²⁾</u>	<u>N/A</u>

Note:

N/A Not applicable

(1) No comparative figures for the preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

(2) Total related party transactions from 5 June 2013 (listing date) to 30 June 2013 amounting to approximately RM0.34 million.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

The Group achieved revenue of RM113.98 million and profit before tax of RM10.16 million for the current quarter. For the current financial year-to-date, the Group's revenue was RM227.40 million and profit before tax was RM17.25 million.

Our Group's revenue was mainly derived from our two (2) major segments, namely trading and processing of steel products, which collectively contributed approximately 99.8% and 99.9% of our total revenue for the current quarter and the current financial year-to-date respectively. The trading segment and the processing segment contributed revenue of approximately 39.8% and 60.0% respectively for the current quarter and 38.6% and 61.3% respectively for the current financial year-to-date.

Processing of steel products was our largest gross profit contributor, which accounted for approximately 59.6% and 58.1% of our total gross profit for the current quarter and the current financial year-to-date respectively. Gross profit from trading of steel products accounted for approximately 40.2% and 41.7% of our total gross profit for the current quarter and the current financial year-to-date respectively.

No comparative figures are presented for the preceding year corresponding period as this is the second interim financial report on the consolidated results for the second quarter ended 30 June 2013 announced by the Company.

B2. Material Variation of Profit Before Tax Against Immediate Preceding Quarter

Our Group achieved revenue of RM113.98 million for the current quarter, which was marginal higher than the immediate preceding quarter's revenue by approximately 0.5% or RM0.56 million.

For the current quarter, our profit before tax improved by approximately 43.5% or RM3.08 million, from RM7.08 million for the immediate preceding quarter to RM10.16 million for the current quarter mainly due to the following:

1. Increase in gross profit contribution from processing of steel products segment as a result of an increase in the gross profit margin for this segment for the current quarter. In the current quarter, the percentage of gross profit contributed by processing of steel products segment was 59.6%, compared to 56.4% for the immediate preceding quarter. The gross profit margin from this segment increased from 12.3% for the immediate preceding quarter to 15.6% for the current quarter, as the result of our Group undertaking a higher proportion of profiling jobs as well as processing of long steel products which earned higher profit margin.
2. Reduction in our operating costs, which consist of administrative, distribution and other operating expenses, by approximately 13.3% or RM0.98 million from RM7.36 million for the immediate preceding quarter to RM6.38 million for the current quarter. This was mainly resulted from the staff bonuses which were fully paid and recorded in the immediate preceding quarter. The reduction in operating costs was however, partly offset by the listing expenses and impairment loss on trade receivables which had been charged to the current quarter.

B3. Commentary on Prospects

As disclosed in the Prospectus of the Company dated 13 May 2013, although the local production of flat rolled steel products has indicated a negative growth between 2007 to 2011, the growing economy is expected to produce a positive flow-on effect on the rolled steel industry. With an average annual growth rate of 4% in real GDP between 2008 to 2012, coupled with the various government initiatives and ongoing development of infrastructures, and also based on our achievement in the first half of the current financial year, our Group is optimistic that, barring unforeseen circumstances, its prospects for the remaining period of the current financial year will be positive.

B4. Variance of Forecast Profit and Profit Guarantee

No profit forecast has been issued by the Group previously in any public document.

B5. Profit Before Tax

Profit before tax is derived after taking into consideration the followings:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Quarter 30.06.2012 ⁽¹⁾ RM'000	Current Year- -To-Date 30.06.2013 RM'000	Preceding Year- To-Date 30.06.2012 ⁽¹⁾ RM'000
Impairment loss on trade receivables	415	N/A	415	N/A
Reversal of impairment loss on trade receivables	(109)	N/A	(109)	N/A
Depreciation of property, plant and equipment	1,507	N/A	2,939	N/A
Dividend income	(1)	N/A	(2)	N/A
Gain on disposal of property, plant and equipment	(47)	N/A	(232)	N/A
Insurance claims	(9)	N/A	(190)	N/A
Interest expense	1,577	N/A	3,014	N/A
Interest income	(96)	N/A	(143)	N/A
Rental income	(78)	N/A	(157)	N/A
Rental of premises	60	N/A	120	N/A
Rental of equipment	14	N/A	27	N/A

Saved as disclosed above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable

Note:

(1) No comparative figures for the preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Quarter 30.06.2012 ⁽¹⁾ RM'000	Current Year-To-Date 30.06.2013 RM'000	Preceding Year-To-Date 30.06.2012 ⁽¹⁾ RM'000
<u>Income tax</u>				
Current tax	2,961	N/A	4,780	N/A
Deferred tax	(19)	N/A	225	N/A
Tax expense	2,942	N/A	5,005	N/A

Note:

N/A Not applicable

(1) No comparative figures for the preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

The effective tax rate for the current quarter and current financial year-to-date are higher than the statutory tax rate of 25% mainly due to certain expenses which are not deductible for tax purposes.

B7. Status of Corporate Proposals

In conjunction with, and as an integral part of the Company's listing on Main Market of Bursa Securities, the following listing scheme was undertaken by the Company:

(i) Acquisitions

(a) Acquisition of Leon Fuat Hardware Sdn Bhd ("LF Hardware")

Acquisition by the Company of the entire issued and paid-up share capital in LF Hardware comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM28,978,000 which was entirely satisfied by the issuance of 57,956,000 new ordinary shares of RM0.50 each in the Company ("Shares") at an issue price of RM0.50 per share, credited as fully paid;

(b) Acquisition of Leon Fuat Hardware (Klang) Sdn Bhd ("LF Klang")

Acquisition by the Company of the entire issued and paid-up share capital in LF Klang comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM76,793,997 which was entirely satisfied by the issuance of 153,587,994 new Shares at an issue price of RM0.50 per share in the Company, credited as fully paid;

(c) Acquisition of Supreme Steelmakers Sdn Bhd ("Supreme Steelmakers")

Acquisition by the Company of the entire issued and paid-up share capital in Supreme Steelmakers comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM12,188,000 which was entirely satisfied by the issuance of 24,376,000 new Shares at an issue price of RM0.50 per share, credited as fully paid; and

B7. Status of Corporate Proposals (Cont'd)

(i) Acquisitions (Cont'd)

(d) Acquisition of ASA Steel (M) Sdn Bhd ("ASA Steel")

Acquisition by the Company of the entire issued and paid-up share capital in ASA Steel comprising 1,800,000 ordinary shares of RM1.00 each for a total purchase consideration of RM7,385,000 which was entirely satisfied by the issuance of 14,770,000 new Shares at an issue price of RM0.50 per share, credited as fully paid.

(the above transactions are collectively refer to as "Acquisitions")

The Acquisitions were completed on 2 January 2013.

(ii) Initial Public Offering

Public Issue

The Company has undertaken a public issue of 59,310,000 new Shares, representing approximately 19.13% of the Company's enlarged issued and paid-up share capital at an issue price of RM0.60 per share allocated in the following manner:

- (a) 15,500,000 Public Issue Shares, representing approximately 5.00% of the Company's enlarged issued and paid-up share capital, for application by the Public, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions;
- (b) 10,000,000 Public Issue Shares, representing approximately 3.23% of the Company's enlarged issued and paid-up share capital, for subscription by eligible Directors, employees and persons who have contributed to the success of the Group; and
- (c) 33,810,000 Public Issue Shares, representing approximately 10.91% of the Company's enlarged issued and paid-up share capital, for placement to selected investors.

Offer for Sale

Concurrent with the Public Issue, Leon Fuat Holdings Sdn Bhd, being the substantial shareholder of the Company, offered for sale of up to 31,000,000 Offer Shares at an offer price of RM0.60 per Share, representing approximately up to 10.00% of the Company's enlarged issued and paid-up share capital, to Bumiputera investors approved by the Ministry of International Trade and Industry.

(iii) Listing and Quotation on Bursa Securities

The listing and quotation of the Company's entire enlarged issued and paid-up share capital of RM155,000,000 comprising 310,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad.

The Public Issue amounting to 59,310,000 new ordinary shares of RM0.50 each at an issue price of RM0.60 per Share, and the Offer for Sale amounting to 31,000,000 Offer Shares at an offer price of RM0.60 per Share were completed upon the allotment and transferred of the shares to the successful investors on 31 May 2013. The Company was listed and quoted on the Main Market of Bursa Malaysia Securities Berhad of its entire enlarged issued and paid-up capital comprising of 310,000,000 shares on 5 June 2013.

B7. Status of Corporate Proposals (Cont'd)

The Public Issue raised a gross proceeds of RM35.59 million. The status of utilization of proceeds raised from the Public Issue as at 30 June 2013 is as follows:

Purposes	Proposed	Actual	Deviation		Balance	Intended timeframe for utilisation (from the listing date)
	utilisation ⁽¹⁾ RM'000	utilisation RM'000	RM'000	%		
Purchase of new industrial land with building	13,000	(3,000)	-	-	10,000	Within 1 year
Construction of new processing plant with warehousing facilities	6,000	-	-	-	6,000	Within 3 years
Purchase of new machines	6,000	-	-	-	6,000	Within 3 Years
Working capital	7,786	(289)	(454) ⁽²⁾	(5.8%)	7,043	Within 1 year
Estimated listing expenses	2,800	(3,254) ⁽²⁾	454 ⁽²⁾	16.2%	-	Upon listing
Total gross proceeds	35,586	(6,543)	-	-	29,043	

Note:

(1) The proposed utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 May 2013.

(2) Actual listing expenses incurred were more than the estimated listing expenses by approximately RM0.45 million mainly due to higher printing and advertisement costs as well as other incidental costs incurred in connection to the listing exercise. In accordance to the Prospectus dated 13 May 2013, the excess of listing expenses shall be adjusted against the proposed utilisation for working capital.

As at the date of this report, saved as disclosed above, there are no other corporate proposals that are pending for completion.

B8. Group Borrowings

Total Group borrowings as at 30 June 2013 were as follows:-

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
<u>Current</u>		
Secured:		
ABBA financing facilities	686	N/A
Bankers' acceptances	63,272	N/A
Hire purchase payables	2,545	N/A
Term loans	1,308	N/A
Bank overdrafts	15,732	N/A
	<hr/> 83,543	<hr/> N/A
Unsecured		
Bankers' acceptances	42,849	N/A
Bank overdrafts	1,109	N/A
	<hr/> 43,958	<hr/> N/A
	<hr/> 127,501	<hr/> N/A
<u>Non-current</u>		
Secured:		
ABBA financing facilities	203	N/A
Hire purchase payables	1,305	N/A
Term loans	8,712	N/A
	<hr/> 10,220	<hr/> N/A
Total Borrowings	<hr/> <hr/> 137,721	<hr/> <hr/> N/A

The above Group borrowings are denominated in Ringgit Malaysia.

B9. Material Litigation

Since the last annual financial statements up to the date of issue of this report, the Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, which have a material effect on the financial position of our Group, and the Board does not know of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Group.

B10. Dividend

On 26 August 2013, our Board of Directors has declared and approved the payment of a first interim single tier dividend of 1.5 sen per ordinary share in respect of financial year ending 31 December 2013. The interim dividend will be paid on 8 October 2013 and the entitlement date will be on 18 September 2013.

B11. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Quarter 30.06.2012 ⁽¹⁾ RM'000	Current Year-To-Date 30.06.2013 RM'000	Preceding Year-To-Date 30.06.2012 ⁽¹⁾ RM'000
Total comprehensive income for the period	7,223	N/A	12,243	N/A
Weighted average number of ordinary shares of RM0.50 each in issue ('000) *	270,895	N/A	260,848	N/A
Basic Earnings Per Share (sen)	2.67	N/A	4.69	N/A

Note:

(1) No comparative figures for the preceding quarter and preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

* Based on the issued share capital after the completion of the Acquisitions as detailed in Note B7 (i) and after the Public Issue as detailed in Note B7 (ii).

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and current financial year-to-date.

B12. Realised and Unrealised Profits / Losses Disclosure

The breakdown of the retained profits of the Group as at the end of the current quarter and previous financial year, into realised and unrealised profits, is as follows:-

	As at 30.06.2013 RM'000	As at 31.12.2012 ⁽¹⁾ RM'000
Total retained earnings of the Group		
(a) Realised	149,604	N/A
(b) Unrealised	(3,902)	N/A
	145,702	N/A
Less: consolidated adjustments	(2,589)	N/A
Total retained earnings	143,113	N/A

Note:

N/A Not applicable

(1) No comparative figures for the preceding year are available as this is the second interim report on the consolidated results for the second quarter ended 30 June 2013 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.