

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2014 RM'000	Preceding Year Quarter 30.9.2013 RM'000	Current Year- To-Date 30.9.2014 RM'000	Preceding Year- To-Date 30.9.2013 RM'000
Continuing Operations				
Revenue	121,669	115,804	364,780	343,202
Direct operating costs	(102,977)	(100,106)	(312,265)	(294,129)
Gross profit	18,692	15,698	52,515	49,073
Other operating income	672	461	1,572	1,350
Distribution costs	(1,259)	(1,055)	(4,214)	(3,505)
Administrative costs	(4,944)	(4,500)	(15,556)	(13,976)
Other operating costs	(302)	(351)	(1,358)	(2,167)
	(6,505)	(5,906)	(21,128)	(19,648)
Profit from operations	12,859	10,253	32,959	30,775
Finance costs	(1,498)	(1,874)	(4,675)	(5,148)
Profit before tax	11,361	8,379	28,284	25,627
Income tax expense	(2,964)	(2,085)	(7,447)	(7,090)
Profit for the financial period	8,397	6,294	20,837	18,537
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Fair value reserve transfer to profit or loss on disposal of available-for-sale investment	12	-	12	-
Exchange differences on translation of foreign operations	3	-	3	-
Total other comprehensive income, net of tax	15	-	15	-
Total comprehensive income for the financial period	8,412	6,294	20,852	18,537
Profit attributable to:				
- Owners of the Company	8,397	6,294	20,837	18,537
Total comprehensive income attributable to:				
- Owners of the Company	8,412	6,294	20,852	18,537
Earnings per share (sen) attributable to owners of the Company:				
- Basic	2.71	2.03	6.72	6.68
- Diluted	2.71	2.03	6.72	6.68

LEON FUAT BERHAD
(Company No.756407-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONT'D)

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	Unaudited As at 30.9.2014 RM'000	Audited As at 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	83,018	84,170
Goodwill	257	-
Other investment	-	48
	<u>83,275</u>	<u>84,218</u>
Current assets		
Inventories	169,185	149,551
Trade receivables	125,424	119,059
Other receivables, deposits and prepayments	5,686	4,514
Fixed deposits with licensed banks	13,900	15,625
Cash and bank balances	7,204	6,701
	<u>321,399</u>	<u>295,450</u>
TOTAL ASSETS	<u><u>404,674</u></u>	<u><u>379,668</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	155,000	155,000
Share premium	5,094	5,094
Merger deficit	(109,545)	(109,545)
Capital reserve	1	1
Fair value reserve	-	(12)
Retained earnings	168,181	151,994
Foreign currency translation reserve	3	-
Total Equity	<u>218,734</u>	<u>202,532</u>
Non-current liabilities		
Deferred tax liabilities	3,054	3,080
Borrowings	1,105	688
	<u>4,159</u>	<u>3,768</u>
Current liabilities		
Trade payables	47,668	30,273
Other payables and accruals	4,091	2,430
Borrowings	127,087	137,070
Tax liabilities	2,935	3,595
	<u>181,781</u>	<u>173,368</u>
Total Liabilities	<u>185,940</u>	<u>177,136</u>
TOTAL EQUITY AND LIABILITIES	<u><u>404,674</u></u>	<u><u>379,668</u></u>
Net assets per share attributable to owners of the Company (RM)	0.71	0.65

Note:

The Unaudited Condensed Consolidated Statement of Financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statement.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	< -----Attributable to owners of the Company ----- >							
	< ----- Non-distributable ----- >					Distributable		
	Share Capital	Share Premium	Merger Deficit	Capital Reserve	Fair value Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	155,000	5,094	(109,545)	1	(12)	-	151,994	202,532
Comprehensive income								
Profit for the financial year	-	-	-	-	-	-	20,837	20,837
Other comprehensive income								
Transfer to profit or loss on disposal of available-for-sale investment	-	-	-	-	12	-	-	12
Exchange differences on translation of foreign operations	-	-	-	-	-	3	-	3
Total other comprehensive income	-	-	-	-	12	3	-	15
Total comprehensive income	-	-	-	-	12	3	20,837	20,852
Transactions with owners								
Dividend	-	-	-	-	-	-	(4,650)	(4,650)
At 30 September 2014	155,000	5,094	(109,545)	1	-	3	168,181	218,734
2013								
At 1 January 2013	125,345	-	(109,545)	1	(27)	-	130,870	146,644
Total comprehensive income for the period	-	-	-	-	-	-	18,537	18,537
Transactions with owners								
Issuance of shares pursuant to public issue	29,655	5,931	-	-	-	-	-	35,586
Listing expenses - share issue expenses	-	(837)	-	-	-	-	-	(837)
Dividend	-	-	-	-	-	-	(4,650)	(4,650)
Total transactions with owners	29,655	5,094	-	-	-	-	(4,650)	30,099
At 30 September 2013	155,000	5,094	(109,545)	1	(27)	-	144,757	195,280

Note:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statement.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	Current Year-To-Date 30.9.2014 RM'000	Preceding Year-To-Date 30.9.2013 RM'000
Cash Flows from Operating Activities		
Profit before tax	28,284	25,627
Adjustments for:-		
Impairment loss on trade receivables	583	473
Reversal of impairment loss on trade receivables	(444)	(192)
Bad debt written off	143	-
Depreciation of property, plant and equipment	4,359	4,427
Interest expense	4,268	4,616
Dividend income	(1)	(2)
Gain on disposal of property, plant and equipment	(171)	(248)
Property, plant and equipment written off	136	-
Loss on foreign exchange - unrealised	37	81
Loss on disposal of other investment	5	-
Write down of inventories	91	-
Interest income	(442)	(365)
Operating profit before working capital changes	<u>36,848</u>	<u>34,417</u>
Increase in inventories	(18,821)	(42,810)
Increase in trade and other receivables	(7,675)	(4,974)
Increase in trade and other payables	18,308	7,552
Cash generated from/(used in) operations	<u>28,660</u>	<u>(5,815)</u>
Interest received	442	365
Interest paid	(4,268)	(4,616)
Income tax paid	(8,134)	(7,522)
Net cash from/(used in) operating activities	<u>16,700</u>	<u>(17,588)</u>
Cash Flows from Investing Activities		
Dividend received	1	2
Purchase of property, plant and equipment	(1,884)	(3,350)
Placement of fixed deposits	(12)	(12)
Proceeds from disposal of property, plant and equipment	200	286
Proceeds from disposal of other investment	55	-
Cash outflow on acquisition of a subsidiary, net of cash and cash equivalents	(585)	-
Net cash used in investing activities	<u>(2,225)</u>	<u>(3,074)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of shares	-	35,586
Payment of share issue expenses	-	(837)
Repayments of Al-Bai Bithaman Ajil Islamic (ABBA) financing	(544)	(502)
Payments to finance lease payables	(1,371)	(2,615)
Repayments of term loans	(225)	(10,182)
Net (repayment)/drawdown of bankers' acceptances	(6,223)	20,300
Dividend paid	(4,650)	-
Net cash (used in)/from financing activities	<u>(13,013)</u>	<u>41,750</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONT'D)

	Current Year-To-Date 30.9.2014 RM'000	Preceding Year-To-Date 30.9.2013 RM'000
Net increase in cash and cash equivalents	1,462	21,088
Effect of exchange rate changes on cash and cash equivalents	(20)	-
Cash and cash equivalents at beginning of the financial period	4,648	(7,170)
Cash and cash equivalents at end of the financial period	<u>6,090</u>	<u>13,918</u>
Cash and cash equivalents at end of financial period comprises :		
Fixed deposits with licensed banks	13,900	17,505
Cash and bank balances	7,204	12,698
Bank overdrafts	(14,609)	(15,893)
	<u>6,495</u>	<u>14,310</u>
Less: Fixed deposit under lien	(405)	(392)
	<u>6,090</u>	<u>13,918</u>

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statement.

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”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 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 2013.

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements as disclosed in the audited financial statements of the Group for the financial year ended 31 December 2013, except for the adoption of the following:

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies
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The adoption of the above amendments/improvement to MFRSs and new IC interpretation did not have any material impact on the financial position and performance of the Group.

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

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 9	Financial Instruments	To be announced by MASB
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014

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

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

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 11	Joint Arrangements	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

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’ Report for the immediate preceding annual financial statements of the Group and the Company for the financial year ended 31 December 2013 is not subject to any qualification.

A3. Seasonality or Cyclicity 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.

A5. Changes in Estimates

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial year or changes in the estimates of amounts reported in the prior financial years 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 nor any movement in the share capital for the current quarter.

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

A7. Dividend Paid

The final single-tier dividend of 1.5 sen per ordinary share in respect of financial year ended 31 December 2013 which had been approved by the shareholders at the last Annual General Meeting held on 25 June 2014 was paid on 5 August 2014.

A8. Segment Information

Segment information of the Group for the financial year-to-date ended 30 September 2014 is as follows:

	Trading of Processing				
	Steel	of Steel			
	Products	Products	Others ⁽¹⁾	Elimination	Consolidated
	RM’000	RM’000	RM’000	RM’000	RM’000
External revenue	138,990	225,498	292	-	364,780
Direct operating costs	(121,911)	(190,125)	(229)	-	(312,265)
Gross Profit	<u>17,079</u>	<u>35,373</u>	<u>63</u>	<u>-</u>	<u>52,515</u>
Add/(Less):					
- Other income					1,572
- Operating expenses					(21,128)
- Finance costs					(4,675)
Profit before taxation					<u>28,284</u>
Income tax expense					(7,447)
Profit for the period					<u><u>20,837</u></u>

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

	Trading of Processing				
	Steel	of Steel			
	Products	Products	Others ⁽¹⁾	Elimination	Consolidated
	RM’000	RM’000	RM’000	RM’000	RM’000
External revenue	134,325	208,400	477	-	343,202
Direct operating costs	(114,618)	(179,125)	(386)	-	(294,129)
Gross Profit	<u>19,707</u>	<u>29,275</u>	<u>91</u>	<u>-</u>	<u>49,073</u>
Add/(Less):					
- Other income					1,350
- Operating expenses					(19,648)
- Finance costs					(5,148)
Profit before taxation					<u>25,627</u>
Income tax expense					(7,090)
Profit for the period					<u><u>18,537</u></u>

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.

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

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 other than the acquisition of the entire issued and paid-up share capital in Overum Wear Parts (Far East) Pte Ltd (“Overum”) comprising 150,000 ordinary shares for a total consideration of Singapore Dollar SGD230,000 which had been satisfied in cash. Overum became a wholly-owned subsidiary of the Company on 1 July 2014.

Fair Value of assets acquired and liabilities assumed at the date of acquisition

	RM’000
Current assets	
Inventories	904
Trade receivables	152
Other receivables, deposits and prepayments	13
Cash and bank balances	7
	<u>1,076</u>
Non-current assets	
Property, plant and equipment	13
Current liabilities	
Other payables and accruals	753
Net GST output tax	1
	<u>754</u>
Total identifiable net assets acquired	335
Goodwill	257
Total cost of business combination	<u>592</u>

Net Cash outflow on acquisition of subsidiary

	RM’000
Consideration paid in cash	592
Less: Cash and cash equivalent acquired	(7)
	<u>585</u>

The newly acquired subsidiary has not contributed any significant results to the Group for the period ended 30 September 2014.

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

A12. Capital Commitments

	As at 30.9.2014 RM’000	Audited As at 31.12.2013 RM’000
Approved and contracted for:		
- Purchase of motor vehicles	691	64
- Purchase of machinery	4,740	2,241
- Purchase of furniture and fittings	1,003	-
	<u>6,434</u>	<u>2,305</u>

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 September 2014.

A14. Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2014 RM’000	Preceding Year- Quarter 30.9.2013 RM’000	Current Year- To-Date 30.9.2014 RM’000	Preceding Year- To-Date 30.9.2013 RM’000
Sales to related parties	1,338	1,447	3,556	4,722
Purchases from related parties	260	284	1,020	1,784
Rental expense paid to related parties	390	60	510	180
	<u>1,988</u>	<u>1,791</u>	<u>5,086</u>	<u>6,686</u>

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

B1. Review of Performance

Current Quarter Compared To Preceding Year Corresponding Quarter

Our revenue grew by 5.1% or RM5.87 million from RM115.80 million for the preceding year corresponding quarter to RM121.67 million for the current quarter. This was mainly due to increase in revenue for our processing of flat carbon steel products as well as processing of other flat steel products by approximately RM4.74 million and RM3.00 million respectively. The higher revenue from our processing of flat carbon steel products was mainly attributable to the higher tonnage sales for the current quarter by approximately 13.4% as compared to the preceding year corresponding quarter, whereas the higher revenue for processing of other flat steel products was contributed by the better average selling price recorded for the current quarter as compared to the preceding year corresponding quarter. However, the aforesaid increase in revenue was partly offset by the decrease in revenue generated from trading segment by approximately RM2.59 million.

For the current quarter, our main business segments continued to be trading and processing of steel products, which collectively contributed approximately 99.9% of our total revenue for the current quarter. The trading segment and the processing segment contributed revenue of approximately 36.2% and 63.7% respective for the current quarter whereas the trading segment and the processing segment contributed revenue of approximately 40.3% and 59.5% respectively for the preceding year corresponding quarter.

Processing of steel products showed an improvement in gross profit margin from 14.3% for the preceding year corresponding quarter to 16.4% for the current quarter. The gross profit margin for trading of steel products also increased from approximately 12.4% for the preceding year corresponding quarter to 13.5% for the current quarter. The increase in gross profit margin for both segments was mainly contributed by the increase in gross profit margin for other steel products. As a consequence of the aforesaid factor, our overall gross profit margin increased from 13.6% for the preceding year corresponding quarter to 15.4% for the current quarter.

For the current quarter, despite the increase in total operation costs by approximately RM0.60 million, our Group registered an increase in profit before tax by RM2.98 million to RM11.36 million compared to RM8.38 million for the preceding year corresponding quarter, mainly due to the increase in gross profit by RM2.99 million and lower finance costs by RM0.38 million for the current quarter.

Current Financial Year-To-Date Compared To Preceding Financial Year-To-Date

Our revenue grew by 6.3% or RM21.58 million from RM343.20 million for the preceding financial year-to-date to RM364.78 million for the current financial year-to-date. This was mainly due to the increase in demand for our trading and processing of steel products, with total tonnage sales increased by 6.0% and 11.9% respectively.

Arising from the increase in revenue and fairly consistent gross profit margin recorded for the current financial year-to-date as compared to the preceding financial year-to date, our gross profit improved by 7.0% or approximately RM3.44 million.

Operation costs have increased although without the listing expenses of RM1.11 million being charged to the current financial year-to-date as compared to the preceding financial year-to-date. This was mainly due to increase in directors and staff costs by RM1.42 million, additional rental expenses of RM0.38 million, increase in impairment loss on trade receivables and bad debts written off by RM0.11 million and RM0.14 million respectively, as well as higher property, plant and equipment written off by RM0.14 million, which had been charged to the current financial year-to-date.

As a result of above, our profit before tax increased by approximately 10.3% or RM2.65 million from RM25.63 million for the preceding financial year-to-date to RM28.28 million for the current financial year-to-date.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

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

Our Group achieved revenue of RM121.67 million for the current quarter, which was lower than the immediate preceding quarter's revenue by approximately 7.6% or RM10.06 million, mainly caused by the decrease in demand for our trading of flat steel products, which recorded a lower revenue by 32.3% or RM11.47million resulted from lower tonnage sales by 31.0%.

For the current quarter, despite the decrease in revenue, our profit before tax increased by approximately 3.2% or RM0.35 million, from RM11.01 million for the immediate preceding quarter to RM11.36 million for the current quarter mainly caused by the following factors:

- Higher gross profit by 0.9% or RM0.16 million, from RM18.53 million for the immediate preceding quarter to RM18.69 million for the current quarter, as a consequence of better gross profit margin from approximately 14.1% for the immediate preceding quarter to approximately 15.4% for the current quarter, mainly attributable to the improved gross profit margin for trading of steel products, from approximately 11.1% for immediate preceding quarter to approximately 13.5% for the current quarter.
- Higher other operating income from insurance claims by approximately RM0.13 million recorded for the current quarter.
- Lower finance costs by approximately RM0.13 million for the current quarter.

B3. Commentary on Prospects

In the light of our achievement in the first three quarters of the current financial year coupled with political stability recently achieved by our neighboring countries which augurs well for bilateral economic activities within the region, 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.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B5. Profit Before Tax

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2014 RM'000	Preceding Year Quarter 30.9.2013 RM'000	Current Year-To-Date 30.9.2014 RM'000	Preceding Year-To-Date 30.9.2013 RM'000
Impairment loss on trade receivables	87	58	583	473
Bad debt recovered	(3)	-	(6)	-
Reversal of impairment loss on trade receivables	(218)	(83)	(444)	(192)
Bad debt written off	-	-	143	-
Depreciation of property, plant and equipment	1,468	1,488	4,359	4,427
Dividend income	-	#	(1)	(2)
Gain on disposal of property, plant and equipment	-	(16)	(171)	(248)
Property, plant and equipment written off	-	-	136	-
Insurance claims	(135)	(5)	(161)	(195)
Interest expense	1,332	1,602	4,268	4,616
Interest income	(153)	(222)	(442)	(365)
Rental income	(79)	(79)	(236)	(236)
Rental of premises	445	60	565	180
Rental of equipment	15	16	45	43
(Gain)/Loss on foreign exchange - realised	(4)	9	35	9
- unrealised	27	81	37	81
Loss on disposal of other investment	5	-	5	-
Write down of inventories	91	-	91	-

Save 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:

Less than RM500

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year-Quarter 30.9.2014 RM'000	Preceding Year-Quarter 30.9.2013 RM'000	Current Year-To-Date 30.9.2014 RM'000	Preceding Year-To-Date 30.9.2013 RM'000
<u>Income tax</u>				
Current tax				
- for the financial period	3,014	2,232	7,492	7,012
- over provision in prior financial year	(19)	(83)	(19)	(83)
Deferred tax				
- origination of temporary differences	21	(64)	149	161
- over provision in prior financial year	(59)	-	(59)	-
- relating to change in income tax rate ⁽¹⁾	7	-	(116)	-
Tax expense	2,964	2,085	7,447	7,090

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

Note:

(1) Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 30 September 2014 has reflected these changes.

B7. Status of Corporate Proposals

There were no corporate proposal announced but not completed as at the date of this report.

(i) Utilisation of Proceeds

The Public Issue raised a gross proceeds of RM35.59 million. The status of utilisation of proceeds raised from the Public Issue as at 30 September 2014 is as follows:

Purposes	Proposed utilisation ⁽¹⁾ RM'000	Actual utilisation RM'000	Deviation		Balance RM'000	Intended timeframe for utilisation (from the listing date)
			RM'000	%		
Purchase of new industrial land with building	13,000	(12,677)	(323) ⁽²⁾	(2.5%)	-	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

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B7. Status of Corporate Proposals (Cont'd)

(i) Utilisation of Proceeds (Cont'd)

Purposes	Proposed utilisation ⁽¹⁾	Actual utilisation	Deviation		Balance RM'000	Intended timeframe for utilisation (from the listing date)
	RM'000	RM'000	RM'000	%		
Working capital	7,786	(7,655)	(131) ⁽²⁾⁽³⁾	(1.7%)	-	Within 1 year
Estimated listing expenses	2,800	(3,254) ⁽³⁾	454 ⁽³⁾	16.2%	-	Upon listing
Total gross proceeds	35,586	(23,586)	-	-	12,000	

Notes:

- (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) In respect of excess of proposed utilisation over the actual early settlement sum (including a one-off fee of RM0.15 million levied by the bank for early settlement) for a term loan facility used to fund the purchase of the new industrial land with building. In accordance to the Prospectus dated 13 May 2013, any variation to the actual term loan and overdraft facility repayment shall be adjusted against the proposed utilisation for working capital.
- (3) Actual listing expenses incurred were more than the estimated listing expenses by 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.

B8. Group Borrowings

Total Group borrowings as at 30 September 2014 were as follows:-

	As at 30.9.2014 RM'000	Audited As at 31.12.2013 RM'000
<u>Current</u>		
Secured:		
ABBA financing facilities	-	545
Bankers' acceptances	59,313	64,062
Hire purchase payables	1,241	1,705
Term loans	208	283
Bank overdrafts	11,586	14,791
	72,348	81,386
Unsecured		
Bankers' acceptances	51,716	53,190
Bank overdrafts	3,023	2,494
	54,739	55,684
	127,087	137,070

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B8. Group Borrowings (Cont'd)

	As at 30.9.2014 RM'000	Audited As at 31.12.2013 RM'000
<i><u>Non-current</u></i>		
Secured:		
Hire purchase payables	1,081	514
Term loans	24	174
	<u>1,105</u>	<u>688</u>
Total Borrowings	<u><u>128,192</u></u>	<u><u>137,758</u></u>

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 25 November 2014, our Board of Directors has declared and approved the payment of a first interim single tier dividend of 1.0 sen per ordinary share in respect of the financial year ending 31 December 2014. The interim dividend will be paid on 31 December 2014 and the entitlement date is 12 December 2014.

The total dividend for the current financial year ending 31 December 2014 declared up to the date of this report, is 1.0 sen per ordinary share (2013: interim single tier dividend of 1.5 sen per share).

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

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 30.9.2014 RM'000	Preceding Year- Quarter 30.9.2013 RM'000	Current Year- To-Date 30.9.2014 RM'000	Preceding Year- To-Date 30.9.2013 RM'000
Profit attributable to owners of the Company	8,397	6,294	20,837	18,537
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	310,000	310,000	310,000	277,412
Basic Earnings Per Share (sen)	2.71	2.03	6.72	6.68

(b) Diluted Earnings Per Share

Diluted earnings per share is equivalent to basic earnings per share 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 30.9.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of the Group		
(a) Realised	174,751	158,768
(b) Unrealised	(3,911)	(3,958)
	170,840	154,810
Less: consolidated adjustments	(2,659)	(2,816)
Total retained earnings	168,181	151,994

By order of the Board
Kuala Lumpur
25 November 2014