



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JULY 2014 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.07.2014 RM'000	Preceding Year Quarter 31.07.2013 RM'000	Current Year-To-Date 31.07.2014 RM'000	Preceding Year-To-Date 31.07.2013 RM'000
Continuing Operations					
Revenue		31,484	27,104	31,484	27,104
Direct operating costs		(22,554)	(19,334)	(22,554)	(19,334)
Gross profit		8,930	7,770	8,930	7,770
Other operating income		292	203	292	203
Distribution costs		(3,174)	(2,895)	(3,174)	(2,895)
Administrative costs		(2,929)	(3,176)	(2,929)	(3,176)
		(6,103)	(6,071)	(6,103)	(6,071)
Profit from operations		3,119	1,902	3,119	1,902
Finance costs		(114)	(95)	(114)	(95)
Profit before tax	B5	3,005	1,807	3,005	1,807
Income tax expense	B6	(788)	(614)	(788)	(614)
Profit for the period		2,217	1,193	2,217	1,193
Other comprehensive income					
Translation differences on foreign operation		(148)	380	(148)	380
Other comprehensive income net of tax		(148)	380	(148)	380
Total comprehensive income		2,069	1,573	2,069	1,573
Profit attributable to:					
- Owners of the parent		2,234	1,162	2,234	1,162
- Non-controlling interests		(17)	31	(17)	31
		2,217	1,193	2,217	1,193
Total comprehensive income attributable to:					
- Owners of the parent		2,086	1,542	2,086	1,542
- Non-controlling interests		(17)	31	(17)	31
		2,069	1,573	2,069	1,573
Earnings per share (sen) attributable to owners of the parent:					
- Basic ⁽²⁾	B11	1.49	1.01	1.49	1.01
- Diluted		N/A	N/A	N/A	N/A



岩石汽车工业集团

SOLID AUTOMOTIVE BERHAD (1016725-P)

Incorporated in Malaysia under the Companies Act, 1965

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Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2014 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *Based on the weighted average number of ordinary shares in issue as detailed in Note B11.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2014 ⁽¹⁾

	Note	As at 31.07.2014 RM'000	As at 30.04.2014 RM'000
ASSETS			
Non-current assets			
Investment properties		680	690
Property, plant and equipment		22,706	22,614
Other investment		103	103
		23,489	23,407
Current assets			
Inventories		50,987	41,941
Trade receivables		29,569	30,215
Other receivables, deposits and prepayments		1,929	1,577
Tax recoverable		109	103
Cash and bank balances		16,717	16,787
		99,311	90,623
TOTAL ASSETS		122,800	114,030
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		75,000	75,000
Share premium		1,307	1,307
Merger deficit		(43,361)	(43,361)
Translation reserve		554	702
Retained earnings		58,887	56,653
		92,387	90,301
Non-controlling interest		477	494
Total equity		92,864	90,795
Non-current liabilities			
Deferred tax liabilities		46	35
Borrowings	B8	2,166	2,395
		2,212	2,430
Current liabilities			
Trade payables		13,643	10,947
Other payables and accruals		5,071	4,186
Borrowings	B8	8,574	5,137
Tax liabilities		436	535
		27,724	20,805
TOTAL LIABILITIES		29,936	23,235
TOTAL EQUITY AND LIABILITIES		122,800	114,030
Net assets per share attributable to ordinary equity holders of the parent (RM)		0.62	0.60



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Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2014 and the accompanying explanatory notes attached to these interim financial statements.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 JULY 2014 ⁽¹⁾

	<----- Attributable to equity holders of the Company ----->							
	<----- Non-distributable ----->				Distributable		Non-	
	Share Capital	Share Premium	Merger Deficit	Translation Reserve	Retained Earnings	Total	Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2014	75,000	1,307	(43,361)	702	56,653	90,301	494	90,795
Total comprehensive income for the period	-	-	-	(148)	2,234	2,086	(17)	2,069
At 31 July 2014	75,000	1,307	(43,361)	554	58,887	92,387	477	92,864
At 1 May 2013	#	-	-	-	(61)	(61)	-	(61)
Effect arising from merger	57,308	-	(43,361)	139	51,460	65,546	518	66,064
Total comprehensive income for the period	-	-	-	380	1,162	1,542	31	1,573
Dividend paid	-	-	-	-	(1,306)	(1,306)	-	(1,306)
At 31 July 2013	57,308	-	(43,361)	519	51,255	65,721	549	66,270

Notes:

This represents RM1.00.

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2014 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 JULY 2014 ⁽¹⁾

	Current Year-To-Date 31.07.2014 RM'000	Preceding Year-To-Date 31.07.2013 RM'000
Cash Flows from Operating Activities		
Profit before tax	3,005	1,807
Adjustments for:		
Net allowance/(reversal) for impairment losses on trade receivables	94	(58)
Depreciation of property, plant and equipment	456	378
Interest expense	98	84
Interest income	(123)	(12)
Gain on disposal of property, plant and equipment	(9)	(14)
Provision for warranty	131	-
Unrealised (gain)/loss on foreign exchange	(33)	421
Rental income	(24)	(1)
Operating profit before working capital changes	<u>3,595</u>	<u>2,605</u>
Increase in inventories	(9,046)	(969)
Decrease/(Increase) in trade and other receivables	135	(113)
Increase/(Decrease) in trade and other payables	3,412	(249)
Cash for operations	<u>(1,904)</u>	<u>1,274</u>
Interest paid	(98)	(84)
Interest received	122	12
Income tax paid, net of refund	(881)	(774)
Net cash for operating activities	<u>(2,761)</u>	<u>428</u>
Cash Flows for Investing Activities		
Rental received	24	1
Purchase of property, plant and equipment	(542)	(411)
Payment of deposit for acquisition of property, plant and equipment	-	(1,619)
Proceeds from disposal of property, plant and equipment	10	21
Net cash for investing activities	<u>(508)</u>	<u>(2,008)</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 JULY 2014 ⁽¹⁾ (CONT'D)

	Current Year-To- Date 31.07.2014 RM'000	Preceding Year- To- Date 31.07.2013 RM'000
Cash Flows from Financing Activities		
Dividend paid	-	(1,306)
Repayment to shareholders	-	(939)
Payment of hire purchase obligations	(100)	(138)
Payment of initial public offering expenses	-	(411)
Drawdown of term loan	-	1,192
Repayment of term loans	(199)	(75)
Net drawdown of short-term bank borrowings	3,508	661
Net cash from/(for) financing activities	<u>3,209</u>	<u>(1,016)</u>
Net increase in cash and cash equivalents	(60)	(2,596)
Effects of foreign exchange rates changes	(10)	43
Cash and cash equivalents at beginning of the period	<u>16,787</u>	<u>7,389</u>
Cash and cash equivalents at end of the period	<u>16,717</u>	<u>4,836</u>
Cash and cash equivalents at end of period comprise:		
Fixed deposits with licensed banks	12,339	-
Cash and bank balances	4,378	4,836
	<u>16,717</u>	<u>4,836</u>

Notes:

(1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2014 and the accompanying explanatory notes attached to these interim financial statements.*

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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 paragraphs 9.22 and 9.40 (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 for the financial year ended 30 April 2014.

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 30 April 2014.

The Group has adopted merger accounting method for the preparation of this interim 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 Audited Financial Statements for the financial year ended 30 April 2014, except for the adoption of the following:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Annual Improvements to MFRSs 2009 – 2011 Cycle	1 January 2013



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

The adoption of the above applicable standards and interpretations will not have any material impact on the financial position and performance of the Group.

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 30 April 2014 were not qualified.

A3. Seasonality or Cyclicity of Operations

The Group's operations were not significantly affected by any seasonal or cyclical factors during the current quarter under review.

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.

A5. Changes in Estimates

There were no changes in the estimates that have a material effect in the current quarter results.

A6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter.

A7. Dividend Paid

No dividend was paid by the Company in the current quarter.



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A8. Segment Information

Segmental information of the Group for the financial period-to-date ended 31 July 2014 is as follows:

	Automotive electrical parts RM'000	Automotive engine and mechanical parts RM'000	Others⁽¹⁾ RM'000	Group RM'000
External revenue	24,013	7,029	442	31,484
Segment results	2,146	855	88	3,089
Unallocated expenses				(84)
Profit before tax				3,005

Segmental information of the Group for the financial period-to-date ended 31 July 2013 is as follows:

	Automotive electrical parts RM'000	Automotive engine and mechanical parts RM'000	Others⁽¹⁾ RM'000	Group RM'000
External revenue	21,033	5,856	215	27,104
Segment results	1,247	567	(7)	1,807
Unallocated expenses				-
Profit before tax				1,807

Note:

(1) Involved in the remanufacturing of automotive alternators and starters and investment holding and provision of management services.

**INTERIM FINANCIAL REPORT****A8. Segment Information (Cont'd)**

On the basis of geographical segment, segmental information is presented based on the geographical location of customers:

	Current period to date 31 July 2014 RM'000	Preceding period to date 31 July 2013 RM'000
Revenue		
Malaysia	19,159	16,302
Overseas	12,325	10,802
	<u>31,484</u>	<u>27,104</u>

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in one industry, which involves the trading and distribution of automotive parts and components as well as remanufacturing of automotive alternators and starters for the passenger and commercial vehicle segments in the automotive aftermarket in Malaysia and overseas.

A9. Subsequent Material Events

Saved as disclosed in Note B7 on the Status of Corporate Proposals, there were no other material events subsequent to the end of the current quarter up to the date of issue of this report.

A10. Composition of the Group

There were no changes in the composition of the group for the current quarter under review.



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A11. Capital Commitments

	As at 31.07.2014 RM'000	As at 30.04.2014 RM'000
Approved and contracted for:		
- Purchase of property, plant and equipment	7,168	-

A12. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual reporting financial year date up to the date of this report.

**INTERIM FINANCIAL REPORT****B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES MALAYSIA BERHAD****B1. Review of Performance**

The Group achieved revenue of RM31.484 million and profit before tax of RM3.005 million for the current quarter, as compared to RM27.104 million and RM1.807 million respectively for the corresponding quarter in the preceding year.

The revenue for the current quarter was derived from our automotive electrical parts which contributed approximately 76% of our total revenue, while the automotive engine mechanical parts and others contributed approximately 24% for the current quarter, compared to 78% and 22% respectively for the corresponding quarter in the preceding year.

The increase in profit before tax for the current quarter compared to the corresponding quarter in the preceding year is due to higher revenue achieved in both domestic and export markets.

The net profit before tax for the preceding year's corresponding quarter of RM1.807 million was arrived at after taking into account net unrealized loss on foreign exchange of RM0.421 million.

B2. Variation of Results with the immediate preceding quarter

In the current quarter under review, the Group registered a consolidated profit before tax of RM3.005 million compared to RM3.187 million in the immediate preceding year quarter despite the higher revenue for the current quarter. This was the result of the lower gross margin for the current quarter which decreased to 28.4% compared to 30.5% in the preceding quarter due mainly to higher export sales where margins are generally lower compared to the domestic market, and higher selling and distribution expenses relating to export sales.

B3. Prospects for the Group

As disclosed in the Prospectus of the Company dated 19 August 2013, the size of automotive aftermarket for parts and components in Malaysia is expected to reach RM4.39 billion in 2017 and its Compounded Annual Growth Rate ("CAGR") for the 2012-2107 financial year is projected to be 4.0 percent (*Source: Independent Market Research Report prepared by Protégé Associates Sdn Bhd*).

The Group's principal markets are Malaysia and Middle East. The Group will continue to enhance its operational effectiveness and productivity as well as increase sales and marketing efforts in both the domestic and export market. The Group expects to maintain its performance for the current financial year.

B4. Variance of Profit Forecast

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



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B5. Notes to the Statement of Comprehensive Income

The profit before taxation is arrived at after charging / (crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.07.2014 RM'000	Preceding Year Quarter 31.07.2013 RM'000	Current Year- -To-Date 31.07.2014 RM'000	Preceding Year- To-Date 31.07.2013 RM'000
Depreciation of property, plant and equipment	456	378	456	378
Gain on disposal of property, plant and equipment	(9)	(14)	(9)	(14)
Net allowance/(reversal) for impairment losses on trade receivables	94	(58)	94	(58)
Net (gain)/loss on foreign exchange	(60)	541	(60)	541
Interest expense	98	84	98	84
Interest income	(123)	(12)	(123)	(12)
Rental income	(24)	(1)	(24)	(1)

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



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B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.07.2014 RM'000	Preceding Year Quarter 31.07.2013 RM'000	Current Year-To-Date 31.07.2014 RM'000	Preceding Year-To-Date 31.07.2013 RM'000
<u>Income tax</u>				
Current tax - Current	755	725	755	725
Deferred tax - Current	(67)	(293)	(67)	(293)
- Prior Period	100	182	100	182
Tax expense	788	614	788	614

The effective tax rate for the current period is higher than the statutory tax rate of 25% mainly due to certain expenses which are not deductible for tax purpose and under provision of deferred tax in prior period.

B7. Status of Corporate Proposals

There were no corporate proposals commenced but not completed as at the date of this report.

(i) Utilisation of Proceeds

The gross proceeds from the public issue amounted to RM19.815 million. The status of the utilisation of the proceeds raised from the Public Issue as at 31 July 2014 is as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for use (from the listing date)
(i) Capital Expenditure	12,000	-	-	12,000	Within 3 years
(ii) Working capital	5,315	(5,451)	136 ⁽¹⁾	-	Within 1 year
(iii) Estimated listing expenses	2,500	(2,364)	(136) ⁽¹⁾	-	Upon Listing
Total gross proceeds	19,815	(7,815)	-	12,000	

Note: The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 August 2013.

⁽¹⁾ Actual listing expenses incurred were less than the estimated listing expenses by RM0.136 million mainly due to lower than expected printing and advertisement costs as well as other incidental charges incurred in conjunction with the listing exercise. In accordance to the Prospectus dated 19 August 2013, the excess has been utilised for working capital purposes.



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B8. Group Borrowings

Total Group borrowings as at 31 July 2014 were as follows:-

	As at 31.07.2014 RM'000	As at 30.04.2014 RM'000
<u>Current</u>		
Secured:		
Bankers' acceptances	7,580	4,072
Term loans	339	706
Hire purchase payables	655	359
	8,574	5,137
<u>Non-current</u>		
Secured:		
Term loans	1,928	2,075
Hire purchase payables	238	320
	2,166	2,395
Total Borrowings	10,740	7,532

B9. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B10. Dividends

No dividend was declared or recommended for payment by the Company for the quarter under review.



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B11. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current quarter are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year- To-Date	Preceding Year- To-Date
	31.07.2014	31.07.2013	31.07.2014	31.07.2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,234	1,162	2,234	1,162
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	150,000	114,616	150,000	114,616
Basic Earnings Per Share (sen)	1.49	1.01	1.49	1.01

(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.

**INTERIM FINANCIAL REPORT****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 preceding financial year, into realised and unrealised profits, is as follows:-

	As at 31.07.2014 RM'000	As at 30.04.2014 RM'000
Total retained earnings of the Group		
(a) Realised	61,507	59,309
(b) Unrealised	(716)	(619)
	<hr/> 60,791	<hr/> 58,690
Less: consolidated adjustments	(1,904)	(2,037)
Total retained earnings	<hr/> <hr/> 58,887	<hr/> <hr/> 56,653