

Interim Financial Statements for the Third Quarter Ended 30 September 2011

Condensed Consolidated Statements of Comprehensive Income for the Third Quarter Ended 30 September 2011

(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter <u>30/09/2011</u> RM'000	Preceding Year Corresponding Quarter <u>30/09/2010</u> RM'000	Current Year To-Date <u>30/09/2011</u> RM'000	Preceding Year Corresponding Period <u>30/09/2010</u> RM'000
Revenue	142,872	173,081	476,692	509,640
Operating expenses	(143,523)	(173,685)	(478,930)	(509,702)
Other operating income	1,318	4,589	6,325	8,948
Profit from operations	667	3,985	4,087	8,886
Finance costs	(1,097)	(717)	(2,820)	(1,907)
Negative goodwill	2,407	-	2,407	-
Profit before taxation	1,977	3,268	3,674	6,979
Taxation	(710)	(1,871)	(1,872)	(3,530)
Profit after taxation	1,267	1,397	1,802	3,449
Other comprehensive income				
Available-for-sale financial assets	(135)	(37)	(130)	(66)
Currency translation differences	-	19	21	(63)
Other comprehensive income, net of tax	(135)	(18)	(109)	(129)
Total comprehensive income	1,132	1,379	1,693	3,320
Profit for the period attributable to:				
Minority interests	212	(127)	124	392
Owners of the parent	1,055	1,524	1,678	3,057
	1,267	1,397	1,802	3,449
Total comprehensive income for the period attributable to:				
Minority interests	212	(125)	118	399
Owners of the parent	920	1,504	1,575	2,921
	1,132	1,379	1,693	3,320
Earnings per share attributable to owners of the parent				
- Basic (sen)	1.46	2.10	2.32	4.22
- Diluted, sen	Not applicable	Not applicable	Not applicable	Not applicable

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.

Interim Financial Statements for the Third Quarter Ended 30 September 2011

Condensed Consolidated Statements of Financial Position as at 30 September 2011

	AS AT END OF CURRENT QUARTER <u>30/09/2011</u> Unaudited RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>31/12/2010</u> Audited RM'000
Non-current Assets		
Property, plant and equipment	39,494	51,308
Investment properties	37,591	33,286
Investments in associated companies	7	7
Other investments	1,380	1,510
Goodwill	819	819
Deferred tax assets	1,150	943
	<u>80,441</u>	<u>87,873</u>
Current Assets		
Development Expenditure	7,835	7,513
Inventories	30,245	27,830
Trade and other receivables	217,225	200,996
Taxation recoverable	1,801	1,237
Short term investments	5,223	5,223
Cash and cash equivalents	13,761	21,618
	<u>276,090</u>	<u>264,417</u>
Current Liabilities		
Trade and other payables	114,647	125,920
Overdraft and short term borrowings	79,656	56,540
Commercial papers	10,000	5,000
Taxation	629	371
	<u>204,932</u>	<u>187,831</u>
NET CURRENT ASSETS	<u>71,158</u>	<u>76,586</u>
	<u>151,599</u>	<u>164,459</u>
FINANCED BY:		
Total Equity		
Share capital	72,469	72,469
Share premium	3,457	3,457
Reserves	66,516	66,572
Equity attributable to owners of the parent	142,442	142,498
Minority interests	7,422	10,115
	<u>149,864</u>	<u>152,613</u>
Non-current Liabilities		
Commercial Papers	-	10,000
Other deferred liabilities	1,533	1,644
Deferred tax liabilities	202	202
	<u>1,735</u>	<u>11,846</u>
	<u>151,599</u>	<u>164,459</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.

Interim Financial Statements for the Third Quarter Ended 30 September 2011

Condensed Consolidated Statements of Changes in Equity for the Third Quarter Ended 30 September 2011

(Unaudited)

	← Attributable to Owners of the Parent →					Minority Interest	Total Equity
	← Non-Distributable		▶ Distributable				
	Share Capital	Share Premium	Other Reserves	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
9 months ended							
<u>30 September 2011</u>							
Balance at 1 January 2011	72,469	3,457	315	66,257	142,498	10,115	152,613
Additional investment in a subsidiary	-	-	-	-	-	(2,811)	(2,811)
Total comprehensive income for the period	-	-	(103)	1,678	1,575	118	1,693
Dividends paid to owners of the Parent	-	-	-	(1,631)	(1,631)	-	(1,631)
Balance at end of the financial period	72,469	3,457	212	66,304	142,442	7,422	149,864
9 months ended							
<u>30 September 2010</u>							
Balance at 1 January 2010	72,469	3,457	434	63,502	139,862	12,046	151,908
Effects of adopting FRS 139				12	12	6	18
Balance at 1 January 2010 (restated)	72,469	3,457	434	63,514	139,874	12,052	151,926
Total comprehensive income for the period	-	-	(136)	3,057	2,921	399	3,320
Issue of share capital to minority shareholders of	-	-	-	-	-	290	290
Dividends paid to owners of the Parent	-	-	-	(2,718)	(2,718)	-	(2,718)
Balance at end of the financial period	72,469	3,457	298	63,853	140,077	12,741	152,818

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.

Interim Financial Statements for the Third Quarter Ended 30 September 2011

Condensed Consolidated Statements of Cash Flows for the Third Quarter Ended 30 September 2011
(Unaudited)

	1.1.2011 to <u>30.9.2011</u> RM'000	1.1.2010 to <u>30.9.2010</u> RM'000
Cash flows (used in)/from operating activities		
Profit before taxation	3,674	6,979
Adjustments for:-		
Non-cash items	507	2,276
Non-operating items	<u>(597)</u>	<u>(755)</u>
Operating profit before working capital changes	3,584	8,500
Net change in current assets	(18,504)	(363)
Net change in current liabilities	<u>(5,632)</u>	<u>15,618</u>
Cash flows (used in)/from operations	(20,552)	23,755
Taxation paid	<u>(2,385)</u>	<u>(4,437)</u>
Net cash (used in)/from operating activities	<u>(22,937)</u>	<u>19,318</u>
Cash flows from investing activities		
Equity investments	(400)	294
Other investments	<u>(310)</u>	<u>(17,876)</u>
Net cash from investing activities	<u>(710)</u>	<u>(17,582)</u>
Cash flows from/(used in) financing activities		
Transfer to debt service reserve account	(9)	(6)
Dividends paid	(1,631)	(2,718)
Repayment of commercial papers	(5,000)	(5,000)
Repayment of term loan	(135)	(149)
Repayment of hire purchase financing	(695)	(780)
Short term bank borrowings	<u>22,190</u>	<u>12,342</u>
Net cash from/(used in) financing activities	<u>14,720</u>	<u>3,689</u>
Net (decrease)/increase in cash and cash equivalents	(8,927)	5,425
Cash and cash equivalents at beginning of financial period	15,895	16,983
Cash and cash equivalents at end of financial period	<u><u>6,968</u></u>	<u><u>22,408</u></u>

Cash and cash equivalent at the end of the financial period comprise of:

	<u>As at 30.9.2011</u> RM'000	<u>As at 30.9.2010</u> RM'000
Cash and bank balances	13,315	27,181
Bank overdrafts	<u>(6,347)</u>	<u>(4,773)</u>
	<u><u>6,968</u></u>	<u><u>22,408</u></u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.

A EXPLANATORY NOTES AS PER FRS 134

A1. Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

The accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent annual financial statements except for the adoption of the following accounting standards, amendments and interpretations issued by the Malaysian Accounting Standards Board (“MASB”) effective for the Group’s financial period beginning on 1 January 2011.

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations
- FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1 Additional Exemptions for First-time Adopters
- Amendments to FRS 2 Scope of FRS 2 and FRS 3 (Revised)
- Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 5 Plan to Sell the Controlling Interest in a Subsidiary
- Amendments to FRS 7 Improving Disclosures about Financial Instruments
- Amendments to FRS 138 Consequential Amendments Arising from FRS 3 (Revised)
- Amendments to IC Interpretation 9 Scope of IC Interpretation 9 and FRS 3 (Revised)
- IC Interpretation 4 Determining Whether An Arrangement Contains a Lease
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners
- IC Interpretation 18 Transfers of Assets from Customers
- Annual Improvements to FRSs (2010)

A2. Accounting Policies (Cont'd)

The adoption of the above mentioned accounting standards, amendments and interpretations does not have any significant impact on the Group results for the period under review except for revised FRS 3 and FRS 127 which will impact the Group's consolidation accounting relating to its future acquisitions and disposals of interests in subsidiaries as follows:

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent.

A3. Audit Report

The audit report of the most recent annual financial statements was not subject to any qualification.

A4. Seasonal Or Cyclical Factors

There is no major seasonality or cyclicity in the Group's operations.

A5. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current interim period.

A6. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A7. Debt And Equity Securities

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim period.

A8. Payment Of Dividend

A first and final dividend of 3.0 sen per share less income tax at 25% on ordinary shares of RM1.00 each amounting to RM1,630,564 in respect of the financial year ended 31 December 2010 was paid on 19 August 2011.

A9. Segmental Reporting

As at 30 September 2011

	Trading	Contract	Manufacture	Property Development	Property and Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	441,015	30,617	3,817	-	1,243	-	476,692
Profit/(Loss) from Operations	5,014	(156)	(1,651)	(82)	1,002	(40)	4,087
Finance costs							(2,820)
Negative goodwill							2,407
Profit before taxation							3,674
Income tax expenses							(1,872)
Profit after taxation							1,802

A10. Property, Plant And Equipment

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment and is not depreciated.

A11. Material Subsequent Events

There are no material events subsequent to the end of the current interim period that have not been reflected in these interim financial statements.

A12. Changes In Composition Of The Group

There were no changes in the composition of the Group for the current interim period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A13. Contingent Liabilities

There are no material changes in contingent liabilities and contingent assets since the last annual balance sheet date.

B. ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B1. Review Of Performance

For the nine months ended 30 September 2011, the Group recorded a turnover of RM477 million, lower by RM33 million or 6.5% compared to the corresponding period last year. Pre-tax profit dropped by 47% from last year's result to RM1.8 million due mainly to lower turnover, higher finance costs and the recognition of RM1.0 million loss from a settlement agreement as describe in Note B6 below.

B2. Comparison With Preceding Quarter's Result

The pre-tax profit of the Group for the quarter under review was better by 53% compared to preceding quarter's pre-tax profit of RM1.3 million. This was due mainly to higher average gross margins and the recognition of a negative goodwill of RM2.4 million arising from additional investment in a subsidiary.

B3. Current Year Prospects

Barring any unforeseen circumstances the Group expects its operations to remain stable.

B4. Variances From Profit Forecast And Profit Guarantee

The company did not make a profit forecast and therefore comments on variances with forecast profit are not applicable.

B5. Taxation

Taxation comprises the following:

	Individual Quarter <u>30/09/2011</u> RM'000	Cumulative Quarter <u>30/09/2011</u> RM'000
Malaysian income tax:		
Current year tax	792	2,048
Prior year tax	31	31
Deferred taxation	(113)	(207)
Total income tax expense	<u>710</u>	<u>1,872</u>

B6. Sale Of Investments And Properties

During the period under review, a wholly owned subsidiary, Homemart Distribution Centre Sdn Bhd, amicably settled a long outstanding dispute with the developer of some shop-offices of which the sale and purchase agreements had been signed. Arising from this settlement the subsidiary revoked the sales and purchase agreement for some of these shop-offices and the loss recognised from this settlement amounted to RM1.0 million.

B7. Purchase Or Disposal Of Quoted Securities

- a) There is no purchase or disposal of quoted securities for the current interim period.
- b) Total investments in quoted shares as at 30 September 2011 are as below:

	<u>RM'000</u>
(i) At cost	7,289
(ii) At carrying value	769
(iii) At market value	769

B8. Status Of Corporate Proposals

There is no uncompleted corporate announcement as at the date of this report.

B9. Group Borrowings And Debt Securities

The group borrowings and debt securities which are denominated in Ringgit Malaysia as at 30 September 2011 are as below:

	<u>RM'000</u>
Secured	10,236
Unsecured	79,420
Total short term borrowings	<u>89,656</u>
Secured long term borrowings	-
Total borrowings	<u><u>89,656</u></u>

B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of this report.

B11. Material Litigation

There is no pending material litigation as at the date of this report.

B12. Dividend

No dividend has been recommended by the Board of Directors.

B13. Earnings Per Share

The basic earnings per share for the financial period have been calculated by dividing the Group's earnings by the weighted average number of ordinary shares issued.

	Individual Quarter		Cumulative Quarter	
	<u>30/09/2011</u>	<u>30/09/2010</u>	<u>30/09/2011</u>	<u>30/09/2010</u>
Profit attributable to owners of the parent (RM'000)	1,055	1,524	1,678	3,057
Weighted average number of shares outstanding ('000)	72,469	72,469	72,469	72,469
Basic earnings per share (sen)	1.46	2.10	2.32	4.22

B14. Realised and Unrealised Profits Disclosures

The breakdown of the retained profits of the Group as at the end of the reporting period into realised and unrealised profits/(losses) are as below:

	As at	As at
	<u>30/09/2011</u>	<u>31/12/2010</u>
	RM'000	RM'000
Total retained profits		
- realised	61,296	61,437
- unrealised	5,050	4,862
	<u>66,346</u>	<u>66,299</u>
Total share of accumulated losses of associate		
- realised	(42)	(42)
- unrealised	-	-
	<u>66,304</u>	<u>66,257</u>

BY ORDER OF THE BOARD

Chan Lai Choon
Secretary

Kuala Lumpur
23 November 2011