

ANN JOO RESOURCES BERHAD (371152-U)

The Board of Directors of Ann Joo Resources Berhad is pleased to announce the unaudited results for the third financial quarter ended 30 September 2013

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the nine months ended 30 September 2013

| | 3 months ended | | 9 months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30.09.2013 RM'000 | 30.09.2012 RM'000 | 30.09.2013 RM'000 | 30.09.2012 RM'000 |
| Revenue | 496,706 | 468,920 | 1,476,061 | 1,684,412 |
| Operating expenses | (504,335) | (525,325) | (1,450,465) | (1,751,242) |
| Other income | 2,414 | 26,407 | 6,896 | 33,876 |
| Finance costs | (14,794) | (7,389) | (43,270) | (22,296) |
| Investing results | - | 16 | - | 36 |
| Loss before taxation | (20,009) | (37,371) | (10,778) | (55,214) |
| Taxation | 10,071 | 14,393 | 12,261 | 26,734 |
| (Loss)/Profit for the period | (9,938) | (22,978) | 1,483 | (28,480) |
| Other comprehensive income | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| Foreign currency translation differences for foreign operations | 224 | (30) | 274 | (19) |
| Change in fair value of available-for-sale financial assets | 2 | 65 | 15 | 58 |
| Available-for-sale financial assets - reclassified to profit or loss | (104) | 0 | (104) | 0 |
| Other comprehensive income for the period, net of tax | 122 | 35 | 185 | 39 |
| Total comprehensive (loss)/income for the period | (9,816) | (22,943) | 1,668 | (28,441) |
| (Loss)/Profit attributable to: | | | | |
| Owners of the parent | (9,938) | (23,070) | 1,483 | (29,029) |
| Non-controlling interests | - | 92 | - | 549 |
| (Loss)/Profit for the period | (9,938) | (22,978) | 1,483 | (28,480) |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the parent | (9,816) | (23,035) | 1,668 | (28,990) |
| Non-controlling interests | - | 92 | - | 549 |
| Total comprehensive (loss)/income for the period | (9,816) | (22,943) | 1,668 | (28,441) |
| Earnings/(Loss) per share (sen): | | | | |
| Basic | (1.98) | (4.60) | 0.30 | (5.79) |
| Diluted | (1.98) | (4.60) | 0.30 | (5.79) |

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

ANN JOO RESOURCES BERHAD (371152-U)

Condensed Consolidated Statements of Financial Position
As at 30 September 2013

| | As at 30.09.2013 RM'000 | As at 31.12.2012 RM'000 |
|--|-------------------------------|-------------------------------|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 1,119,697 | 1,147,310 |
| Prepaid lease payments | 11,654 | 11,802 |
| Investment properties | 4,164 | 4,199 |
| Other investments | 21 | 253 |
| Intangible assets | 7,182 | 7,459 |
| Deferred tax assets | 64,497 | 47,475 |
| | <u>1,207,215</u> | <u>1,218,498</u> |
| Current Assets | | |
| Inventories | 1,503,872 | 1,339,427 |
| Receivables and prepayments, including derivatives | 390,366 | 284,286 |
| Current tax assets | 7,092 | 11,107 |
| Cash and cash equivalents | 48,405 | 46,652 |
| Assets classified as held for sale | - | 16,356 |
| | <u>1,949,735</u> | <u>1,697,828</u> |
| TOTAL ASSETS | <u>3,156,950</u> | <u>2,916,326</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share Capital | 522,708 | 522,708 |
| Treasury shares | (71,284) | (71,259) |
| Warrant Reserve | - | 39,202 |
| Other Reserves | 81,029 | 80,844 |
| Retained earnings | 505,953 | 465,268 |
| Total equity attributable to owners of the parent | <u>1,038,406</u> | <u>1,036,763</u> |
| Non-controlling interests | - | 4,674 |
| Total Equity | <u>1,038,406</u> | <u>1,041,437</u> |
| Non-current Liabilities | | |
| Loans and borrowings | 347,990 | 399,690 |
| Employee benefits | 6,926 | 7,404 |
| Deferred tax liabilities | 15,980 | 16,043 |
| | <u>370,896</u> | <u>423,137</u> |
| Current Liabilities | | |
| Payables and accruals | 197,544 | 187,334 |
| Loans and borrowings | 1,548,244 | 1,259,700 |
| Current tax liabilities | 1,860 | 1,045 |
| Liabilities classified as held for sale | - | 3,673 |
| | <u>1,747,648</u> | <u>1,451,752</u> |
| Total Liabilities | <u>2,118,544</u> | <u>1,874,889</u> |
| TOTAL EQUITY AND LIABILITIES | <u>3,156,950</u> | <u>2,916,326</u> |
| Net assets per share attributable to owners of the parent (RM) | <u>2.07</u> | <u>2.07</u> |

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

ANN JOO RESOURCES BERHAD (371152-U)

Condensed Consolidated Statements of Cash Flows
For the nine months ended 30 September 2013

| | 9 months ended | |
|--|----------------|------------|
| | 30.09.2013 | 30.09.2012 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (10,778) | (55,214) |
| Adjustments for non-cash items | 88,500 | 95,007 |
| Operating profit before working capital changes | 77,722 | 39,793 |
| Changes in working capital | | |
| Net change in current assets | (263,612) | (34,056) |
| Net change in current liabilities | 10,356 | 27,550 |
| Interest received | 784 | 1,455 |
| Interest paid | (42,279) | (20,789) |
| Tax paid | (7,842) | (13,540) |
| Tax refunded | 7,851 | 347 |
| Retirement benefits paid | (661) | (944) |
| Net cash flows used in operating activities | (217,681) | (184) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of subsidiary | 2,290 | - |
| Proceeds from disposal of property, plant and equipment | 94 | 12,465 |
| Purchase of property, plant and equipment | (9,247) | (46,071) |
| Proceeds from disposal of other investments | 254 | 0 |
| Net cash flows used in investing activities | (6,609) | (33,606) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Bank borrowings | 220,344 | 50,587 |
| Share buybacks | (25) | (414) |
| Interest paid | (990) | (1,507) |
| Dividends paid to shareholders | - | (17,540) |
| Net cash flows from financing activities | 219,329 | 31,126 |
| Net change in cash and cash equivalents | (4,961) | (2,664) |
| Effects of foreign exchanges rate changes | 186 | (13) |
| Cash and cash equivalents at beginning of the financial period | 47,400 | 53,768 |
| Cash and cash equivalents at end of the financial period | 42,625 | 51,091 |

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise:

| | 9 months ended | |
|------------------------|----------------|------------|
| | 30.09.2013 | 30.09.2012 |
| | RM'000 | RM'000 |
| Cash and bank balances | 48,405 | 57,564 |
| Pledged deposits | (5,780) | (6,473) |
| | 42,625 | 51,091 |

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

ANN JOO RESOURCES BERHAD (371152-U)

Condensed Consolidated Statements of Changes in Equity
For the nine months ended 30 September 2013

| | ←-----Non-Distributable-----→ | | | ←-----Distributable-----→ | | | | |
|--|-------------------------------|---------------------------|---|---------------------------|-----------------------------|--|-------------------------------------|------------------------|
| | Share capital RM'000 | Warrant reserve RM'000 | Reserve attributable to capital RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Attributable to owners of the parent RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| At 1 January 2013 | 522,708 | 39,202 | 80,844 | (71,259) | 465,268 | 1,036,763 | 4,674 | 1,041,437 |
| Foreign currency translation differences for foreign operation | - | - | 274 | - | - | 274 | - | 274 |
| Transferred to retained profits upon expiry of Warrants 2008/2013 | - | (39,202) | - | - | 39,202 | - | - | - |
| Change in fair value of available-for-sale financial assets | - | - | 15 | - | - | 15 | - | 15 |
| Available-for-sale financial assets - reclassified to profit or loss | - | - | (104) | - | - | (104) | - | (104) |
| Total other comprehensive income for the period | - | (39,202) | 185 | - | 39,202 | 185 | - | 185 |
| Profit for the period | - | - | - | - | 1,483 | 1,483 | - | 1,483 |
| Total comprehensive income for the period | - | (39,202) | 185 | - | 40,685 | 1,668 | - | 1,668 |
| Share buybacks | - | - | - | (25) | - | (25) | - | (25) |
| Impact on non-controlling interest arising on disposal of interest in subsidiary | - | - | - | - | - | - | (4,674) | (4,674) |
| At 30 September 2013 | 522,708 | 0 | 81,029 | (71,284) | 505,953 | 1,038,406 | 0 | 1,038,406 |
| At 1 January 2012 | 522,708 | 39,202 | 82,766 | (70,579) | 500,110 | 1,074,207 | 4,059 | 1,078,266 |
| Foreign currency translation differences for foreign operation | - | - | (19) | - | - | (19) | - | (19) |
| Change in fair value of available-for-sale financial assets | - | - | 58 | - | - | 58 | - | 58 |
| Realisation of other equity reserves to retained earnings upon disposal of property, plant and equipment | - | - | (1,075) | - | 1,075 | - | - | - |
| Total other comprehensive income for the period | - | - | (1,036) | - | 1,075 | 39 | - | 39 |
| Loss for the period | - | - | - | - | (29,029) | (29,029) | 549 | (28,480) |
| Total comprehensive loss for the period | - | - | (1,036) | - | (27,954) | (28,990) | 549 | (28,441) |
| Share buybacks | - | - | - | (414) | - | (414) | - | (414) |
| Dividends to owners of the Company | - | - | - | - | (17,540) | (17,540) | - | (17,540) |
| At 30 September 2012 | 522,708 | 39,202 | 81,730 | (70,993) | 454,616 | 1,027,263 | 4,608 | 1,031,871 |

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

**ANN JOO RESOURCES BERHAD (371152-U)
("AJR" or "THE COMPANY")**

EXPLANATORY NOTES

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS"), MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Bhd. ("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 2012. These explanatory notes attached to 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 Group since the financial year ended 31 December 2012.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2012, except for the following new and revised MFRSs, IC Interpretations and Amendments to MFRSs and IC Interpretation which are applicable to its financial statements:

1.1 Adoption of MFRSs, Amendments to MFRSs and IC Interpretation

| | |
|--|---|
| MFRS 3 | Business Combinations |
| MFRS 10 | Consolidated Financial Statements |
| MFRS 11 | Joint Arrangements |
| MFRS 12 | Disclosure of Interests in Other Entities |
| MFRS 13 | Fair Value Measurement |
| MFRS 119 | Employee Benefits (revised) |
| MFRS 127 | Consolidated and Separate Financial Statements (revised) |
| MFRS 128 | Investments in Associates and Joint Ventures (revised) |
| Amendments to MFRS 1 | First-time Adoption of MFRS – Government Loans |
| Amendments to MFRS 7 | Financial Instruments: Disclosure – 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 Interests in Other Entities: Transition Guidance |
| Amendments to MFRS 101 | Presentation of Items of Other Comprehensive Income |
| Annual Improvements to IC Interpretations and MFRS 2009 – 2011 Cycle | |

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the following:

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 Presentation of Items of Other Comprehensive Income change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified.

The adoption of this amendment affects presentation only and has no financial impact on the Group's financial statements.

1.2 Amendments to MFRSs issued but not yet effective

At the date of authorization of these interim financial statements, the following Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

Effective for financial periods beginning on or after 1 January 2014

| | |
|------------------------|---|
| Amendments to MFRS 10 | Consolidated Financial Statements: Investment Entities |
| Amendments to MFRS 12 | Disclosure of Interests in Other Entities: Investment Entities |
| Amendments to MFRS 127 | Consolidated and Separate Financial Statements: Investment Entities |
| Amendments to MFRS 132 | Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities |
| IC Interpretation 21 | Levies |

Effective for financial periods beginning on or after 1 January 2015

| | |
|----------------------|--|
| Amendments to MFRS 9 | Mandatory Effective Date of MFRS 9 and Transition Disclosure |
|----------------------|--|

Where applicable, the Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application.

2. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

Except for the major festive seasons when activities slow down, the pace of the Company's business generally moves in tandem with the performance of the economy.

3. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter and nine months ended 30 September 2013.

4. NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that had any material effect on the quarter and nine months ended 30 September 2013 results.

5. DEBT AND EQUITY SECURITIES

During the quarter under review, the Company repurchased 10,000 shares of its issued share capital from the open market at an average purchase price of RM1.21 per share. As at 30 September 2013, out of the total 522,708,178 issued and fully paid ordinary shares, 22,057,300 shares were held as treasury shares at an average purchase price of RM3.23 per share. The share buyback transactions were financed by internally generated funds.

Save as disclosed above, there were no issuances, cancellations, resale or repayments of debt and equity securities during the financial period under review.

6. DIVIDENDS PAID

No dividend was paid during the nine months ended 30 September 2013 (nine months ended 30 September 2012 : 3.5 sen per share final single tier dividend).

7. SEGMENTAL INFORMATION

The segment revenue, segment results and segment assets for the nine months ended 30 September 2013 were as follows:-

| | Manufacturing RM'000 | Trading RM'000 | Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|----------------------------|-------------------------|-------------------|------------------|-----------------------|------------------------|
| REVENUE | | | | | |
| External sales | 935,581 | 538,922 | 1,558 | | |
| Inter-company transactions | 550,253 | 184,798 | 23,669 | (758,720) | |
| Total sales | <u>1,485,834</u> | <u>723,720</u> | <u>25,227</u> | <u>(758,720)</u> | <u>1,476,061</u> |
| RESULTS | | | | | |
| Segment results | 11,722 | 9,726 | 13,690 | (3,430) | 31,708 |
| Finance cost | | | | | (43,270) |
| Interest income | | | | | 784 |
| Taxation | | | | | 12,261 |
| Profit for the period | | | | | <u>1,483</u> |
| ASSETS | | | | | |
| | <u>2,593,422</u> | <u>703,451</u> | <u>1,030,890</u> | <u>(1,170,813)</u> | <u>3,156,950</u> |
| LIABILITIES | | | | | |
| | <u>1,789,540</u> | <u>552,068</u> | <u>37,469</u> | <u>(260,533)</u> | <u>2,118,544</u> |

8. LOSS BEFORE TAX

| | 3 months ended 30.09.2013 RM'000 | 9 months ended 30.09.2013 RM'000 |
|--|--|--|
| Loss before tax is arrived at after charging: | | |
| Amortisation of intangible assets | 0 | 277 |
| Amortisation of prepaid lease payments | 49 | 148 |
| Depreciation of investment properties | 12 | 35 |
| Depreciation of property, plant and equipment | 11,979 | 36,084 |
| Interest expenses | 14,794 | 43,270 |
| Loss on foreign exchange - realised | 5,487 | 9,972 |
| Loss on foreign exchange - unrealised | 9,346 | 15,646 |
| and after crediting: | | |
| Bad debts recovered | 1 | 26 |
| Gain on disposal of other investment | 112 | 112 |
| Gain on disposal of property, plant and equipment | 0 | 94 |
| Gain on disposal of subsidiary | - | 1,247 |
| Interest income | 279 | 784 |
| Reversal of allowance for impairment losses of receivables | 0 | 335 |
| Reversal of allowance for inventories written down to net realisable value | 0 | 5,297 |

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There has not arisen in the interval between the end of the current quarter under review and the date of this report, any item, transaction or event of a material and unusual nature likely in the opinion of the Board of Directors, to affect substantially the results of the operations of the Group for the current quarter in respect of which this announcement is made.

10. CHANGES IN THE COMPOSITION OF THE GROUP

On 5 December 2012, the Company had entered into a Sales and Purchase Agreement with Marubeni-Itochu Steel Inc. and Marubeni-Itochu Steel (Malaysia) Sdn Bhd to dispose of the Company's entire shareholding in Anshin Precision Industries Sdn Bhd ("API") comprising of 4,448,825 ordinary shares of RM1.00 each with a total consideration of RM8,897,650. The agreement was completed on 7 January 2013 and API ceased to be a subsidiary of the Company accordingly.

On 2 January 2013, the Company announced that its wholly-owned subsidiaries, Ann Joo (Sarawak) Sdn Bhd ("AJSarawak"), will be wound up by way of members' voluntary winding-up. AJSarawak which used to be in the business of selling hardware and steel materials has ceased operation since 2007. On 18 February 2013, the Company announced that Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd ("Lian Tiong"), a wholly-owned subsidiary of AJSarawak, will be wound up by way of members' voluntary winding-up. Lian Tiong used to be in the business of trading of steel products but has ceased operation since 2007.

Save as disclosed above, there were no significant changes in the composition of the Group during the financial period under review.

11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last annual reporting date.

12. CAPITAL COMMITMENTS

The capital commitments as at 30 September 2013 were as follows:-

Commitments in respect of capital expenditure :

| | <u>RM'000</u> |
|-------------------------------------|---------------|
| (a) contracted but not provided for | 26,323 |
| (b) approved but not contracted for | 8,433 |

13. REVIEW OF PERFORMANCE

During the quarter under review, the Group recorded revenue of RM496.71 million, a slight increase of RM27.79 million or 6% as compared to the revenue of RM468.92 million for the corresponding quarter of the preceding year. The increase in revenue was mainly attributable to higher sales tonnage in both local and international market particularly billets and wire rods. For the nine months ended 30 September 2013, the Group recorded revenue of RM1.48 billion, decreased by RM208.35 million or 12% as compared to the revenue of RM1.68 billion for the correspondence period of the preceding year. This was mainly attributable to the depressed steel prices on the back of sluggish market conditions.

The Group posted a loss before tax ("LBT") of RM20.01 million for the current quarter as compared to LBT of RM37.37 million for the corresponding quarter of the preceding year. On a year-to-date basis, the Group recorded a LBT of RM10.78 million as compared to LBT of RM55.21 million for the corresponding period of the preceding year. Lower loss was mainly due to improved operation profit arising from better cost structure despite of the recognition of foreign exchange loss of RM14.83 million for the quarter and RM 25.62 million for the nine month period as a result of continued weakening in MYR against USD.

Manufacturing revenue increased slightly by RM35.14 million to RM315.83 million for the current quarter compared to RM280.69 million for the corresponding quarter of the preceding year. The increase in revenue was mainly attributable to higher local and export tonnages. For the nine months ended 30 September 2013, the segment revenue decreased by RM184.19 million to RM935.58 million. Lower revenue was mainly attributable to lower selling prices and export tonnage. The division recorded a segment loss of RM5.90 million for the current quarter against segment loss of RM47.02 million for the corresponding quarter of the preceding year. Nevertheless, the division posted a segment profit of RM11.72 million on year-to-date basis as compared to segment loss of RM74.33 million for the corresponding period of the preceding year. The profitability was mainly attributable to significant improvement in operational efficiency thus resulted in a better cost structure despite the recognition of foreign exchange loss of RM 9.35 million for the quarter and RM17.43 million for the nine months period.

Trading revenue decreased by RM7.39 million to RM180.54 million for the current quarter compared to RM187.93 million for the corresponding quarter of the preceding year. On a year-to-date basis, the segment revenue decreased by RM24.81 million to RM538.92 million compared to RM563.73 million in the corresponding period of the preceding year. Lower revenue was mainly due to weak steel prices of various steel products. The division recorded a segment loss of RM1.97 million for the current quarter against segment profit of RM14.08 million for the corresponding quarter of the preceding year. On a year-to-date basis, the division recorded a segment profit of RM9.73 million as compared to segment profit of RM32.45 million for the corresponding period of the preceding year. Lower profitability was mainly attributable to weak market condition coupled with the recognition of foreign exchange loss of RM5.48 million for the current quarter and RM8.18 million for the nine month period.

14. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group posted revenue of RM496.71 million in the current quarter, RM5.24 million higher than the revenue of RM491.47 million for the preceding quarter. Higher revenue was attributable to higher sales tonnage as a result of aggressive marketing activities for market share expansion and business strategy to reduce inventory holding especially billet sales to both domestic market and international market. Nevertheless, the Group registered a LBT of RM20.01 million for the current quarter compared to a PBT of RM2.34 million for the preceding quarter. LBT was mainly due to margin squeeze arising from depressed steel prices that was affected by seasonality effects such as Ramadan month and festive season as well as monsoon season in the southern part of China and its neighbouring countries. The weak MYR against USD that had resulted in recognition of foreign exchange losses of RM 14.83 million also affected the financial results of the quarter.

15. PROSPECT

The international steel market is affected by the over-supply situation in China. High steel output in China remains the dominant driver of weak industry fundamentals globally as the Chinese government's efforts have failed to curb the industry capacity expansion. Markets remain vulnerable to setbacks and changes in sentiment and as such, steel players will continue to register a lean profit on the back of persistent dumping activities by Chinese steel mills.

Despite the imposition of anti-dumping duty on several steel products by the Government, cheaper imported steel products from China continue to flood the domestic market and dampen the steel prices, particularly the construction steel. Nevertheless, the impact of the dumping activities on the Group's performance has been moderately contained by a better cost structure arising from the improved production efficiency and a resilient domestic demand.

Going forward, the performance of the Group for the remaining period of the year is mainly dependent on the effectiveness and timeliness of the Government's efforts to curb the continued dumping activities by Chinese mills despite the better operation efficiency and cost structure of the Group.

16. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 December 2013.

17. TAXATION

The tax expenses/ (income) comprise of:-

| | 3 months ended 30.09.2013 RM'000 | 9 months ended 30.09.2013 RM'000 |
|-------------------------------------|--|--|
| Income tax | | |
| Current period | 799 | 5,469 |
| Under/(Over)provision in prior year | 120 | (650) |
| | <u>919</u> | <u>4,819</u> |
| Deferred tax | | |
| Current period | (4,922) | (6,113) |
| Overprovision in prior year | (6,068) | (10,967) |
| | <u>(10,990)</u> | <u>(17,080)</u> |
| | <u>(10,071)</u> | <u>(12,261)</u> |

The Group's effective tax rate for the current quarter and year-to-date was lower than the statutory tax rate of 25%, mainly due to over-provision of deferred tax expenses in prior year upon finalisation of tax return coupled with the availability of unabsorbed capital allowances and the losses made by certain operating companies during the current period.

18. STATUS OF CORPORATE PROPOSALS

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

19. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 September 2013 were as follows:-

| | <u>RM'000</u> |
|-------------------------|-------------------------|
| Short term borrowings : | |
| Secured | 94,040 |
| Unsecured | <u>1,454,204</u> |
| | <u>1,548,244</u> |
| Long term borrowing : | |
| Secured | <u>347,990</u> |
| Total borrowings | <u><u>1,896,234</u></u> |

The Group's borrowings are denominated in Ringgit Malaysia, except for approximately RM668.55 million (USD205.08 million) and RM0.55 million (EURO.12 million) of the above borrowings which are denominated in US Dollar and Euro respectively.

20. MATERIAL LITIGATION

There was no material litigation against the Group as at the date of this report.

21. DIVIDEND

The Board of Directors does not recommend any interim dividend in respect of the quarter ended 30 September 2013 (3rd quarter 2013: Nil).

22. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares of the Company in issue during the quarter and the nine months ended 30 September 2013 as set out below:

| | | <u>3 months ended 30.09.2013</u> | <u>9 months ended 30.09.2013</u> |
|---|----------|--------------------------------------|--------------------------------------|
| Total (loss)/profit attributable to owners of the parent | (RM'000) | (9,938) | 1,483 |
| Weighted average number of ordinary shares in issue or issuable | ('000) | 500,658 | 500,662 |
| Basic earnings per share | (sen) | <u>(1.98)</u> | <u>0.30</u> |

23. REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 30 September 2013 were analysed as follows:

| | 30.09.2013 | 31.12.2012 |
|--|-----------------------|-----------------------|
| | <u>RM'000</u> | <u>RM'000</u> |
| Total retained earnings of the Company and its subsidiaries: | | |
| Realised | 641,409 | 601,127 |
| Unrealised | 48,524 | 50,040 |
| | <u>689,933</u> | <u>651,167</u> |
| | | |
| Total share of retained earnings from an associated company | | |
| Realised | - | (1,030) |
| Unrealised | - | (34) |
| | <u>689,933</u> | <u>650,103</u> |
| | | |
| Less: Consolidation adjustments | <u>(183,980)</u> | <u>(184,835)</u> |
| | | |
| Total group retained earnings | <u><u>505,953</u></u> | <u><u>465,268</u></u> |

24. STATUS OF AUDIT QUALIFICATION

There was no audit qualification on the audit report of the preceding annual financial statements.

25. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 November 2013.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
Mabel Tio Mei Peng (MAICSA 7009237)
Company Secretaries
28 November 2013
Selangor Darul Ehsan