Fiamma Holdings Berhad (Company No: 88716-W)("Fiamma" or "the Company")
Notes to the interim financial statements for the financial quarter ended 30 June 2015.

A. Compliance with Financial Reporting Standards ("FRS") 134, Interim Financial Reporting

A1. Accounting Policies

The interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and FRS 134, *Interim Financial Reporting.* They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the financial year ended 30 September 2014.

The following are FRSs, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

FRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2016

- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

A1. Accounting Policies (continued)

FRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2018

- FRS 9, *Financial Instruments (2014)*

The Group and the Company plan to apply the abovementioned FRSs, amendments and interpretations:

- from the annual period beginning on 1 October 2014 for those FRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2014 and 1 July 2014, except for Amendments to FRS 139, IC Interpretation 21 and Amendments to FRS 2, which are not applicable to the Company.

- from the annual period beginning on 1 October 2016 for those FRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2016 except for Amendments to FRS 11 and FRS 14 which are not applicable to the Company.

The initial application of the FRSs, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

The Group has subsidiaries which fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group and these subsidiaries are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRSs") and is referred to as a "Transitioning Entity". Being a Transitioning Entity, the Group is required to adopt the MFRSs for annual period beginning on 1 January 2017.

Hence, the Group's financial statements for annual period beginning on 1 October 2017 will be prepared in accordance with MFRSs issued by MASB and the International Financial Reporting Standards ("IFRSs"). As a result, the Company will not be adopting FRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018.

A2. Report of the Auditors to the Members of Fiamma

The reports of the auditors to the members of Fiamma and its subsidiaries on the financial statements for the financial year ended 30 September 2014 were not subject to any qualification and did not include any adverse comments made under Section 174 (3) of the Companies Act, 1965.

A3. Seasonality or Cyclicality of Interim Operations

The business of the Group was not subject to material seasonal or cyclical fluctuations.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The business of the Group was not affected by any significant unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period ended 30 June 2015.

A5. Material Changes in Estimates of Amounts Reported

There were no material changes in estimates used in reporting the current quarter as compared to the financial statements of the Group for the financial year ended 30 September 2014.

A6. Debt and Equity Securities

The owners of the Company, by a special resolution passed at the Annual General Meeting held on 26 February 2015, approved the Company's plan to repurchase its own shares. During the current quarter, the Company did not purchase any shares from the open market. As at 30 June 2015, total number of shares purchased was 7,234,900, representing 5.0% of the total paid-up share capital of the Company. These shares were being held and retained as treasury shares.

There were no issuance, cancellation, resale and repayments of debt and equity securities for the current quarter ended 30 June 2015.

A7. Dividend Paid

During the current quarter, the Company paid a final single-tier dividend of 6.0 sen per ordinary share in respect of the financial year ended 30 September 2014 on 10 April 2015.

A8. Operating Segment Information

The Group has 3 reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Groups' reportable segments:

Investment holding and property investment	The long term investment in unquoted shares and property investment
Property development	Property development
Trading and services	Distribution and servicing of electrical home appliances, sanitaryware, other household products, bathroom accessories, home furniture, medical devices and healthcare products.

The reportable segment information for the Group is as follows:

	Investment Holding & Property Investment RM'000	**Property Development RM'000**	**Trading & Services RM'000**	**Total RM'000**
For the financial period ended 30 June 2015				
External revenue	1,416	26,766	218,498	246,680
Inter segment revenue	6,155	9,416	11,776	27,347
Total reportable revenue	7,571	36,182	230,274	274,027
Segment profit	4,807	9,628	34,754	49,189
Segment assets	335,639	283,028	343,667	962,334
Segment assets				962,334
Other non-reportable segments				1,011
Elimination of inter-segment transactions or balances				(383,408)
				579,937

A8. Operating Segment Information (continued)

	Investment Holding & Property Investment RM'000	Property Development RM'000	Trading & Services RM'000	Total RM'000
Segment liabilities	(134,795)	(136,582)	(147,036)	(418,413)

	RM'000
Segment liabilities	(418,413)
Other non-reportable segments	(5,334)
Elimination of inter-segment transactions or balances	202,730
	(221,017)

Reconciliation of profit or loss

	30 June 2015 RM'000
Total profit or loss for reportable segments	49,189
Elimination of inter-segment profits	(7,722)
Depreciation	(2,431)
Interest expense	(2,115)
Interest income	2,929
	39,850

A9. Property, Plant and Equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses.

A10. Events Subsequent to the end of the Financial Period

There were no material events as at 12 August 2015, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial year under review.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and the period up to 12 August 2015, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

A12. Contingent Liabilities

Contingent liabilities of the Group are as follows:

	30 June 2015	**30 Sept 2014**
	RM'000	**RM'000**
Guarantees to financial institutions for facilities granted to subsidiaries	150,304	60,236
	======	======

B. Compliance with Bursa Malaysia Listing Requirements.

B1. Review of the Performance of the Group

	9 months ended	
	30 June 2015 RM'000	**30 June 2014 RM'000**
Revenue	246,680	252,122
Profit before taxation	39,850	49,322

The Group recorded a lower revenue of RM246.680 million for the current financial period compared to RM252.122 million achieved in the preceding year corresponding financial period. This is mainly due to lower contribution from the property development segment. Consequently, the Group recorded a lower profit before taxation ("PBT") of RM39.850 million for the current financial period compared to RM49.322 million achieved in the preceding year corresponding financial period.

The Group's revenue is derived primarily from the trading and services segment which contributed 88.6% of the Group's net revenue. The segment recorded a net revenue of RM218.498 million as compared to RM197.814 million recorded in the preceding year corresponding financial period, representing a growth of 10.4%. Consequently, this segment recorded a higher PBT of RM31.174 million against PBT of RM28.278 million for the preceding financial period, representing an increase of 10.2%. The current financial period's PBT of this segment represented 78.2% of the Group's PBT.

The property development segment contributed 10.9% of the Group's net revenue. The segment recorded a net revenue of RM26.766 million as compared to RM53.152 million recorded in the preceding year corresponding financial period, representing a decrease of 49.6%. Consequently, this segment recorded a lower PBT of RM6.383 million against PBT of RM19.549 million for the preceding financial period, representing a decrease of 67.3%. The current financial period's PBT of this segment represented 16.0% of the Group's PBT. The revenue and PBT contribution is derived mainly from the Group's commercial development in Jalan Tuanku Abdul Rahman, Kuala Lumpur. The lower contribution to revenue and profit was attributable to the completion and final billing of the said development in March 2015.

B2. Comparison with Preceding Quarter's Results

	Current quarter ended 30 June 2015 RM'000	**Preceding quarter ended 31 March 2015 RM'000**
Revenue	77,704	92,090
Profit before taxation	12,007	15,413

The Group recorded a lower revenue and PBT of RM77.704 million and RM12.007 million respectively for the current quarter ended 30 June 2015 compared to RM92.090 million and RM15.413 million achieved in the preceding quarter ended 31 March 2015. The decrease in revenue and PBT was attributable to lower revenue and profit contribution from the trading and services and property development segment for the current quarter as compared to the preceding quarter.

B3. Prospects

The global economy expanded at a moderate pace in the second quarter of 2015. In the major advanced economies, growth in the US and the UK continued to improve while the pace of economy activity in the euro area and Japan was more modest. Growth in most Asian economies moderated in the second quarter. Domestic demand continued to support growth in an environment of weak export performance. Several central banks in major and emerging economies lowered policy rates amid rising growth concerns and low inflation.

The Malaysian economy recorded a growth of 4.9% in the second quarter of 2015 (1Q 2015: 5.6%), driven mainly by private sector demand. On the supply side, growth was underpinned by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.1% (1Q 2015: 1.2%).

The ringgit and other regional currencies continued to be driven by shifts in investor sentiments and portfolio investments throughout the quarter. Overall, the ringgit depreciated by 1.8% against the US dollar during the quarter. The ringgit also depreciated against the Japanese yen (-0.1%), the Australian dollar (-2.5%), the euro (5.2%), and the pound sterling (-7.7%). Against all regional currencies except the Thai bath (2.0%), the ringgit depreciated by between 0.1% and 3.9%.

Between 1 July and 11 August 2015, the ringgit depreciated against the US dollar by 4.2%. Against other major currencies, the ringgit also depreciated against the euro (-2.4%), the Japanese yen (-2.4%) and the pound sterling (-3.3%), but appreciated against the Australian dollar (0.3%). The ringgit depreciated against most regional currencies.

B3. Prospects (continued)

Going forward, the global economy is projected to remain on a moderate growth path, with diverging growth momentum across major economies. Overall global growth is expected to continue to benefit from low oil prices, but the impact will vary across economies. In Asia, with export growth remaining moderate, domestic demand is expected to remain the key driver of growth. Global growth, however, has become more vulnerable to increased downside risks. Any adverse developments in Europe, increased uncertainty over policy adjustments in the advanced and emerging economies and a re-emergence of geopolitical tensions could result in further international financial market volatility.

The Malaysian economy is expected to remain on a steady growth path, with domestic demand continuing to be the key driver of growth. Private consumption is expected to continue to adjust to the introduction of the Goods and Services Tax (GST), although wage growth and stable labour market conditions would provide support to household spending. Investment activity will be supported by capital spending in the manufacturing and services sectors, as well as infrastructure projects. These developments will contribute towards offsetting the weaker performance of the external sector.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2015, Bank Negara Malaysia)

With the above outlook and the continued weakening of the ringgit against most currencies, Fiamma expects the performance for the fourth quarter and the coming financial year to be challenging, especially the trading and services segment as most of Fiamma’s purchases are transacted in US dollar.

For the trading and services segment, the challenges faced by the continued erosion of the ringgit against the US dollar will affect the segment’s performance. The US dollar has further depreciated by 11.7% from USD1= RM3.6855 on 1 April 2015 to USD1= RM4.1165 on 17 August 2015 *(Bank Negara Malaysia)*. Fiamma will remain focused on its distribution business and continue to build on its effective supply chain system and proven core competencies to remain a market leader for its products. It will continue to invest in promotional activities and brand building to strengthen and expand its distribution network for its various brands of home appliances, sanitaryware products, home furniture and medical devices and healthcare products.

B3. Prospects (continued)

The proposed relocation and centralisation of the existing warehouse in Bandar Manjalara to a new and larger capacity warehouse to be built on the land acquired in Bukit Raja Industrial Hub, Klang is expected to improve efficiency as it will cater to all the Group's logistic operations under one roof. In addition, the new warehouse is expected to provide additional income stream from the provision of storage space and logistic services to third party customers. The construction of the new warehouse has been completed in August 2015 and the warehouse is expected to be in operation by the beginning of the financial year 2016.

For the property development segment, the commercial development located in Jalan Tuanku Abdul Rahman, Kuala Lumpur (which was completed in the first quarter of financial year 2015) and the on-going residential development in Kota Tinggi, Johor will contribute to the Group's revenue and profit for the financial year 2015. The on-going development of residential and commercial properties in Johor Bahru will contribute to the Group's revenue and profit for the financial years 2016 and 2017. The proposed redevelopment of the existing warehouse in Bandar Manjalara, Kuala Lumpur into commercial properties targeted in early 2016 will contribute to the Group's revenue and profit in the coming financial years. The proposed new commercial development in Jalan Yap Kwan Seng and the proposed new mixed development in Jalan Sungai Besi, both in Kuala Lumpur are expected to contribute to the Group's future income stream once the proposed developments are launched and sold.

B4. Profit Forecast or Profit Guarantee

Not applicable.

B5. Taxation

Taxation comprises the following:

	3 months ended 30 June 2015 RM'000	9 months ended 30 June 2015 RM'000
Current year tax expense	3,207	11,335
Deferred tax expense	(64)	(540)
	3,143	10,795
Prior year tax expense	50	25
	3,193	10,820

	RM'000	RM'000
Profit before taxation	12,007	39,850
Tax at Malaysian tax rate of 25%	3,002	9,963
Other tax effects	141	832
Tax expense	3,143	10,795
Prior year tax expense	50	25
Tax expense	3,193	10,820

B6. Status of Corporate Proposal

On 23 December 2014, the Company announced that Fiamma Properties Sdn Bhd, a wholly-owned subsidiary of Fiamma, had entered into a Sales and Purchase Agreement with third parties for the proposed acquisition of land in Seksyen 92, Jalan Sungai Besi, Town and District of Kuala Lumpur for a total purchase consideration of RM48,981,300 ("the FP Acquisition"). The FP Acquisition is to cater for future expansion of the property development activities of the Group and to enhance its future earnings. Payment terms will be in the manner as provided for in the agreement. The FP Acquisition was completed on 30 April 2015.

Except for the above, the Group has not announced any corporate proposals, which have not been completed at the date of this announcement.

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2015 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
Repayable after 12 months			
Term loan	59,262	-	59,262
	=====	=====	=====
Current			
Repayable within 12 months			
Bank overdraft	19,852	-	19,852
Term loan	2,901	-	2,901
Revolving credit	13,000	8,000	21,000
Bills payable	-	50,289	50,289
Sub-total	35,753	58,289	94,042
	=====	=====	=====
Total	95,015	58,289	153,304
	=====	=====	=====

B8. Derivatives

There is no foreign currency forward contract as at 30 June 2015.

B9. Changes in Material Litigation

There was no impending material litigation as at 12 August 2015, being the date not earlier than 7 days from the date of this announcement.

B10. Dividend

No interim dividend was declared for the current quarter under review.

B11. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2015 was based on the profit attributable to the owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	3 months ended 30 June 2015 RM'000	**9 months ended 30 June 2015 RM'000**
Profit for the financial year attributable to owners of the Company	7,904	25,776
	'000	**'000**
Number of ordinary shares issued at beginning of the period	144,725	144,085
Effects of shares repurchased	(7,235)	(7,235)
Weighted average number of ordinary shares at 30 June 2015	137,490	136,850
Effect of exercise of warrants	-	301
At 30 June 2015	137,490	137,151
Basic earnings per share (sen)	5.75	18.79

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2015 was based on the profit attributable to the owners of the Company and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	3 months ended 30 June 2015 '000	**9 months ended 30 June 2015 '000**
Weighted average number of ordinary shares (basic) as at 30 June 2015	137,490	137,151
Effect of exercising of warrants	15,898	17,108
Weighted average number of ordinary shares (diluted) as at 30 June 2015	153,388	154,259
Diluted earnings per share (sen)	5.15	16.71

B12. Profit before taxation

	3 months ended 30 June 2015 RM'000	9 months ended 30 June 2015 RM'000
Profit before taxation is arrived at after charging:		
Depreciation and amortisation	854	2,431
Interest expense	1,107	2,115
Loss on foreign exchange – realised and unrealised	85	326
and after crediting:		
Gain on foreign exchange – realised and unrealised	80	157
Interest income	953	2,929

B13. Capital Commitments

	As at 30 June 2015 RM'000
Property, plant and equipment	
Contracted but not provided for	11,278

B14. Provision of Financial Assistance

The amount of financial assistance provided by the Company and its subsidiaries to its non wholly-owned subsidiaries pursuant to paragraph 8.23(1) of the Listing Requirements is as follows:-

	As at 30 June 2015 RM'000	As at 30 Sept 2014 RM'000
Corporate guarantees to financial institutions for trade facilities granted to non-wholly owned subsidiaries	9,617	7,751

The above financial assistance does not have a material financial impact on the Group.

B15. Retained earnings

The breakdown of the retained earnings of the Group into realised and unrealised is as follows:

	As at 30 June 2015 RM'000	**As at 30 Sept 2014 RM'000**
Total retained earnings		
- Realised	261,610	237,792
- Unrealised	16,340	16,035
	277,950	253,827
Less: Consolidation adjustments	(100,627)	(94,031)
Total retained earnings	177,323	159,796

This announcement is dated 19 August 2015.