**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, 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 consolidated financial statements of the Group as at and for the financial year ended 30 September 2012.

The interim financial report should be read in conjunction with the annual audited Financial Statements of the Group for the financial year ended 30 September 2012. The explanatory notes attached to the interim financial report provide an explanation of the 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 30 September 2012.

**A2. Declaration of Audit Qualification**

The auditors of the respective companies within the Group did not qualify their reports.

**A3. Seasonal or Cyclical Factors**

The performance and the business operations within the Group were not significantly affected by any material seasonal or cyclical factors for the financial year ended 30 September 2013.

A4. Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows that are unusual because of their Nature, Size or Incidence

There were no unusual items affecting the Group for the financial year ended 30 September 2013.

**A5. Nature and Amount of Changes in estimates reported in prior Interim Periods of the current Financial Year or prior Financial Year which may have a material effect in the current Interim Period**

There were no material changes in the estimates for the financial year ended 30 September 2013.

**A6. Issuance, Cancellation, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no other issuance of shares, no cancellations, repurchases, resale and repayments of debt or equity securities for the financial year ended 30 September 2013 to date.

**A7. Dividend Paid**

No interim dividend was paid by the Company for the financial year ended 30 September 2013 under review.

A8. Segmental Reporting

No geographical segmental analysis is presented as the Group operates principally within one industry wholly in Malaysia.

**A9. Valuation of Property, Plant and Equipment**

There has been valuation exercise carried out on the Group’s land & buildings during the financial year under review. As a result, the Group is able to register revaluation surplus of approximately RM3.28 million, after net of tax, and being incorporated into the accounts during the financial year.

**A10. Subsequent Material Events**

There were no other material events subsequent to the end of the financial year ended 30 September 2013 that have not been reflected in the financial statements for the current period.

**A11. Changes in composition of the Group**

There are no changes in the composition of the Group for the current financial year ended 30 September 2013 to date.

**A12.** **Contingent Liabilities/Contingent Assets**

There have been no changes and no material contingent liabilities/assets incurred by the Group as at the year ended 30 September 2013.

**ADDITIONAL INFORMATION REQUIRED BY BURSAMALAYSIA SECURITIES BERHAD’S LISTING REQUIREMENTS**

**B1. Review of Performance**

The Group recorded a turnover of RM18.19 million for thecurrent Financial Quarter ended 30 September 2013 as compared with RM16.25 million in the same period of the preceding year. This represents a growth of 11.94% in comparison of both financial quarters involved in the Group’s consolidated turnover.

The Group posted its current Quarter results with a loss after tax of RM1.99 million. The higher loss recorded was attributed to the Group’s increase in operating costs. The Group reported a loss after tax of RM34,000.00 for the corresponding quarter ended 30 September 2012.

B2. Results Comparison with immediate preceding quarter

In the current quarter under review, the Group registered a consolidated loss before tax of RM1.90 million as compared to the loss before tax of RM2.4 million in the immediate preceding quarter. The lower loss was mainly due to the decrease in the operating costs in the current financial quarter as compared with the preceding corresponding quarter.

B3. Current Year Prospects

The overall outlook for the Group’s performance for the rest of the year remains slow but will be still be very challenging due to the continuing lackluster and uncertainties in the current economic climate. However, the Management will in their best efforts and endeavors to face the challenging market condition during these trying times.

**B4. Variance of actual profit from forecast profit**

No profit guarantee and profit forecast is required.

**B5.** **Taxation**

|  |  |  |
| --- | --- | --- |
|  | **Current Quarter**  **ended**  **30.9.2013**  **RM’000** | **12 months**  **Cumulative**  **to**  **30.9.2013**  **RM’000** |
| Current tax expenses | 192 | 371 |
| Deferred tax expenses | (118) | (118) |
|  |  |  |
|  | 74 | 253 |
|  |  |  |

**B6. Profit or Loss from Sales of Unquoted Investments or Properties**

There were no sales of unquoted investment or properties for the Group.

**B7. Purchase or disposal of quoted securities**

There is no purchase or disposal of quoted securities for the current period under review.

**B8. Corporate Proposal and Utilisation of Proceeds**

In the period under review, Stone Master Corporation Berhad (“the Company”) has on 16 July 2013 made an announcement to the Bursa Securities to propose to undertake a Private Placement of up to 4,200,000 of new ordinary shares of RM0.50 each in the Company (“Placement Shares”), representing up to ten percent (10%) of the issued and paid-up share capital of the Company at an issue price to be determined and announce later (“Proposed Private Placement”) to the Bursa Securities. The Proposed Private Placement is expected to raise a gross proceeds of RM2,562,000 (“Placement Proceeds”) and that the Placement Proceeds are proposed to be utilized by the Company in the manner set out below:-

|  |  |  |
| --- | --- | --- |
| Details of Utilization | Expected time frame for utilization of proceeds (from the date of listing of the Placement Shares) | Amount of Proceeds (RM) |
| General working capital requirements | Within twelve (12) months | 2,462,000 |
| Defraying of expenses incidental to the Proposed Private Placement | Within one (1) month | 100,000 |
| Total Proceed |  | 2,562,000 |

*\*For further details, please refer to Bursa’ Announcement dated 16 July 2013.*

##### B9. Group Borrowings and Debt Securities

The total Group’s borrowings as at 30 September 2013 are as follows:-

|  |  |  |  |
| --- | --- | --- | --- |
| Secured :-  Bank Overdrafts | **Short Term**  **Borrowings**  **(Less than 12**  **months)**  RM`000  2,317 | **Long Term Borrowings**  **(More than 12 months)**  RM`000  - | **Total**  RM`000  2,317 |
| Trade Bills Payable | 8,907 | - | 8,907 |
| Term Loan | 942 | 13,161 | 14,103 |
| Hire Purchase | 168 | 166 | 334 |
|  | 12,334 | 13,327 | 25,661 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**B10. Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the latest practicable date, which is not earlier than 7 days from date of issuance of this quarterly report.

**B11. Changes in Material Litigation**

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

**B12. Dividend**

##### No interim and final dividend was recommended by the Board of Director for the financial year ended 30 September 2013.

##### B13. Earnings per share

The basic Earnings per Share and Diluted Earnings per Share of the Group were the same for the reporting period as there was no effect of dilutive potential ordinary shares.

|  |  |  |
| --- | --- | --- |
|  | **Current Quarter ended**  **30/9/13** | **12**  **months ended**  **30/9/13** |
| Basic |  |  |
| Net Profit/(Loss) attributable to ordinary shareholders (RM`000) | (1,990) | (4,572) |
| Number of ordinary shares issued (`000) | 42,000 | 42,000 |
| Basic Profit/(Loss) per ordinary share (sen) | (4.74) | (10.89) |