**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 year ended 30 September 2013.

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 2013. The explanatory notesattached 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 2013.

**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 period ended 31 December 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 period ended 31December 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 period ended 31 December 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 period ended 31 December 2013 to date.

**A7. Dividend Paid**

No interim dividend was paid by the Company for the financial period ended 31 December 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**

The valuation of property and assets of the Group have been brought forward without amendments from the previous annual financial statements for the period ended 31 December 2013.

**A10. Subsequent Material Events**

There has been no other material events subsequent to the end of the financial period ended 31 December2013 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 period ended 31 December2013 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 financial period ended 31 December2013.

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

**B1. Review of Performance**

The Group recorded a turnover of RM20.06 million for the current Financial Quarter ended 31 December 2013 as compared with RM16.64 million in the same period of the preceding year. This represents a growth of 20.6% in comparison of both financial quarters involved in the Group’s consolidated turnover.

In spite of achieving growth rate of 20.6% in turnover, the Group still posted its current Quarter results with a loss after tax of RM310,000.00. The higher loss recorded was attributed to the Group’s increase in operating costs, approximately 22.6% higher than that of the previous corresponding quarter. The Group reported a loss after tax of RM167,000.00 for the corresponding quarter ended 31 December 2012.

B2. Results Comparison with immediate preceding quarter

In the current quarter under review, the Group registered a consolidated loss before tax of RM340,000.00 as compared to the loss before tax of RM1.9 million in the immediate preceding corresponding quarter. The lower loss was mainly due to the decrease in the operating costs in the current financial quarter as compared with the immediate preceding quarter.

B3. Current Year Prospects

The overall outlook for the Group’s performance for the rest of the year remains slow but would still be very challenging due to the continuing lackluster and uncertainties in the current economic climate. However, the Management will, in their best endeavor and efforts, continue to face the challenging market conditions 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**  **31.12.2013**  **RM’000** | **3 months**  **Cumulative**  **to**  **31.12.2013**  **RM’000** |
| Current tax expenses | - | - |
| Deferred tax expenses | (30) | (30) |
|  |  |  |
|  | (30) | (30) |
|  |  |  |

**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**

On 30 January 2014, Stone Master Corporation Berhad (“the Company”) has successfully completed and placed out 4,200,000 of new ordinary shares of RM0.50 each in the Company to a new individual investor via a Private Placement. The shares being placed, represented ten percent (10%) of the existing issued and paid-up share capital of the Company and the issue price was eventually fixed at RM0.65 per share.

For further details, please refer to Bursa’ Announcements dated 23 January 2014, 29 January 2014 and 30 January 2014 respectively.

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

The total Group’s borrowings as at 31 December2013 are as follows:-

|  |  |  |  |
| --- | --- | --- | --- |
| Secured :-  Bank Overdrafts | **Short Term**  **Borrowings**  **(Less than 12**  **months)**  RM`000  4,402 | **Long Term Borrowings**  **(More than 12 months)**  RM`000  - | **Total**  RM`000  4,402 |
| Trade Bills Payable | 8,531 | - | 8,531 |
| Term Loan | 1,005 | 12,990 | 13,995 |
| Hire Purchase | 158 | 128 | 286 |
|  | 14,096 | 13,118 | 27,214 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**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 was 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 period ended 31 December 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**  **31/12/13** | **3**  **months ended**  **31/12/13** |
| Basic |  |  |
| Net Profit/(Loss) attributable to ordinary shareholders (RM`000) | (310) | (310) |
| Number of ordinary shares issued (`000) | 42,000 | 42,000 |
| Basic Profit/(Loss) per ordinary share (sen) | (0.74) | (0.74) |