**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 2014.**

**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 2014. 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 2014.**

**A2. Declaration of Audit Qualification**

**The auditors has qualified the financial report as at 30 September 2014.**

**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 2014.**

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 31 December 2014.**

**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 2014.**

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

**On 7 October 2014, Stone Master Corporation Berhad (“the Company”) has obtained the Order from the High Court confirming that capital reduction of the paid–up share capital with cancellation of RM0.25 of the par value of each ordinary share of RM0.50 each. As a result, the existing issued and paid-up share capital of the Group amounts to RM11.55 million comprising 46,200,000 ordinary shares of RM0.25 each share.**

**A7. Dividend Paid**

**No interim dividend was paid by the Company for the financial period ended 31 December 2014 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 to this period ended 31 December 2014.**

**A10. Subsequent Material Events**

**There has been no other material events subsequent to the end of the financial period ended 31 December 2014 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 December 2014.**

**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 December 2014.**

**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD’S LISTING REQUIREMENTS**

**B1. Review of Performance**

**The Group achieved a turnover of RM21.38 million for the current Financial Quarter ended 31 December 2014 as compared to RM20.06 million in the same period of preceding year. This represents a growth of approximately 7% in comparison of both financial quarters involved in the Group’s consolidated turnover.**

**The Group posted its current quarter’s financial results with a loss after tax of RM 918,000.00 which was higher than the previous corresponding quarter of RM310,000.00 only.**

B2. Results Comparison with immediate preceding quarter

**In the current quarter under review, the Group registered a consolidated loss before tax of RM857,000.00 as compared to the loss before tax of RM340,000.00 in the immediate preceding quarter. The losses were due to the increase in operating expenses by RM 1.7 million. The higher operating expenses included the provision of directors’ fee of RM320,000.00 and materialized expenses incurred during the quarter.**

B3. Current Year Prospects

**The overall outlook for the Group’s performance for the rest of the year remains slow but will be very challenging due to the continuing lackluster and uncertainties in the current economic climate. However, the Management will in their best effort endeavor 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**  **31.12.2014**  **RM’000** | **3 months**  **Cumulative**  **to**  **31.12.2014**  **RM’000** |
| **Current tax expenses** | **69** | **69** |
| **Deferred tax expenses** | **(8)** | **(8)** |
|  |  |  |
|  | **61** | **61** |
|  |  |  |

**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 financial year under review.**

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

**On 28 April 2014, Stone Master Corporation Berhad (“the Company”) has made a corporate proposal announcement to Bursa in relation to the following matters:-**

1. **Proposed Share Capital Reduction.**
2. **Proposed Right Issue.**
3. **Proposed Increase in Authorized Share Capital.**
4. **Proposed Memorandum & Articles of Association Amendment.**

**For further details, please refer to Bursa’ Announcements dated 28 April 2014, 5 May 2014, 12 August 2014, 5 November 2014 and 20 January 2015 respectively.**

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

**The total Group’s borrowings as at 31 December 2014 are as follows:-**

|  |  |  |  |
| --- | --- | --- | --- |
| **Secured :-**  **Bank Overdrafts** | **Short Term**  **Borrowings**  **(Less than 12**  **months)**  **RM`000**  **3,212** | **Long Term Borrowings**  **(More than 12 months)**  **RM`000** | **Total**  **RM`000**  **3,212** |
| **Trade Bills Payable** | **9,665** | **-** | **9,665** |
| **Term Loan** | **3,368** | **11,105** | **14,473** |
| **Hire Purchase** | **107** | **19** | **126** |
|  | **16,352** | **11,124** | **27,476** |
|  |  |  |  |
| **One of the subsidiary company has defaulted in payment of installment to the bank for the following loan facilities:**    **1) Islamic Banking Facility of RM8.2 million and**  **2) Term Loan of RM4.0 million.** |  |  |  |
|  |  |  |  |
|  |  |  |  |

**The default in payment is primarily due to the delay in the completion of the Right Issue of which the Company is currently undergoing. The Company has rectified the matter by making payment to the interest repayment arrears and obtained an approved new Restructured Repayment Scheme from the same bank.**

**For further details, please refer to Bursa’s Announcement dated 30 January 2015.**

**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 is 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 2014.

##### 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**  **31/12/14** | **Three**  **months ended**  **31/12/14** |
|  |  |  |
| **Net Profit/(Loss) attributable to ordinary shareholders (RM`000)** | **( 918)** | **(918)** |
| **Weighted Average Number of ordinary shares issued (`000)** | **46,200** | **46,200** |
| **Basic Profit/(Loss) per ordinary share (sen)** | **(1.99)** | **(1.99)** |