



HENG HUAT RESOURCES GROUP BERHAD

(Company No. 969678-D)
(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
(UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.2015 ⁽¹⁾ RM'000	Preceding Year Corresponding Quarter 31.3.2014 RM'000	Current Year Period 31.3.2015 ⁽¹⁾ RM'000	Preceding Year Corresponding Period 31.3.2014 RM'000
Revenue	26,460	21,319	26,460	21,319
Cost of sales	(15,885)	(11,666)	(15,885)	(11,666)
Gross profit ("GP")	10,575	9,653	10,575	9,653
Other income	222	88	222	88
Selling and distribution expenses	(4,332)	(3,875)	(4,332)	(3,875)
Administrative and other expenses	(2,314)	(1,544)	(2,314)	(1,544)
Finance costs	(383)	(572)	(383)	(572)
Profit before taxation ("PBT")	3,768	3,750	3,768	3,750
Tax income/ (expenses)	(249)	(470)	(249)	(470)
Profit after taxation ("PAT")	3,519	3,280	3,519	3,280
Other comprehensive income	-	-	-	-
Total comprehensive income	3,519	3,280	3,519	3,280
Profit for the financial period/ Total comprehensive income attributable to:				
- Owners of Heng Huat	2,916	3,037	2,916	3,037
- Non-controlling interests	603	243	603	243
	3,519	3,280	3,519	3,280
Earnings per share attributable to owners of Heng Huat:				
- Basic (sen) ⁽²⁾	1.42	1.91	1.42	1.91
- Diluted (sen) ⁽²⁾	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable.

⁽¹⁾ The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ Kindly refer to **Note B10** for further details.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

	As at 31.3.2015 ⁽¹⁾ RM'000 (unaudited)	As at 31.12.2014 RM'000 (audited)
Non-Current Assets		
Property, plant and equipment	64,875	62,292
Intangible assets	1,054	1,145
	65,929	63,437
Current Assets		
Inventories	4,754	5,890
Trade and other receivables	26,700	21,570
Current tax assets	470	452
Cash and cash equivalents	16,465	17,666
	48,389	45,578
TOTAL ASSETS	114,318	109,015
Equity		
Share capital	20,580	20,580
Share premium	15,863	15,863
Reorganisation reserve	(5,185)	(5,185)
Retained earnings	38,767	36,880
	70,025	68,138
Non-controlling interests	4,397	4,594
Total Equity	74,422	72,732
Non-Current Liabilities		
Borrowings	14,292	15,494
Deferred tax liabilities	747	682
	15,039	16,176
Current Liabilities		
Trade and other payables	13,061	10,447
Derivative liability	395	214
Borrowings	11,398	9,435
Current tax liabilities	3	11
	24,857	20,107
Total Liabilities	39,896	36,283
TOTAL EQUITY AND LIABILITIES	114,318	109,015
NET ASSETS PER SHARE (RM)	0.34 ⁽²⁾	0.33 ⁽³⁾

Notes:

⁽¹⁾ The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ Calculated based on the Company's existing issued and paid-up share capital for the financial period ended 31 March 2015 of 205,800,030 ordinary shares of RM0.10 each ("Shares").

⁽³⁾ Calculated based on the Company's existing issued and paid-up share capital for the financial year ended 31 December 2014 of 205,800,030 Shares.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

	[----- Non-Distributable -----]			Distributable	Total attributable to owners of the Company	Non- controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	RM'000	RM'000	RM'000
At 1 January 2015	20,580	15,863	(5,185)	36,880	68,138	4,594	72,732
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	-	(800)	(800)
Dividend paid to shareholders of the parent	-	-	-	(1,029)	(1,029)	-	(1,029)
Total comprehensive income for the financial period	-	-	-	2,916	2,916	603	3,519
At 31 March 2015	20,580	15,863	(5,185)	38,767	70,025	4,397	74,422
At 1 January 2014	15,930	-	(5,185)	26,601	37,346	2,502	39,848
Total comprehensive income for the financial period	-	-	-	3,037	3,037	243	3,280
At 31 March 2014	15,930	-	(5,185)	29,638	40,383	2,745	43,128

Note:

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

	Year-to-date ended	
	31.3.2015 RM'000	31.3.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,768	3,750
<u>Adjustments for:</u>		
Amortisation of intangible assets	91	14
Depreciation of property, plant and equipment	1,645	1,323
Fair value adjustment on derivative liability	181	-
Interest expense	383	572
Interest income	(52)	(4)
Loss/ (Gain) on disposal of property, plant and equipment	47	(24)
Unrealised gain on foreign exchange	(96)	-
	<hr/>	<hr/>
Operating profit before working capital changes	5,967	5,631
Increase in inventories	1,136	(431)
Increase in trade and other receivables	(5,092)	188
	<hr/>	<hr/>
Increase in trade and other payables	3,069	(1,823)
	<hr/>	<hr/>
Tax paid	5,080 (210)	3,565 (350)
	<hr/>	<hr/>
Net cash from operating activities	4,870	3,215
CASH FLOWS FROM INVESTING ACTIVITIES		
Development costs incurred	-	(277)
Interest received	52	4
Proceeds from disposal of property, plant and equipment	148	64
Purchase of property, plant and equipment	(4,504)	(1,586)
Changes in fixed deposits pledged with licensed banks	(11)	-
	<hr/>	<hr/>
Net cash used in investing activities	(4,315)	(1,795)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling shareholders of a subsidiary	(800)	-
Dividend paid to shareholders of the parent	(1,029)	-
Interest paid	(383)	(572)
Net drawdown of bankers' acceptance	1,526	634
Repayment of term loans	(729)	(677)
Net repayment of hire purchase payables	(320)	(607)
	<hr/>	<hr/>
Net cash from financing activities	(1,735)	(1,222)
	<hr/>	<hr/>
Net changes in cash and cash equivalents	(1,180)	198
Effects of foreign exchange	58	-
Cash and cash equivalents at beginning of the financial period	15,213	2,183
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	14,091	2,381



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
(UNAUDITED)

	Year-to-date ended	
	31.3.2015 ⁽¹⁾	31.3.2014
	RM'000	RM'000
 Cash and cash equivalents comprise the following:		
Cash and bank balances	14,243	4,151
Fixed deposits pledged to financial institutions	2,222	2,124
	16,465	6,275
Less: Bank overdraft	(152)	(1,770)
Less: Fixed deposits pledged to financial institutions	(2,222)	(2,124)
	14,091	2,381

Note:

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

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EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared under the historical cost convention except otherwise stated.

These unaudited interim financial statements have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Part K, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“ACE LR”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein 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 2014.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2014, except for the adoption of the following Amendments to MFRSs during the current financial period as disclosed below:

Effective for annual periods commencing on or after 1 July 2014

- Amendment to MFRS 2 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 3 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 3 (Annual Improvements to MFRSs 2011 – 2013 Cycle)
- Amendment to MFRS 8 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 13 (Annual Improvements to MFRSs 2011 – 2013 Cycle)
- Amendment to MFRS 116 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)
- Amendment to MFRS 124 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 138 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 140 (Annual Improvements to MFRSs 2011 – 2013 Cycle)

The adoption of the above Amendments to MFRSs did not have any significant financial impact to the Group.



A2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2016

- Amendments to MFRS 5 (Annual Improvements to MFRSs 2012 – 2014 Cycle)
- Amendments to MFRS 7 (Annual Improvements to MFRSs 2012 – 2014 Cycle)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)
- Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)
- MFRS 14 Regulatory Deferral Accounts
- Disclosure Initiative (Amendments to MFRS 101)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)
- Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)
- Amendments to MFRS 119 (Annual Improvements to MFRSs 2012 – 2014 Cycle)
- Equity Method in Separate Financial Statements (Amendments to MFRS 127)
- Amendments to MFRS 134 (Annual Improvements to MFRSs 2012 – 2014 Cycle)

Effective for annual periods commencing on or after 1 January 2017

- MFRS 15 Revenue from Contracts with Customers

Effective for annual periods commencing on or after 1 January 2018

- MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 31 December 2014 were not subject to any qualification.



A4. SEASONALITY OR CYCLICALITY OF OPERATION

Save for oil palm empty fruit bunch (“EFB”) fibre, the Group’s biomass materials and value-added products are not significantly affected by seasonal/cyclical effects. Demand for the Group’s oil palm EFB fibre generally experience a decline during the Chinese New Year season mainly due to a slowdown in logistics services in China during this period as some of these logistics services are closed during the festive season.

The Group typically experience higher sales of mattresses and related products prior to major festive season such as Chinese New Year and Hari Raya in tandem with the expected increase in household spending for such items during such periods.

A5. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

A6. MATERIAL CHANGES IN ESTIMATES

Not applicable as there were no estimates being reported during the prior financial years.

A7. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

A8. DIVIDEND PAID/ DECLARED

During the financial period ended 31 March 2015, the Company had declared a first interim single tier dividend of 5% per share at par value (equivalent to 0.5 sen per share) in respect of financial year ending 31 December 2015, amounting to RM1,029,000 which was paid on 31 March 2015.

A9. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Save for the Corporate Proposals as disclosed in Section B6(ii), there were no other material events subsequent to the end of current quarter and financial period under review that have not been reflected in this interim financial report.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period under review.



A11. CHANGES IN CONTINGENT LIABILITIES

There are no material contingent liabilities as at the date of this report.

A12. CAPITAL COMMITMENTS

The Group's capital commitments in respect of property, plant and equipment which were not provided for in the financial statements as at 31 March 2015 is as follows:

	As at 31.3.2015 RM'000
Property, plant and equipment	
Approved but not contracted for	3,200
Contracted but not provided for	3,303
	<hr/>
	<u>6,503</u>

A13. SEGMENT INFORMATION

The Group, through its subsidiaries, are principally engaged in manufacturing and trading of biomass materials and manufacturing and trading of mattresses and related products. There is no change to the principal activities of the Group during the current quarter and financial period under review.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Biomass materials and related products
Manufacturing and trading of coconut fibre and related products, and oil palm EFB fibre and related products.
- (ii) Mattresses and related products
Manufacturing and trading of mattresses and related products.



A13. SEGMENT INFORMATION (cont'd)

	Current quarter ended		Year-to-date ended	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Biomass materials and related products	19,881	16,725	19,881	16,725
Mattresses and related products	12,648	9,061	12,648	9,061
	32,529	25,786	32,529	25,786
Elimination of intragroup transactions	(6,069)	(4,467)	(6,069)	(4,467)
Revenue from external customers	26,460	21,319	26,460	21,319
<u>Segment Results</u>				
Biomass materials and related products	3,593	3,510	3,593	3,510
Mattresses and related products	283	297	283	297
	3,876	3,807	3,876	3,807
Unallocated corporate income and expenses (net)	(226)	(266)	(226)	(266)
Elimination of intragroup transactions and profits	118	209	118	209
Profit before tax of the Group	3,768	3,750	3,768	3,750
<u>Segment Assets</u>				
Biomass materials and related products	92,076	84,362	92,076	84,362
Mattresses and related products	20,952	18,463	20,952	18,463
	113,028	102,825	113,028	102,825
Tax assets	470	326	470	326
Unallocated assets	26,134	2,247	26,134	2,247
Elimination of intragroup balances and profits	(25,314)	(14,891)	(25,314)	(14,891)
Total assets of the Group	114,318	90,507	114,318	90,507
<u>Segment Liabilities</u>				
Biomass materials and related products	42,411	42,579	42,411	42,579
Mattresses and related products	17,729	14,977	17,729	14,977
	60,140	57,556	60,140	57,556
Tax liabilities	750	1,286	750	1,286
Unallocated liabilities	4,336	3,376	4,336	3,376
Elimination of intragroup balances and profits	(25,330)	(14,839)	(25,330)	(14,839)
Total liabilities of the Group	39,896	47,379	39,896	47,379



**ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING
REQUIREMENTS OF BURSA SECURITIES**

B1. ANALYSIS OF PERFORMANCE

Revenue

For the current quarter and financial period ended 31 March 2015, the Group recorded revenue of RM26.46 million, representing an increase of approximately RM5.14 million or 24.11% as compared to the revenue of RM21.32 million registered in the preceding year corresponding quarter and period.

The increase in revenue was mainly contributed by improved revenue from the biomass materials and related products segment by approximately RM3.16 million during the current quarter and financial period under review, arising from improved average selling price by approximately 18.04% as well as additional revenue contribution from Geotextiles, as compared to the preceding year corresponding quarter and period.

Profit before Taxation (“PBT”)

Despite the growth in revenue, the Group’s PBT for the current quarter and financial period ended 31 March 2015 stood at RM3.77 million, relatively consistent with the PBT of RM3.75 million for preceding year corresponding quarter and period.

The increase in revenue was offset by the following:

- (i) Decrease in margin of the biomass materials and related products segment resulting from overall increase in the supply price of oil palm EFB arising from increasing demand;
- (ii) Increase in staff cost as a result of annual increments and higher bonuses, to reward the employees for the improved performance of the Group; and
- (iii) Increase in depreciation costs resulting from the additions of property, plant and equipment made during the current quarter and financial period under review.



B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 31.3.2015 RM'000	Preceding quarter ended 31.12.2014 2014 RM'000
Profit before taxation ("PBT")	3,768	3,246

The Group's PBT for the current quarter ended 31 March 2015 has improved by approximately 16.08% or RM0.52 million as compared to the preceding quarter ended 31 December 2014, primarily due to the increase in revenue during the current quarter under review.

The revenue growth was, however, partially offset by the following:

- (i) Increase in transportation costs in line with the increased sales to China;
- (ii) Increase in staff cost as a result of annual increments and higher bonuses, to reward the employees for the improved performance of the Group; and
- (iii) Increase in depreciation costs resulting from the additions of property, plant and equipment made during the current quarter and financial period under review.

B3. PROSPECTS

As disclosed in the Prospectus of the Company dated 30 June 2014, the estimated revenue for biomass materials – coconut fibre and oil palm EFB fibre market in Malaysia stood at RM92.40 million in 2013. By 2018, this is expected to grow to RM180.40 million, representing a compounded annual growth rate of 14.32% over the next five (5) years. Further, the recent banning of new coal-fired plants in Beijing, Shanghai and Guangzhou of China is likely to spur demand for cleaner, alternative source of energy including Briquette (*Source: Independent Market Report by Protégé Associates*).

Based on the above and the consistent demand for the Group's oil palm EFB fibre as well as other value-added biomass products (i.e. Briquette and Geotextiles) to-date, the Board of Directors is of the view that the Group's growth momentum is sustainable for the financial year ending 31 December 2015.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as no profit forecast or profit guarantee has been previously published or issued by the Group.



B5. TAX EXPENSE

	Current quarter ended 31.3.2015 RM'000	Year-to-date ended 31.3.2015 RM'000
Current tax expense	184	184
Deferred tax expense	65	65
	249	249
Effective tax rate	6.6%	6.6%

The effective tax rate for the current quarter and financial period ended 31 March 2015 of 6.6% is lower as compared to the applicable statutory tax rate of 25% mainly due to the pioneer status tax incentives awarded to our operating subsidiaries by Ministry of International Trade and Industry (MITI) in the prior years.

Details of the applicable tax exemption granted to the Group are listed below:

Company	Tax Exemption Period	Exempted Products
HK Fibre Sdn Bhd	Five (5) years, from 1 April 2012 to 31 March 2017	Coconut fibre sheet
HK Kitaran Sdn Bhd	Ten (10) years, from 1 July 2010 to 30 June 2020	Fibre from palm biomass
HK Kitaran Sdn Bhd	Five (5) years, from 1 February 2013 to 31 January 2018	Briquette from palm biomass
HK Palm Fibre Manufacturer Sdn Bhd	Five (5) years, from 24 February 2014 to 23 February 2019	Fibre from palm biomass



B6. STATUS OF CORPORATE PROPOSALS

(i) *Acquisition of leaseland industrial land*

On 13 October 2014, the Company had announced that HK Gua Musang Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with Eleplas Wood Technology Sdn Bhd for the proposed acquisition of a piece of leasehold industrial land measuring 44,461 square meter located at Bandar Gua Musang, Jajahan Gua Musang, Negeri Kelantan for a cash consideration of RM3,670,000 (“Proposed Acquisition”).

As of to-date, the Proposed Acquisition is still pending the consent from the State Authority of Kelantan for the transfer of title.

(ii) *Proposed Bonus Issue, Proposed Transfer and Proposed Amendments*

On 11 May 2015, on behalf of the Board of Directors of the Company (“**Board**”), Kenanga Investment Bank Berhad (“**Kenanga IB**”) announced that the Company proposed to undertake the following:

- (i) Proposed bonus issue of 102,900,015 new ordinary shares of RM0.10 each in Heng Huat (“Shares”) to be credited as fully paid-up on the basis of one (1) new Share for every two (2) existing Shares held on an entitlement date to be determined later (“**Proposed Bonus Issue**”);
- (ii) Proposed transfer of the listing of and quotation for the entire issued and paid-up share capital of Heng Huat from the ACE Market to the Main Market of Bursa Securities (“**Proposed Transfer**”); and
- (iii) Proposed amendments to the Articles of Association of the Company (“**Proposed Amendments**”).

(Collectively referred to as “the Proposals”)

In addition, on 13 May 2015, on behalf of the Board, Kenanga IB announced that the additional listing application of the Company in relation to the Proposed Bonus Issue has been submitted to Bursa Securities.

The circular to the shareholders in relation to the Proposed Bonus Issue will be despatched to the shareholders in due course.

Save as disclosed above, there are no other corporate proposals announced but not completed as at the date of this announcement.



B7. UTILISATION OF PROCEEDS

Gross Proceeds from public issue of 46,500,000 new Shares in conjunction with the listing of the Company on the ACE Market of Bursa Securities on 25 July 2014

The status of utilisation, as of 31 March 2015, is as follows:

Purpose	Intended Time Frame for Use (from listing date)	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation	
				Amount RM'000	%
(i) Capital expenditure	Within 36 months	4,000	800	3,200 ⁽¹⁾	80.00
(ii) Repayment of borrowings	Within 12 months	9,378	3,761	5,617 ⁽¹⁾	59.90
(iii) Working capital	Within 12 months	4,547	4,547	-	-
(iv) Estimated listing expenses	Upon Listing	3,000	3,000	-	-
Total gross proceeds		20,925	12,108	8,817	42.14

Note:

⁽¹⁾ These allocated funds are expected to be fully utilised within the stipulated time frame.

B8. BORROWINGS

The Group's borrowings as at 31 March 2015 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured and guaranteed</u>			
Bankers' acceptance	5,294	-	5,294
Bank overdrafts	152	-	152
Hire purchase payables	3,100	4,722	7,822
Term loans	2,852	9,570	12,422
Total Borrowings	11,398	14,292	25,690

All the borrowings are denominated in Ringgit Malaysia (RM).



B9. CHANGES IN MATERIAL LITIGATION

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B10. EARNINGS PER SHARE

Basic Earnings per Share ("BEPS")

	Current quarter ended		Year-to-date ended	
	31.3.2015 RM'000	31.3.2014 RM'000	31.03.2015 RM'000	31.3.2014 RM'000
Basic earnings per share				
Profit attributable to equity holders of the parent	2,916	3,037	2,916	3,037
Weighted average number of ordinary shares in issue ('000)	205,800	159,300	205,800	159,300
	sen	sen	sen	sen
BEPS	1.42	1.91	1.42	1.91

Diluted Earnings per Share ("DEPS")

No diluted earnings per share is disclosed as the Company does not have any dilutive potential ordinary shares (such as options or convertible instruments) in issue as at 31 March 2015.

B11. DISCLOSURE ON REALISED AND UNREALISED PROFIT/LOSS

The retained earnings of the Group as at 31 March 2015 are analysed as follows:

	As at 31.3.2015 RM'000	As at 31.12.2014 RM'000
The retained earnings of the Company and its subsidiaries:		
- Realised	48,757	46,739
- Unrealised	(503)	(132)
	48,254	46,607
Add: Consolidation adjustments	(9,487)	(9,727)
Total Group retained earnings as per consolidated financial statements	38,767	36,880



B12. DISCLOSURE ON SELECTED EXPENSE/ INCOME ITEMS

Included in profit before tax comprised the following income / (expense) items:

	Current quarter ended 31.3.2015 RM'000	Year-to-date ended 31.3.2015 RM'000
Interest income	52	52
Other income including investment income	120	120
Interest expense	(383)	(383)
Depreciation expenses	(1,645)	(1,645)
Amortisation expenses	(91)	(91)
Net foreign exchange gain/ (loss)	161	161
Net loss on disposal of property, plant and equipment	(47)	(47)
Fair value loss on derivatives	(181)	(181)
Property, plant and equipment written off	-	-
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Exceptional items	-	-



B13. FINANCIAL INSTRUMENTS

Derivatives

The Group have entered forward foreign currency contracts to operationally hedge forecast sales collection denominated in foreign currency that are expected to occur at various dates within the next (6) months from the end of the reporting period. Details of the forward currency contracts are set out below:

Maturity Period	[----- Contract Value -----]		Fair value
	USD'000	RM'000 equivalent	as at 31 March 2015 RM'000
- By April 2015	275	915	813
- By May 2015	90	299	264
- By June 2015	530	1,853	1,732
- By July 2015	359	1,276	1,211
- By August 2015	346	1,233	1,172
- By September 2015	28	94	83
	1,628	5,670	5,275

The fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

The difference between the forward rates entered into, and the market rates, is recognised as derivatives liability or asset as applicable with a corresponding amount reported in the profit or loss.

Gains / (Losses) arising from Fair Value Changes of Financial Liabilities

During the current quarter and financial period under review, fair value losses of approximately RM181,000 in relation to the forward foreign currency contracts entered by the Group as stated above were reported in the profit or loss.

There is no change to the policies in relation to the derivatives since the last financial year ended 31 December 2014.