



HENG HUAT RESOURCES GROUP BERHAD

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2014 ⁽¹⁾ RM'000	Preceding Year Corresponding Quarter 30.9.2013 RM'000	Current Year Period 30.9.2014 ⁽¹⁾ RM'000	Preceding Year Corresponding Period 30.9.2013 RM'000
Revenue	23,077	18,149	68,454	50,664
Cost of sales	(12,722)	(10,832)	(38,002)	(28,233)
Gross profit ("GP")	10,355	7,317	30,452	22,431
Other income	131	435	291	499
Selling and distribution expenses	(4,109)	(3,228)	(12,368)	(9,007)
Administrative and other expenses ⁽²⁾	(3,574)	(1,730)	(7,037)	(4,285)
Finance costs	(519)	(563)	(1,644)	(1,712)
Profit before taxation ("PBT")	2,284	2,231	9,694	7,926
Tax expenses	(595)	(67)	(1,501)	(566)
Profit after taxation ("PAT")	1,689	2,164	8,193	7,360
Other comprehensive income	-	-	-	-
Total comprehensive income	1,689	2,164	8,193	7,360
Profit for the financial period/ Total comprehensive income attributable to:				
- Owners of Heng Huat	1,247	2,282	6,971	7,311
- Non-controlling interests	442	(118)	1,222	49
	1,689	2,164	8,193	7,360
Earnings per share attributable to owners of Heng Huat:				
- Basic (sen) ⁽³⁾	0.64	1.43	4.08	4.59
- Diluted (sen) ⁽³⁾	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable.

⁽¹⁾ The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Prospectus of the Company dated 30 June 2014 (including the Pro Forma Financial Information and Accountants' Report) and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ Listing expenses of approximately RM1.87 million, which is non-recurring in nature, were expensed off in the current quarter and financial period under review.

⁽³⁾ Kindly refer to **Note B9** for further details.



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

	As at 30.9.2014 ⁽¹⁾ RM'000 (unaudited)	As at 31.12.2013 RM'000
Non-Current Assets		
Property, plant and equipment	61,879	59,247
Intangible assets	975	325
	62,854	59,572
Current Assets		
Inventories	6,288	4,218
Trade and other receivables	19,704	19,387
Current tax assets	448	267
Cash and cash equivalents	21,252	5,537
	47,692	29,409
TOTAL ASSETS	110,546	88,981
Equity		
Share capital	20,580	15,930
Share premium	15,863	-
Reorganisation reserve	(5,185)	(5,185)
Retained earnings	33,572	26,601
	64,830	37,346
Non-controlling interests	3,524	2,502
Total Equity	68,354	39,848
Non-Current Liabilities		
Borrowings	18,970	22,960
Deferred tax liabilities	1,419	1,103
	20,389	24,063
Current Liabilities		
Trade and other payables	9,181	11,225
Borrowings	12,075	13,841
Current tax liabilities	547	4
	21,803	25,070
Total Liabilities	42,192	49,133
TOTAL EQUITY AND LIABILITIES	110,546	88,981
NET ASSETS PER SHARE (RM)	0.38 ⁽²⁾	0.23 ⁽³⁾

Notes:

- ⁽¹⁾ The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Prospectus of the Company dated 30 June 2014 (including the Pro Forma Financial Information and Accountants' Report) and the accompanying explanatory notes attached to this interim financial report.
- ⁽²⁾ Calculated based on the Company's weighted average issued and paid-up capital for the financial period ended 30 September 2014 as detailed in Note B9.
- ⁽³⁾ Calculated based on the Company's issued and paid-up share capital of 159,300,030 ordinary shares of RM0.10 each for the financial year ended 31 December 2013, prior to the Public Issue as detailed in Note A7.



**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 2014	15,930	-	(5,185)	26,601	37,346	2,502	39,848
Issuance of ordinary shares pursuant to Public Issue and Listing, net of related expenses	4,650	15,863	-	-	20,513	-	20,513
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	-	(200)	(200)
Total comprehensive income for the financial period	-	-	-	6,971	6,971	1,222	8,193
At 30 September 2014	20,580	15,863	(5,185)	33,572	64,830	3,524	68,354
At 1 January 2013	15,930	-	(5,185)	16,861	27,606	2,350	29,956
Total comprehensive income for the financial period	-	-	-	7,311	7,311	49	7,360
At 30 September 2013	15,930	-	(5,185)	24,172	34,917	2,399	37,316

Note:

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Prospectus of the Company dated 30 June 2014 (including the Pro Forma Financial Information and Accountants' Report) and the accompanying explanatory notes attached to this interim financial report.



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

	Year-to-date ended	
	30.9.2014 RM'000	30.9.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,694	7,926
<u>Adjustments for:</u>		
Amortisation of intangible assets	43	42
Depreciation of property, plant and equipment	4,296	3,610
(Gain)/Loss on disposal of property, plant and equipment	(47)	4
Interest expense	1,644	1,712
Interest income	(60)	(26)
	15,570	13,268
Operating profit before working capital changes	15,570	13,268
Increase in inventories	(2,070)	(3,815)
Increase in trade and other receivables	(317)	860
Increase in trade and other payables	(2,044)	517
	11,139	10,830
Tax paid	(823)	(966)
Interest paid	(1,644)	(1,712)
	8,672	8,152
Net cash from operating activities	8,672	8,152
CASH FLOWS FROM INVESTING ACTIVITIES		
Development costs incurred	(693)	-
Interest received	60	26
Proceeds from disposal of property, plant and equipment	167	10
Purchase of property, plant and equipment	(7,048)	(11,775)
Changes in fixed deposits pledged with licensed banks	(33)	(120)
	(7,547)	(11,859)
Net cash used in investing activities	(7,547)	(11,859)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of ordinary shares pursuant to Public Issue and Listing, net of related expenses	20,513	-
Dividend paid to non-controlling shareholder of a subsidiary	(200)	-
Drawdown of term loans	-	3,530
Net drawdown of bankers' acceptance	(1,405)	3,401
Repayment of term loans	(1,899)	(1,768)
Net repayment of hire purchase payables	(1,517)	(1,891)
	15,492	3,272
Net cash from financing activities	15,492	3,272
Net changes in cash and cash equivalents	16,617	(435)
Cash and cash equivalents at beginning of the financial period	2,183	1,867
	18,800	1,432
Cash and cash equivalents at end of the financial period	18,800	1,432



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

	Year-to-date ended	
	30.9.2014 ⁽¹⁾	30.9.2013
	RM'000	RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	19,095	2,321
Fixed deposits pledged to financial institutions	2,157	1,356
	21,252	3,677
Less: Bank overdraft	(295)	(889)
Less: Fixed deposits pledged to financial institutions	(2,157)	(1,356)
	18,800	1,432

Note:

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Prospectus of the Company dated 30 June 2014 (including the Pro Forma Financial Information and Accountants' Report) 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, Paragraph 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, Pro Forma Financial Information and Accountants’ Report for the financial year ended 31 December 2013 as contained in the Prospectus of the Company dated 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.

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 as disclosed in the Accountants’ Report as contained in the Prospectus of the Company dated 30 June 2014, except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period as disclosed below:

Effective for annual periods commencing on or after 1 January 2014

- Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
- Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)
- IC Interpretation 21 – Levies



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 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)

Effective for annual periods commencing on or after 1 January 2016

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)
- MFRS 14 Regulatory Deferral Accounts
- 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)

Effective for annual periods commencing on or after 1 January 2017

- MFRS 15 Revenue from Contracts with Customers

Effective date to be announced by MASB

- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)
- Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 [IFRS 9 issued by IASB in November 2009], MFRS 9 [IFRS 9 issued by IASB in October 2010] and MFRS 7)
- Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)

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 year ended 31 December 2013 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

In conjunction with and as an integral part of its listing on the ACE Market of Bursa Securities (“**Listing**”), the Company has undertaken the following:

- **Initial Public Offering (“IPO”)**

(I) Public Issue of 46,500,000 new ordinary shares of RM0.10 each (“**Shares**”) in the following manner:

- 7,000,000 new Shares available for application by the Malaysian public;
- 5,000,000 new Shares available for application by eligible employees and persons who have contributed to the success of the Group;
- 12,200,000 new Shares each by way of private placement to selected investors; and
- 22,300,000 new Shares by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry; and

(II) Offer for Sale of 14,660,000 existing Shares by way of private placement to selected investors;

at an issue/offer price of RM0.45 per Share.



A7. DEBTS AND EQUITY SECURITIES (cont'd)

- **Listing on the ACE Market of Bursa Securities**

Subsequent to the IPO, the Company's entire issued and paid-up share capital of RM20,580,003 comprising 205,800,030 Shares is listed on the ACE Market of Bursa Securities on 25 July 2014.

Save for the above, there were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

A8. DIVIDEND PAID

There were no dividends paid or declared for the current quarter and financial period under review.

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

Save for the acquisition of land which has been announced by the Company to Bursa Securities, there were no other material events subsequent to the end of current quarter and financial period under review that have not been reflected in the interim financial report.

For further details on the acquisition of land, kindly refer to the announcements made by the Company on 13 October 2014 and 16 October 2014.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

The Company has incorporated two new wholly-owned subsidiaries, namely HK Gua Musang Sdn Bhd and HK Power Sdn Bhd during the current quarter under review. Relevant details have been announced to Bursa Securities on 22 September 2014.

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 30 September 2014 is as follows:

	As at 30.9.2014 RM'000
Property, plant and equipment	
Approved but not contracted for	3,200
Contracted but not provided for	3,303
	<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 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	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
<i>Segment Revenue</i>				
Biomass materials and related products	18,556	14,588	54,968	39,863
Mattresses and related products	9,123	7,067	27,380	21,566
	27,679	21,655	82,348	61,429
Elimination of intragroup transactions	(4,602)	(3,506)	(13,894)	(10,765)
Revenue from external customers	23,077	18,149	68,454	50,664
<i>Segment Results</i>				
Biomass materials and related products	4,315	2,191	12,029	7,657
Mattresses and related products	(131)	143	14	589
	4,184	2,334	12,043	8,246
Unallocated corporate income and expenses (net)	(1,506)	82	(2,187)	(260)
Elimination of intragroup transactions and profits	(394)	(185)	(162)	(60)
Profit before tax of the Group	2,284	2,231	9,694	7,926
<i>Segment Assets</i>				
Biomass materials and related products	86,543	83,176	86,543	83,176
Mattresses and related products	19,098	14,563	19,098	14,563
	105,641	97,739	105,641	97,739
Tax assets	448	416	448	416
Unallocated assets	19,130	1,961	19,130	1,961
Elimination of intragroup balances and profits	(14,673)	(15,089)	(14,673)	(15,089)
Total assets of the Group	110,546	85,027	110,546	85,027
<i>Segment Liabilities</i>				
Biomass materials and related products	36,970	48,302	36,970	48,302
Mattresses and related products	16,039	11,579	16,039	11,579
	53,009	59,881	53,009	59,881
Tax liabilities	1,966	731	1,966	731
Unallocated liabilities	1,742	2,042	1,742	2,042
Elimination of intragroup balances and profits	(14,525)	(14,943)	(14,525)	(14,943)
Total liabilities of the Group	42,192	47,711	42,192	47,711



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

B1. ANALYSIS OF PERFORMANCE

Revenue

For the current quarter ended 30 September 2014, the Group recorded revenue of RM23.08 million, representing an increase of approximately RM4.93 million or 27.16% as compared to the revenue of RM18.15 million registered in the preceding year corresponding quarter.

For the financial period ended 30 September 2014, the Group recorded revenue of RM68.45 million, representing an increase of approximately RM17.79 million or 35.12% as compared to the revenue of RM50.66 million in the preceding year corresponding period.

The increase in revenue was mainly contributed by improved revenue from the biomass materials and related products segment by approximately RM3.97 million and RM15.11 million during the current quarter and financial period ended 30 September 2014 respectively, arising from higher demand of oil palm EFB fibre particularly from the China market and improved average selling price by approximately 15.2% and 20.9% during the current quarter and financial period under review respectively, as compared to the preceding year corresponding quarter and period.

PBT

For the current quarter ended 30 September 2014, the Group reported PBT of RM2.28 million, representing an increase of approximately RM0.05 million or 2.24% as compared to the PBT of RM2.23 million recorded in the preceding year corresponding quarter.

For the financial period ended 30 September 2014, the Group reported PBT of RM9.69 million, representing an increase of approximately RM1.76 million or 22.19% as compared to the PBT of RM7.93 million recorded in the preceding year corresponding period.

The increase in PBT was in line with the revenue growth recorded during the current quarter and financial period under review as explained above. The increase in revenue was, however, partially 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 transportation cost; and
- (iii) Non-recurring listing expenses of RM1.87 million expensed off during the current quarter and financial period under review upon completion of the Company's Listing on 25 July 2014.



B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 30 September 2014 RM'000	Preceding quarter ended 30 June 2014 RM'000
PBT	2,284	3,660

The Group's PBT for the current quarter ended 30 September 2014 has lower as compared to the preceding quarter ended 30 June 2014, varied by approximately RM1.38 million or 37.60% primarily due to non-recurring listing expenses of approximately RM1.87 million were expensed off during the current quarter under review upon completion of the Company's Listing on 25 July 2014.

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 Prot ég é Associates Sdn Bhd*).

Based on the above and the consistent demand for the Group's oil palm EFB fibre 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 2014.

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. INCOME TAX EXPENSE

	Current quarter ended 30.9.2014 RM'000	Year-to-date ended 30.9.2014 RM'000
Current tax expense	443	1,185
Deferred tax expense	152	316
	595	1,501
Effective tax rate	26.1%	15.5%

The Group's effective tax rate for the current quarter under review stood at 26.1%, whilst the effective tax rate for the financial period under review stood at 15.5%. The varying trend is primarily due to no tax deduction is allowed for the non-recurring listing expenses expensed off during the current quarter under review.

The Group's effective tax rate for the financial period ended 30 September 2014 is lower as compared to the applicable statutory tax rate of 25%. This is mainly due to two of the Group's operating subsidiaries, namely HK Fibre Sdn Bhd and HK Kitaran Sdn Bhd, have been granted pioneer status by Ministry of International Trade and Industry (MITI) for their products in which their statutory income are exempted from tax for a stipulated period. The details of the applicable tax exemption are as follows:

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

In addition to the above tax exemptions, HK Kitaran had been granted an additional pioneer status by MITI on 21 July 2014 for its production of briquette from palm biomass in which the statutory income therefrom is exempted from tax for a stipulated period. The details of the new tax exemption obtained is as follows:

Company	Tax Exemption Period	Exempted Products
HK Kitaran Sdn Bhd	Five (5) years, from 1 February 2013 to 31 January 2018	Briquette from palm biomass



B6. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

The Company has completed the Public Issue and Listing on the ACE Market of Bursa Securities on 25 July 2014, details as disclosed under Note A7.

Total gross proceeds raised by the Company from the Public Issue amounting to approximately RM20.93 million. The status of utilisation, as of 14 November 2014, 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	-	9,378 ⁽¹⁾	100.00
(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	8,347	12,578	60.11

Note:

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

B7. BORROWINGS

The Group's borrowings as at 30 September 2014 are as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured and guaranteed</i>			
Bankers' acceptance	4,631	-	4,631
Bank overdrafts	295	-	295
Hire purchase payables	4,257	8,068	12,325
Term loans	2,892	10,902	13,794
Total Borrowings	12,075	18,970	31,045

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



B8. 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.

B9. EARNINGS PER SHARE

Basic Earnings per Share ("BEPS")

	Current quarter ended		Year-to-date ended	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to equity holders of the parent	1,247	2,282	6,971	7,311
Weighted average number of ordinary shares in issue ('000)	193,670	159,300	170,882	159,300
	sen	sen	sen	sen
BEPS	0.64	1.43	4.08	4.59

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 30 September 2014.



B10. DISCLOSURE ON REALISED AND UNREALISED PROFIT/LOSS

The retained earnings of the Group as at 30 September 2014 are analysed as follows:

	As at 30.9.2014 RM'000	As at 31.12.2013 RM'000
The retained earnings of the Company and its subsidiaries:		
- Realised	43,727	35,755
- Unrealised	(1,419)	(1,103)
	<hr/>	<hr/>
	42,308	34,652
Add: Consolidation adjustments	(8,736)	(8,051)
	<hr/>	<hr/>
Total Group retained earnings as per consolidated financial statements	33,572	26,601

B11. DISCLOSURE ON SELECTED EXPENSE/INCOME ITEMS

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

	Current quarter ended 30.9.2014 RM'000	Year-to-date ended 30.9.2014 RM'000
Interest income	47	60
Other income including investment income	57	149
Interest expense	(519)	(1,644)
Depreciation expenses	(1,516)	(4,296)
Amortisation expenses	(15)	(43)
Net foreign exchange gain/(loss)	(192)	(431)
Net gain/(loss) on disposal of property, plant and equipment	10	47
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	-	-
Gain/(Loss) on derivatives	-	-
Impairment of assets	-	-
Exceptional items	-	-