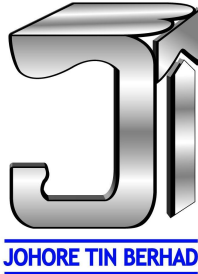


Company No. 532570-V



JOHORE TIN BERHAD
(Company No. 532570-V)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

(UNAUDITED)

This Report is dated 20th August 2014.

Company No. 532570-V



QUARTERLY REPORT

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

	NOTE	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Current Year Quarter 30-06-2014 RM'000	Preceding Year Corresponding Quarter 30-06-2013 RM'000	Current Year- To-Date 30-06-2014 RM'000	Preceding Year- To-Date 30-06-2013 RM'000
REVENUE		58,757	61,540	120,211	113,334
Cost of Sales		(53,020)	(46,468)	(101,128)	(86,652)
GROSS PROFIT		5,737	15,072	19,083	26,682
Other income		190	299	451	794
Administrative expenses		(3,576)	(4,383)	(6,985)	(7,708)
Distribution expenses		(2,259)	(2,435)	(4,275)	(4,456)
Other expenses		(285)	(387)	(594)	(549)
Finance costs		(355)	(402)	(603)	(710)
(LOSS)/PROFIT BEFORE TAX		(548)	7,764	7,077	14,053
Income tax expense	B7	295	(2,104)	(2,251)	(2,825)
(LOSS)/PROFIT FOR THE PERIOD		(253)	5,660	4,826	11,228
Non-controlling interest		(3)	11	(6)	15
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY		(256)	5,671	4,820	11,243
OTHER COMPREHENSIVE INCOME					
Foreign currency translation		(78)	5	(22)	7
Total other comprehensive (loss)/ income for the period		(78)	5	(22)	7
COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD	B8	(334)	5,676	4,798	11,250
(Loss)/Profit after tax attributable to:					
Owners of the Company		(256)	5,671	4,820	11,243
Non-controlling interest		3	(11)	6	(15)
		(253)	5,660	4,826	11,228
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(334)	5,676	4,798	11,250
Non-controlling interest		3	(11)	6	(15)
		(331)	5,665	4,804	11,235
(Loss)/Earnings per share (sen):					
- Basic and Diluted	B9	(0.27)	6.08	5.17	12.05

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes to the quarterly report.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (UNAUDITED)**

	NOTE	As at 30 June 2014 (Unaudited) RM'000	As at 31 December 2013 (Audited) RM'000
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment		75,974	76,707
Investment properties		1,630	1,638
Goodwill on consolidation		10,650	10,650
Other investment		17	17
		88,271	89,012
Current Assets			
Inventories		74,142	58,266
Trade receivables		44,318	39,897
Other receivables		3,407	1,426
Amount owing from related companies		2,688	1,476
Tax recoverable		1,963	2,850
Derivative financial assets	B11	59	-
Cash and cash equivalents		38,739	38,266
		165,316	142,181
Total Assets		253,587	213,193
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Share capital		93,305	93,305
Retained earnings	B10	71,086	66,266
Other components of equity		10,026	10,048
Equity Attributable to Owners of the Company		174,417	169,619
Non-controlling interest		134	128
Total Equity		174,551	169,747

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes to the quarterly report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2014 (UNAUDITED) (cont'd)**

	NOTE	As at 30 June 2014 (Unaudited) RM'000	As at 31 December 2013 (Audited) RM'000
<u>EQUITY AND LIABILITIES (cont'd)</u>			
Non-Current Liabilities			
Long-term borrowings	B12	12,860	15,563
Retirement benefits		362	301
Deferred tax		5,223	5,213
Total Non-Current Liabilities		18,445	21,077
Current Liabilities			
Trade payables		18,597	10,248
Other payables		8,148	7,299
Amount owing to directors		388	713
Short-term borrowings	B12	32,876	20,250
Derivative financial liabilities	B11	-	166
Income tax		582	1,693
Total Current Liabilities		60,591	40,369
Total Liabilities		79,036	61,446
Total Equity and Liabilities		252,587	213,193
Net Assets (NA) per share attributable to ordinary equity holders of the Company (RM)		1.87	1.82

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes to the quarterly report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

Note	<u>Non-Distributable Reserves</u>			<u>Distributable</u>		Attributable to Owners of the Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium Reserve RM'000	Warrants Reserve RM'000	Foreign Translation Reserve RM'000	Retained Earnings RM'000			
Balance at 1 January 2014	93,305	5,528	5,233	(713)	66,266	169,619	128	169,747
Total comprehensive income for the period	-	-	-	(22)	4,820	4,798	6	4,804
Dividend	-	-	-	-	-	-	-	-
Balance at 30 June 2014	<u>93,305</u>	<u>5,528</u>	<u>5,233</u>	<u>(735)</u>	<u>71,086</u>	<u>174,417</u>	<u>134</u>	<u>174,551</u>
Balance at 1 January 2013	93,305	5,528	5,233	(587)	52,392	155,871	-	155,871
Acquisition of new subsidiary	-	-	-	-	-	-	0	0
Total comprehensive income for the period	-	-	-	7	11,243	11,250	(15)	11,235
Dividend	-	-	-	-	-	-	-	-
Balance at 30 June 2013	<u>93,305</u>	<u>5,528</u>	<u>5,233</u>	<u>(580)</u>	<u>63,635</u>	<u>167,121</u>	<u>(15)</u>	<u>167,106</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes to the quarterly report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

	NOTE	Current Year-To-Date 30-06-2014 RM'000	Preceding Year-To-Date 30-06-2013 RM'000
Net cash (used in)/from operating activities	B15	(6,275)	1,518
Net cash used in investing activities	B15	(2,529)	(4,462)
Net cash from financing activities	B15	9,448	1,689
Net increase/(decrease) in cash and cash equivalents		644	(1,255)
Adjustment for foreign exchange differentials		(171)	(67)
Cash and cash equivalents as of beginning of period		38,266	49,626
Cash and cash equivalents as of end of period		38,739	48,304

Cash and cash equivalents at the end of the financial reporting period comprise the following:

	Current Year-To-Date 30-06-2014 RM'000	Preceding Year-To-Date 30-06-2013 RM'000
Cash and bank balances	38,739	48,304
Bank overdraft	-	-
	38,739	48,304

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes to the quarterly report.



**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

PART A

**EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS
134: INTERIM FINANCIAL REPORTING (“MFRS 134”)**

A1. Basis of Preparation

The unaudited condensed interim financial statements for the second quarter ended 30 June 2014 have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and with IAS 34 *Interim Financial Reporting*, and the applicable disclosure provisions on paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”), and should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 December 2013.

These condensed consolidated interim financial statements are prepared under historical cost convention, which are in compliance with MFRSs and the requirements of the Companies Act 1965 in Malaysia. These are the Group’s first set of condensed interim financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group for these unaudited condensed interim financial statements are consistent with those in the audited financial statements for the financial year ended 31 December 2013.

a) The Group has not applied in advance the following applicable new/revised accounting standards (“MFRSs”) and Issues Committee Interpretations (including consequential amendments) (“IC Int.) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:

MFRS and IC Interpretations	Effective Date
MFRS 9 <i>Financial Instruments (2009)</i>	1 January 2015
MFRS 9 <i>Financial Instruments (2010)</i>	1 January 2015
Amendments to MFRS 9 <i>Financial Instruments: Disclosure - Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	1 January 2015
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interests in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014

The above MFRSs and IC Int. will not have any material impact on the Group’s financial statements.

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

A3. Audit Qualification

There was no qualification on the annual audited financial statements of the Group for the year ended 31 December 2013.

A4. Seasonal or Cyclical Factors

The Group's operations are not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial reporting period under review.

A6. Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial reporting year that have a material effect in the current interim period.

A7. Dividend Paid

There was no dividend paid during the financial reporting period under review.

A8. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debts and equity securities for the current financial reporting period.

A9. Subsequent Material Events

There were no material events subsequent to the end of the current financial reporting period that have not been reflected in the financial statements for the current interim period.

A10. Contingent Liabilities

	THE COMPANY	
	As at	As at
	30-06-2014	31-12-2013
	RM'000	RM'000
Corporate Guarantee given to licensed banks for banking facilities granted to subsidiaries	30,394	29,915

A11. Changes in the Composition

There are no changes in the composition of the entity during the current interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations.



**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

A12. Segmental Reporting

a) Operating Segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- | | |
|-----------------------|--|
| 1) Investment Holding | <i>Investment holding and provision of management services.</i> |
| 2) Tin Manufacturing | <i>Manufacturing of various tins, cans and other containers.</i> |
| 3) Food and Beverage | <i>Manufacturing and selling of milk and related dairy products.</i> |

THE GROUP	Investment Holding	Tin Manufacturing	Food & Beverage	Total
30 June 2014	RM'000	RM'000	RM'000	RM'000
External revenue	-	42,968	77,243	120,211
Inter-segment revenue	-	7,436	4,808	12,244
Dividend income	-	-	-	-
Management income	-	-	-	-
Total revenue	-	50,404	82,051	132,455
Reportable segment (loss)/profit	(737)	6,713	1,101	7,077
Reportable segment assets	12,944	135,130	105,513	253,587

THE GROUP	Investment Holding	Tin Manufacturing	Food & Beverage	Total
30 June 2013	RM'000	RM'000	RM'000	RM'000
External revenue	-	43,240	70,094	113,334
Inter-segment revenue	-	8,448	-	8,448
Dividend income	6,015	-	-	6,015
Management income	-	-	-	-
Total revenue	6,015	51,688	70,094	127,797
Reportable segment (loss)/profit	(626)	5,624	6,230	11,228
Reportable segment assets	23,357	131,494	81,739	236,590

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**
A12. Segmental Reporting (Cont'd)
b) Geographical Segments

The Group's principal business activities are manufacturing of various tins, cans and other containers, and are primarily carried out in Malaysia and Indonesia.

THE GROUP 30 June 2014	Malaysia RM'000	Indonesia RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	120,211	-	-	120,211
Inter-segment revenue	12,244	-	(12,244)	-
Dividend income	-	-	-	-
Management income	-	-	-	-
Total revenue	132,455	-	(12,244)	120,211
Segment results	7,575	20	85	7,680
Finance costs	(603)	-	-	(603)
Profit before tax	7,575	20	85	7,077
Tax expense				(2,251)
Net profit for the period				4,826
Other Information:				
Capital expenditure	2,756	-	-	2,756
Depreciation and amortisation	3,493	-	(2)	3,491
Segment assets	393,964	707	(141,084)	253,587
Segment liabilities	107,488	7	(28,459)	79,036

THE GROUP 30 June 2013	Malaysia RM'000	Indonesia RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	113,334	-	-	113,334
Inter-segment revenue	8,448	-	(8,448)	-
Dividend income	6,015	-	(6,015)	-
Management income	-	-	-	-
Total revenue	127,797	-	(14,463)	113,334
Segment results	20,783	(17)	(6,003)	14,763
Finance costs	(710)	-	-	(710)
Profit before tax	20,073	(17)	(6,003)	14,053
Tax expense				(2,825)
Net profit for the period				11,228
Other Information:				
Capital expenditure	5,305	-	-	5,305
Depreciation and amortisation	2,488	3	-	2,491
Segment assets	358,838	806	(123,054)	236,590
Segment liabilities	85,877	8	(16,400)	69,485

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

A13. Related Party Transactions

The amount owing to directors are unsecured, interest free advances and repayable on demand. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operation decisions. The related parties and their relationship with the Company are as follows:

	THE GROUP	
	Current	Preceding
	Year-To-Date	Year-To-Date
	30-06-2014	30-06-2013
	RM	RM
Director of the Company		
Rental of factory	8,400	8,400

	THE GROUP	
	Current	Preceding
	Year-To-Date	Year-To-Date
	30-06-2014	30-06-2013
	RM	RM
Related Company		
Sales of goods	1,613,883	3,246,004
Purchases of goods	46,256	789,912

The tenancy period was mutually agreed by both parties for a period of two years and expired on 14 November 2013, which was subsequently renewed on 15 November 2013 for another period of two years until 14 November 2015.

The directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are not less favourable than those arranged with independent third parties.

[End of Part A]



**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

PART B

**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF THE BURSA SECURITIES**

B1. Review of Group Performance

a) Current Year Quarter compared with Preceding Year Corresponding Quarter

The Group recorded a revenue of RM58.76 million and loss before tax of RM0.55 million for the second quarter as compared to preceding year corresponding quarter of RM61.54 million and against the profit before tax of RM7.76 million respectively. The revenue decreased by RM2.78 million as compared to the second quarter of the preceding year due to compensation paid to one of the food & beverage segments' customer for products with quality issue. As a result, the Group's profit reduced by RM8.31 million.

For the tin manufacturing segment, revenue increased by RM2.94 million from RM21.85 million to RM24.79 million due to higher demand in oil industry. However, profit before tax decreased marginally by RM0.76 million from RM4.07 million to RM3.31 million mainly due to higher depreciation cost on new machineries.

As for the Food and Beverage ("F&B") segment, revenue decreased by RM5.71 million from RM39.68 million to RM33.97 million, mainly due to compensation paid to one of the F&B segment's customer for products with quality issue. The F&B segment current quarter's profit decreased significantly by RM7.46 million from profit before tax of RM4.07 million in the preceding year corresponding quarter, resulted to a loss before tax of RM3.39 million due to the said compensation.

b) Current Year-To-Date compared with Preceding Year-To-Date

The Group has recorded a revenue of RM120.21 million and profit before tax of RM7.08 million for the 6 months' period ended 30 June 2014 as compared to preceding year-to-date of RM113.33 million and RM14.05 million respectively. The Group achieved an increase in revenue of RM6.88 million as compared to preceding year-to-date due to increased demand in F&B segments. However, profit before tax decreased significantly by RM6.98 million due to compensation paid for products with quality issue.

For the tin manufacturing industry, revenue decreased marginally by RM0.27 million from RM43.24 million to RM42.97 million due to slightly lower demand. Profit before tax had decreased by RM1.23 million from RM7.94 million to RM6.71 million mainly due to higher depreciation cost on new machineries.

As for the F&B segment, revenue increased by RM7.15 million from RM70.09 million to RM77.24 million, mainly due to higher demand and contributions of revenue from Able Food S/B. However, profit before tax decreased significantly by RM5.63 million from RM6.73 million to RM1.1 million due to compensation paid for products with quality issue.

B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group's profits reduced by RM8.18 million to loss before tax of RM0.55 million as compared to profit before tax of RM7.63 million in the preceding quarter ended 31 March 2014.

a) Tin Manufacturing Industry

The marginal decrease in profit before tax of RM0.09 million from RM3.4 million to RM3.31 million was due to increase in depreciation cost.



**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

B2. Variation of Results against Preceding Quarter (Cont'd)

b) F&B Industry

F&B reduced in profit of RM7.88 million from profit before tax of RM4.49 million to loss before tax of RM3.39 million due to the compensation paid during the current quarter under review.

B3. Prospects of the Group

a) Tin Manufacturing Industry

Raw materials prices are expected to remain constant in the near-term. As for the demand, it is expected to maintain and remain stable.

With the stable market demand, profitability is expected to remain constant.

b) F&B Industry

Milk powder prices are bearish in the near term and if this trend continues to the middle term, then prices for the finished goods will be under pressure to be reduced as well.

Demand is expected to remain strong but we foresee a very competitive market for our F&B businesses. This segment will be continue to be profitable with a slightly lower margin.

B4. Revenue or Profit Estimates

This is not applicable to the Group for the current financial reporting period under review.

B5. Profit Forecast or Profit Guarantee

The profit forecast is not applicable to the Group for the current financial reporting period.

B6. Status of Corporate Proposals and Utilisation of Proceeds Raised from Rights Issue

The Company has increased its share capital by 23,326,333 new ordinary shares of RM1.00 each at an issue price of RM1.28 each per share, amounting to RM29,857,706.24 from the Rights Issue on 27 November 2012.

The status of the utilisation of proceeds from the rights issue as at 30 June 2014 are summarised as follows:

Purpose	Proposed	Actual	Intended	Deviation	
	Utilisation	Utilisation		Timeframe	RM'000
	RM'000	RM'000	(Within)		
i) Purchase of land and construction of new warehouse and factory	15,000	5,000	18 months *	10,000	66.67
ii) Purchase of machineries and equipment	8,000	8,000	18 months	-	-
iii) Upgrading works	1,500	886	18 months **	614	40.94
iv) Working capital	4,857	4,857	12 months	-	-
v) Rights issue expenses	500	500	1 month	-	-
	<u>29,857</u>	<u>19,243</u>		<u>10,614</u>	<u>35.55</u>

* Construction of new warehouse and factory has commenced, however, it has started late due to pending approval from relevant authorities. Partial utilisation of proceeds has been made to the contractor during the 3rd quarter of 2014.

** Some of the upgrading works are delay pending completion of the new warehouse and factory.

**NOTES TO THE FINANCIAL INFORMATION
 FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**
B7. Tax Expense

	Individual Quarter		Cumulative Quarter	
	30-06-2014 RM'000	30-06-2013 RM'000	30-06-2014 RM'000	30-06-2013 RM'000
Current year:				
- Income tax	54	728	2,237	1,726
- Deferred tax	(353)	1,376	10	1,099
	(299)	2,104	2,247	2,825
Under/(Over) provision in previous year:				
- Income tax	4	-	4	-
	295	2,104	2,251	2,825

B8. Notes to the Statement of Profit or Loss and Other Comprehensive Income

Included in the Statement of Profit or Loss and Other Comprehensive Income are as follows:

	Individual Quarter		Cumulative Quarter	
	30-06-2014 RM'000	30-06-2013 RM'000	30-06-2014 RM'000	30-06-2013 RM'000
Interest income	(107)	(223)	(226)	(426)
Other income	(83)	(76)	(225)	(368)
Interest expense	355	402	603	710
Depreciation and amortisation	1,771	1,256	3,491	2,491
(Gain)/Loss on disposal of property, plant and equipment	-	(111)	-	(115)
Foreign exchange (gain)/loss	414	70	348	(58)
(Gain)/Loss on derivatives	(159)	394	(225)	354
Exceptional items	-	-	-	-

B9. (Loss)/Earnings Per Share

The basic (loss)/earnings per share is calculated based on the net profit divided by the weighted average number of ordinary shares in issues during the financial reporting period which is as follows:

	Individual Quarter		Cumulative Quarter	
	30-06-2014	30-06-2013	30-06-2014	30-06-2013
(Loss)/Profit for the period (RM'000)	(256)	5,671	4,820	11,243
Weighted average number of ordinary shares ('000 shares):				
At beginning of the period	93,305	93,305	93,305	93,305
Effect on ordinary shares issued	-	-	-	-
At end of the period	93,305	93,305	93,305	93,305
Basic and Diluted (Loss)/Earnings per Share (Sen)	(0.27)	6.08	5.17	12.05

For the financial reporting period under review, the outstanding warrants does not have a dilutive effect to the earnings per ordinary share as the average market price of ordinary shares as at the end of the reporting period was below the exercise price of the warrants.

**NOTES TO THE FINANCIAL INFORMATION
 FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**
B10. Disclosure of Realised and Unrealised Profits

The breakdown of the realised and unrealised profits or losses as at the end of the financial reporting period is as follows:

	THE GROUP	
	As at 30-06-2014 RM'000	As at 31-12-2013 RM'000
Total retained earnings (Company and its subsidiaries)		
- realised	155,824	150,446
- unrealised	(5,335)	(5,125)
	150,489	145,321
Less: Consolidation adjustments	(79,403)	(79,055)
Total group retained earnings as per unaudited condensed consolidated statement of financial position	71,086	66,266

B11. Derivative Financial Instruments

As at 30 June 2014, the Group has entered into the short-term foreign currency forward contract, to hedge its purchases denominated in foreign currency so as to limit the exposure to fluctuations in foreign exchange rates.

The details of the foreign currency forward contracts are as follows:

Type of Derivatives	THE GROUP	
	As at 30-06-2014 RM'000	As at 31-12-2013 RM'000
Forward Contracts (US Dollar)		
Fair Value	2,890	10,645
Less: Contract/Notional Value	2,949	10,479
(Gain)/Loss on Fair Value Changes	(59)	166

All contracts entered by the Group are executed with creditworthy financial institutions in Malaysia. As a result, the credit risk or the risk of counterparties defaulting is minimal. The Group also has a low liquidity risk as it maintains sufficient fund to settle the entire derivative financial instruments when they fall due.

However, the Group is subject to market risk in term of foreign currency, on sales and purchases that are denominated in foreign currency other than Ringgit Malaysia. The Group maintains a natural hedge, whenever is possible, by matching the receivables and the payables in the same currency, any unmatched balances will be hedged by the forward foreign currency contracts.

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**
B12. Loan and Borrowings

The Group's bank loan and borrowings as at the end of the financial reporting period are as follows:

	THE COMPANY		THE GROUP	
	As at 30-06-2014 RM'000	As at 31-12-2013 RM'000	As at 30-06-2014 RM'000	As at 31-12-2013 RM'000
Current portion (secured):				
Term loans	1,433	1,428	1,924	1,893
Short-term banking facilities	-	-	22,928	10,454
Revolving credit	5,000	5,000	5,000	5,000
Hire purchase payables (see Note B13 below)	-	-	3,024	2,903
	<u>6,433</u>	<u>6,428</u>	<u>32,876</u>	<u>20,250</u>
Non-current portion (secured):				
Term loans	4,901	5,623	9,224	10,209
Hire purchase payables (see Note B13 below)	-	-	3,636	5,354
	<u>4,901</u>	<u>5,623</u>	<u>12,860</u>	<u>15,563</u>
Total loan and borrowings	<u>11,334</u>	<u>12,051</u>	<u>45,736</u>	<u>35,813</u>

Except for the above, the Group's other banking facilities (all pertaining to certain subsidiary companies) are secured by way of corporate guarantee issued by the Company.

B13. Hire Purchase Payables

The Group's hire purchase payables as at the end of the financial reporting period are as follows:

	THE GROUP	
	As at 30-06-2014 RM'000	As at 31-12-2013 RM'000
Minimum hire purchase payments	6,701	8,317
Less: Future finance charges	(41)	(60)
Present value of hire purchase payables	<u>6,660</u>	<u>8,257</u>
Less: Current portion (see Note B12 above)	<u>(3,024)</u>	<u>(2,903)</u>
Non-current portion (see Note B12 above)	<u>3,636</u>	<u>5,354</u>

**NOTES TO THE FINANCIAL INFORMATION
 FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**
B14. Warrants Reserve

The movements in the warrants reserve of the Company are as follows:

	THE GROUP	
	As at 30-06-2014 RM'000	As at 31-12-2013 RM'000
Balance at 1 January 2014/2013	28,487	28,487
Arising from rights issue with warrants	-	-
Applied for warrants issue expenses	-	-
Balance at 30 June 2014/2013	28,487	28,487

As at the end of the reporting period under review, no warrants have been exercised.

B15. Notes to the Condensed Consolidated Statement of Cash Flows

The details of major components in the Statement of Cash Flows comprises as follows:

	THE GROUP	
	Current Year-To-Date 30-06-2014 RM'000	Preceding Year-To-Date 30-06-2013 RM'000
a) Cash Flows from Operating Activities		
Decrease in inventories	(15,784)	(8,776)
Decrease in trade and other receivables	(6,793)	(7,955)
Decrease in trade and other payables	9,265	3,332
Income tax paid	(3,454)	(2,341)
Income tax refund	1,000	1,002
	-	-
b) Cash Flows used in Investing Activities		
Proceeds from disposal of property, plant and equipment	-	417
Purchase of property, plant and equipment	(2,756)	(5,305)
	-	-
c) Cash Flows used in Financing Activities		
Dividend paid	-	-
Net drawdown of bankers' acceptance	12,603	3,723
Repayment of term loan	(954)	(1,202)
Repayment of hire purchase payables	(1,597)	(204)
	-	-

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (UNAUDITED)**

B16. Proposed Dividend

During the financial reporting period under review, the Directors do not recommend any interim dividend for the financial period ended 30 June 2014.

The final single-tier dividend of 2.0% amounting to RM1,866,107, in respect of the financial year ended 31 December 2013, which was approved by the shareholders at the Annual General Meeting of the Company held on 25 June 2014, had been paid on 25 July 2014 to the depositors registered in the Record of Depositors at the close of business on 2 July 2014.

B17. Material Litigations

There were no pending material litigations since the date of last audited annual statement of financial position.

B18. Authorisation for Issue

The second quarter unaudited financial statements were authorised for issued by the Board of Directors in accordance to the Board of Directors meeting held on 20 August 2014.

[End of Report]