

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31 March 2015

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Quarter ⁽²⁾	Current Year To Date	Preceding Year To Date ⁽²⁾
		31 Mar 2015 RM'000	31 Mar 2014 RM'000	31 Mar 2015 RM'000	31 Mar 2014 RM'000
REVENUE		29,106	N/A	29,106	N/A
COST OF SALES		(17,390)	N/A	(17,390)	N/A
GROSS PROFIT		11,716	N/A	11,716	N/A
OTHER OPERATING INCOME		57	N/A	57	N/A
		11,773	N/A	11,773	N/A
SELLING AND DISTRIBUTION EXPENSES		(186)	N/A	(186)	N/A
ADMINISTRATIVE EXPENSES		(4,993)	N/A	(4,993)	N/A
FINANCE COSTS		(515)	N/A	(515)	N/A
PROFIT BEFORE TAXATION	B5	6,079	N/A	6,079	N/A
TAXATION	B6	(1,239)	N/A	(1,239)	N/A
PROFIT AFTER TAXATION		4,840	N/A	4,840	N/A
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	N/A	-	N/A
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		4,840	N/A	4,840	N/A
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
- Owners of the Company		4,809	N/A	4,809	N/A
- Non-Controlling interests		31	N/A	31	N/A
		4,840	N/A	4,840	N/A
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		4,809	N/A	4,809	N/A
- Non-Controlling interests		31	N/A	31	N/A
		4,840	N/A	4,840	N/A
Earnings per share (sen) attributable to Owners of the Company:-					
- Basic ⁽³⁾	B12	3.38	N/A	3.38	N/A
- Diluted		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 Pro Forma Historical Financial Information and Accountants' Report for the financial year ended 31 December 2014 as disclosed in Section 11 and 13 of the Prospectus of the Company dated 11 June 2015 and the accompanying explanatory notes attached to these interim financial statements.

(2) - No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(3) - Based on the weighted average number of ordinary shares in issue as detailed in Note B12.

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Unaudited Condensed Consolidated Statement of Financial Position for the Period Ended 31 March 2015

	Notes	As At 31 Mar 2015 RM'000	As at 31 Mar 2014 ⁽²⁾ RM'000
NON CURRENT ASSETS			
Property, plant and equipment		122,207	N/A
CURRENT ASSETS			
Inventories		582	N/A
Trade receivables		25,986	N/A
Other receivables, deposits and prepayments		3,336	N/A
Tax recoverable		2,114	N/A
Deposit with financial institutions		22	N/A
Cash and bank balances		6,772	N/A
		<u>38,812</u>	<u>N/A</u>
TOTAL ASSETS		<u>161,019</u>	<u>N/A</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		71,109	N/A
Merger deficit		(68,979)	N/A
Revaluation reserve		18,139	N/A
Retained profits		70,772	N/A
ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>91,041</u>	<u>N/A</u>
NON-CONTROLLING INTERESTS		408	N/A
TOTAL EQUITY		<u>91,449</u>	<u>N/A</u>
NON-CURRENT LIABILITIES			
Long term borrowings	B8	32,524	
Deferred tax liabilities		4,706	N/A
		<u>37,230</u>	
CURRENT LIABILITITES			
Trade payables		6,849	N/A
Other payables and accruals		10,656	N/A
Provision for taxation		1,006	N/A
Short term borrowings	B8	13,829	N/A
		<u>32,340</u>	<u>N/A</u>
TOTAL LIABILITIES		<u>69,570</u>	<u>N/A</u>
TOTAL EQUITY AND LIABILITIES		<u>161,019</u>	<u>N/A</u>
Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽³⁾		<u>0.64</u>	<u>N/A</u>

Notes:

N/A - Not applicable.

(1) - The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Pro Forma Historical Financial Information and Accountants' Report for the financial year ended 31 December 2014 as disclosed in Section 11 and 13 of the Prospectus of the Company dated 11 June 2015 and the accompanying explanatory notes attached to these interim financial statements.

(2) - No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(3) - Based on the weighted average number of ordinary shares in issue as detailed in Note B12.

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Unaudited Condensed Consolidated Statement of Changes in Equity for the Period Ended 31 March 2015

	< -----Attributable to equity holders of the Company----- >						
	< -----Non-Distributable----- >			Distributable		Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000		
As at 1 January 2015	#	-	-	(247)	(247)		
Effect arising from merger	71,109	(68,979)	18,139	66,210	86,479	377	86,856
Total comprehensive income for the period	-	-	-	4,809	4,809	31	4,840
As at 31 March 2015	71,109	(68,979)	18,139	70,772	91,041	408	91,449

Notes:

- Represents RM3.

(1) - The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Pro Forma Historical Financial Information and Accountants' Report for the financial year ended 31 December 2014 as disclosed in Section 11 and 13 of the Prospectus of the Company dated 11 June 2015 and the accompanying explanatory notes attached to these interim financial statements.

(2) - No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Unaudited Condensed Consolidated Statement of Cash Flows for the Period Ended 31 March 2015

	Current Year To Date 31 Mar 2015 RM'000	Preceding Year To Date ⁽²⁾ 31 Mar 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,079	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	1,089	N/A
Loss on disposal of property, plant & equipment	8	N/A
Interest expense	515	N/A
Interest income	(10)	N/A
Operating profit before working capital changes	7,681	N/A
Decrease in inventories	193	N/A
Decrease in trade and other receivables	105	N/A
Increase in trade and other payables	1,428	N/A
CASH FROM OPERATION	9,407	N/A
Tax paid	(736)	N/A
Interest paid	(515)	N/A
NET CASH FROM OPERATING ACTIVITIES	8,156	N/A
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	10	N/A
Purchase of property, plant and equipment	(11,090)	N/A
Proceeds from disposal of property, plant & equipment	20	N/A
NET CASH FOR INVESTING ACTIVITIES	(11,060)	N/A
CASH FROM FINANCING ACTIVITIES		
Drawdown of bankers' acceptance	3,800	N/A
Drawdown of term loan	4,780	N/A
Net repayment of invoice financing	(471)	N/A
Repayment of bankers' acceptance	(4,968)	N/A
Repayment of hire purchase payables	(90)	N/A
Repayment of term loans	(882)	N/A
NET CASH FROM FINANCING ACTIVITIES	2,169	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(735)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	7,515	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	6,780	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-		
- Deposit with financial institutions	22	N/A
- Cash and bank balances	6,772	N/A
	6,794	
Less: Fixed deposits pledged with licensed banks	(14)	N/A
	6,780	N/A

Notes:

N/A - Not applicable.

(1) - The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Pro Forma Historical Financial Information and Accountants' Report for the financial year ended 31 December 2014 as disclosed in Section 11 and 13 of the Prospectus of the Company dated 11 June 2015 and the accompanying explanatory notes attached to these interim financial statements.

(2) - No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Interim Financial Report for the Period Ended 31 March 2015

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Para 9.22(Appendix 9B Part A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This is the first interim financial report on the consolidated results for the first quarter ended 31 March 2015 announced by the Company in compliance with the Main Market Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period. The interim financial report is prepared based on the assumption that the Group has been in existence since 1 January 2015.

The interim financial report should be read in conjunction with the ProForma Historical Financial Information and Accountants' Report for the financial year ended 31 December 2014 as disclosed in Prospectus of the Company dated 11 June 2015 and the accompanying explanatory notes attached to this interim financial report.

The interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2014. The interim consolidated financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The Group has adopted merger accounting method for the preparation of this Interim Financial Statements.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those adopted as disclosed in the Accountants' Report in the prospectus of the Company dated 11 June 2015 except for the adoption of the following :-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016

Unaudited Condensed Consolidated Statement of Cash Flows for the Period Ended 31 March 2015

A2. Changes in Accounting Policies (Cont'd)

The significant accounting policies adopted are consistent with those adopted as disclosed in the Accountants' Report in the prospectus of the Company dated 11 June 2015 except for the adoption of the following (Cont'd):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above revised MFRSs, Amendments to FRSS and IC Interpretation will not have any significant financial impact on the financial position and performance of the Group.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2014.

A4. Seasonal or Cyclical Factors

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors.

A5. Item of Unusual Nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review except for RM1.50million of non-recurring expenses related to the Company's Initial Public Offering and Listing on the Main Market of Bursa Securities which were included in "Other receivables, deposits and prepayments".

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter except for those disclosed in Note B7.

A8. Dividend Paid

No dividend was paid by the Company in the current financial quarter.

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Unaudited Condensed Consolidated Statement of Cash Flows for the Period Ended 31 March 2015**A9. Segmental Information**

The Group has three reportable segments as shown below, which are the Group's strategic business units in two principal geographical areas. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Business activities

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 2015 RM'000	Preceding Year Quarter 31 Mar 2014 RM'000	Current Year To Date 31 Mar 2015 RM'000	Preceding Year To Date 31 Mar 2014 RM'000
<u>Revenue</u>				
Land transport operations	25,582	N/A	25,582	N/A
Warehousing & distribution operations	3,467	N/A	3,467	N/A
Other services	57	N/A	57	N/A
Consolidated	<u>29,106</u>	<u>N/A</u>	<u>29,106</u>	<u>N/A</u>
<u>Profit before tax</u>				
Land transport operations	4,616	N/A	4,616	N/A
Warehousing & distribution operations	1,427	N/A	1,427	N/A
Other services	36	N/A	36	N/A
Consolidated	<u>6,079</u>	<u>N/A</u>	<u>6,079</u>	<u>N/A</u>

Geographical area

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 2015 RM'000	Preceding Year Quarter 31 Mar 2014 RM'000	Current Year To Date 31 Mar 2015 RM'000	Preceding Year To Date 31 Mar 2014 RM'000
<u>Revenue</u>				
Malaysia	25,742	N/A	25,742	N/A
Singapore	3,364	N/A	3,364	N/A
	<u>29,106</u>	<u>N/A</u>	<u>29,106</u>	<u>N/A</u>

Note:

No comparative figures for the preceding quarter and preceding year are available as these are the first interim financial report on the consolidated results for the first quarter ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

XIN HWA HOLDINGS BERHAD

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Unaudited Condensed Consolidated Statement of Cash Flows for the Period Ended 31 March 2015

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 31 March 2015 are as follows:-

	RM'000
Approved and contracted for	
- property, plant and equipment	5,757

A11. Material Events Subsequent To the End of interim Period

Saved as disclosed in Note B7 on the Status of Corporate Proposals, there were no material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report.

A12. Changes in Composition of the Group

In conjunction and as an integral part of the Company's listing on the Main Market of Bursa Securities, the Company completed the acquisition of the subsidiaries as disclosed in Note B7 on 1 April 2015. The completion of this acquisition results in the following companies being subsidiaries of the Company, namely:-

Wholly-owned subsidiaries

- (a) XinHwa Trading & Transport Sdn. Bhd. ("XHTT");
- (b) XinHwa Auto Engineering Sdn. Bhd. ("XHAE"); and
- (c) CanggihLogistikSdn. Bhd. ("Canggih")

Partially-owned subsidiary

- (a) XH Universal Forwarding Sdn. Bhd. ("XHUF")

The Acquisitions were accounted for using the Merger Accounting Method whereby the difference between the acquisition costs and the nominal value of the share capital of the subsidiary is taken to the merger reserve or deficit, where applicable. The Acquisitions have resulted in a merger deficit amounting to RM68.98 million.

A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Interim Financial Report for the Period Ended 31 March 2015

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B1. Review of Performance of the Group

For the 3-month period ended 31 March 2015, the Group recorded a revenue of RM29.11 million and profit before tax of RM6.08 million. The revenue was mainly derived from land transport operations which accounts for approximately 87.89% to the Group's revenue.

Our revenue is derived mainly from our land transport operations which comprise cargo transportation services and container haulage services. For the 3-month period ended 31 March 2015, our cargo transportation services accounted for approximately 56.05% of our Group's total revenue and approximately 51.80% of our Group's total PBT whilst our container haulage services accounted for approximately 31.84% of our Group's total revenue and approximately 24.13% of our Group's total PBT. In aggregate, our land transport operations accounted for approximately 87.89% of our Group's total revenue and 75.93% of our Group's total PBT.

Warehousing and distribution operations accounted for approximately 11.91% of our Group's total revenue and 23.47% of our Group's total PBT for the 3-month period ended 31 March 2015.

Our revenue from the warehousing and distribution operations is derived mainly from the provision of warehousing services with a capacity of 17,530 pallets and distribution operations for the financial years under review. The period of warehousing varies between customers and the warehousing rental rate is charged based on a weekly or monthly basis. For the financial years under review, the rental rate of our warehousing services has remained relatively constant.

Revenue derived from other services which comprise freight forwarding and customs brokerage services as well as manufacturing and fabrication of trailers accounted for approximately 0.20% of our Group's total revenue and 0.60% of our Group's total PBT for the 3-month period ended 31 March 2015.

No comparative figures are presented for the preceding year's corresponding quarter as this is the first interim financial report on the consolidated results for the period ended 31 March 2015 announced by the Group.

B2. Material Changes in the Quarterly Results Compared To the Results of the Preceding Quarter

As this is the first interim financial report being prepared, there are no comparative figures for the preceding quarter.

B3. Prospects of the Group

As disclosed in the prospectus of the Company dated 11 June 2015, the Group has in place a business expansion plan moving forward, focused on the following:

- Construction of a new warehouse with a total warehouse of approximately 220,000 sq. ft. in PasirGudang, Johor DarulTakzim;
- Expansion of the Group's fleet of vehicles; and
- Setting-up a new branch office in the East Coast of Peninsular Malaysia.

Barring any unforeseen circumstances, the Board is optimistic about the Group's performance for the current financial year.

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Interim Financial Report for the Period Ended 31 March 2015**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B4. Profit Forecast and Profit Estimate**

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 2015 RM'000	Preceding Year Quarter 31 Mar 2014 RM'000	Current Year To Date 31 Mar 2015 RM'000	Preceding Year To Date 31 Mar 2014 RM'000
Depreciation of property, plant and equipment	1,089	N/A	1,089	N/A
Loss on foreign exchange	18	N/A	18	N/A
Interest expense	515	N/A	515	N/A
Interest income	(10)	N/A	(10)	N/A
Loss on disposal of property, plant and equipment	8	N/A	8	N/A

Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

Note:

No comparative figures for the preceding quarter and preceding year are available as these are the first interim financial report on the consolidated results for the first quarter ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

B6. Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 2015 RM'000	Preceding Year Quarter 31 Mar 2014 RM'000	Current Year To Date 31 Mar 2015 RM'000	Preceding Year To Date 31 Mar 2014 RM'000
Income Tax				
Current tax expense	1,005	N/A	1,005	N/A
Deferred tax	234	N/A	234	N/A
	<u>1,239</u>	<u>N/A</u>	<u>1,239</u>	<u>N/A</u>

Note:

No comparative figures for the preceding quarter and preceding year are available as these are the first interim financial report on the consolidated results for the first quarter ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

The company has been granted investment tax allowance of 60% in respect of qualifying capital expenditure incurred for the period of 5 years from 18 March 2011 until 17 March 2016.

The statutory tax rate will be reduced to 20% from the current financial year's rate 25%, effective year of assessment 2016.

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Interim Financial Report for the Period Ended 31 March 2015

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B7. Status of Corporate Proposals

In conjunction with and as an integral part of our Company's listing on the Main Market of Bursa Securities, the following listing scheme was undertaken by the Company:

(a) Acquisitions

We have entered into four (4) conditional SPAs in relation to the Acquisitions on 30 April 2014. Further details of the Acquisitions are set out in the ensuing paragraphs.

i Acquisition of XHTT

The Acquisition of XHTT entails the acquisition of the entire issued and paid-up share capital of XHTT comprising 1,000,000 XHTT Shares for a purchase consideration of RM65,216,997 satisfied by the issuance of 130,433,994 new Shares.

The purchase consideration of RM65,216,997 for the Acquisition of XHTT was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited net assets ("NA") of XHTT as at 31 December 2013 of RM65,216,435.

The Acquisition of XHTT was completed on 1 April 2015 .

ii Acquisition of XHAE

The Acquisition of XHAE entails the acquisition of the entire issued and paid-up share capital of XHAE comprising 100,000XHAE Shares for a purchase consideration of RM2,364,000 satisfied by the issuance of 4,728,000 new Shares.

The purchase consideration of RM2,364,000 for the Acquisition of XHAEwas arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of XHAE as at 31 December 2013 of RM2,363,246.

The Acquisition of XHAE was completed on 1 April 2015

iii Acquisition of Canggih

The Acquisition of Canggih entails the acquisition of the entire issued and paid-up share capital of Canggih comprising 1,000,000Canggih Shares for a purchase consideration of RM3,409,000 satisfied by the issuance of 6,818,000 new Shares.

The purchase consideration of RM3,409,000for the Acquisition of Canggih was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NAof Canggih as at 31 December 2013 of RM3,408,443.

The Acquisition of Canggih was completed on 1 April2015.

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Interim Financial Report for the Period Ended 31 March 2015

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B7. Status of Corporate Proposals (Cont'd)

(a) Acquisitions (*Cont'd*)

iv Acquisition of XHUF

The Acquisition of XHUF entails the acquisition of 30.00% of the issued and paid-up share capital of XHUF comprising 30,000 XHUF Shares for a purchase consideration of RM119,000 satisfied by the issuance of 238,000 new Shares.

The purchase consideration of RM119,000 for the Acquisition of XHUF was arrived at on a “willing-buyer willing-seller” basis after taking into consideration 30.00% of the audited NA of XHUF as at 31 December 2013, which amounted to RM118,004. The total audited NA of XHUF as at 31 December 2013 is RM393,347.

The Acquisition of XHUF was completed on 1 April 2015.

XHUF is deemed as a subsidiary of the Company pursuant to Section 5 of the Act as the Company controls the composition of the board of directors of XHUF through the XHUF Shareholders' Agreement.

(b) Initial Public Offering (“IPO”)

The IPO involves the Public Issue of 37,782,000 new Shares by the Company and the Offer for Sale of 16,218,000 existing Shares held by the Offerors, the details of which are set out below.

i Public Issue

The 37,782,000 new Shares to be issued at the IPO Price pursuant to the Public Issue, representing approximately 20.99% of our enlarged issued and paid-up share capital will be allocated in the following manner:

ii Malaysian Public

9,000,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital will be made available for application by the Malaysian Public to be allocated via balloting, of which 50.00% will be set aside for Bumiputera Public.

iii Eligible Directors, Employees and Other Persons who have Contributed to the Success of Our Group

3,000,000 Public Issue Shares, representing 1.67% of our enlarged issued and paid-up share capital will be made available for application by the eligible Directors, employees and other persons who have contributed to the success of our Group.

iv Bumiputera Investors Approved by MITI

2,000,000 Public Issue Shares, representing 1.11% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to Bumiputera Investors approved by the MITI.

v Selected Investors by way of Private Placement

23,782,000 Public Issue Shares, representing approximately 13.21% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to selected investors.

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Interim Financial Report for the Period Ended 31 March 2015**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B7. Status of Corporate Proposals (Cont'd)**

(b) Initial Public Offering (“IPO”) (Cont'd)

ii.vi Offer for Sale

The 16,218,000 Offer Shares, representing approximately 9.01% of our enlarged issued and paid-up share capital will be made available by way of placement to Bumiputera Investors approved by MITI.

iii Listing

The Company's entire enlarged issued and paid-up share capital of RM90,000,000 comprising of 180,000,000 ordinary shares of RM0.50 each will tentatively be listed on the Main Market of Bursa Securities on 30 June 2015.

B8. Group Borrowings

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

	As At 31 Mar 2015 RM'000	As at 31 Mar 2014 RM'000
<u>Long term borrowings</u>		
<i>Secured:</i>		
Term loans	36,181	N/A
Hire purchase	143	N/A
	<u>36,324</u>	<u>N/A</u>
<u>Short term borrowings</u>		
<i>Secured:</i>		
Term loans	5,869	N/A
Hire purchase	360	N/A
Trade line facilities	3,800	N/A
	<u>10,029</u>	<u>N/A</u>
Total borrowings	<u>46,353</u>	<u>N/A</u>

Note:

No comparative figures for the preceding quarter and preceding year are available as these are the first interim financial report on the consolidated results for the first quarter ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

B9. Material Litigation

There was no material litigation and the Directors do not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

B10. Dividends

No dividend was paid since the end of the previous financial period and the directors do not recommend the payment of any dividend for this first quarter ended 31 March 2015.

Interim Financial Report for the Period Ended 31 March 2015

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B11. Realised and Unrealised Profits

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	As At 31 Mar 2015 RM'000	As at 31 Mar 2014 RM'000
Total retained earnings		
- realised	75,478	N/A
- unrealised	(4,706)	N/A
	<u>70,772</u>	<u>N/A</u>

Note:

No comparative figures for the preceding quarter and preceding year are available as these are the first interim financial report on the consolidated results for the first quarter ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

B12. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year to date are computed as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 2015 RM'000	Preceding Year Quarter 31 Mar 2014 RM'000	Current Year To Date 31 Mar 2015 RM'000	Preceding Year To Date 31 Mar 2014 RM'000
Profit for the period attributable to owners of the Company	<u>4,809</u>	<u>N/A</u>	<u>4,809</u>	<u>N/A</u>
Number of ordinary Shares of RM0.50 each in issue*	<u>142,218</u>	<u>N/A</u>	<u>142,218</u>	<u>N/A</u>
Basic earnings per share (sen)	<u>3.38</u>	<u>N/A</u>	<u>3.38</u>	<u>N/A</u>

Note:

* - Based on the issued share capital after the completion of the Acquisitions as detailed in Note B7(a).

No comparative figures for the preceding quarter and preceding year are available as this is the first interim report on the consolidated results for the first quarter ended 31 March 2015 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.