



HOCK HENG STONE INDUSTRIES BHD.

(Company No. : 840040-H)

(Incorporated in Malaysia)

**Condensed Consolidated
Interim Financial Statements
For the first quarter ended
31 March 2017**

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income
For the first quarter ended 31 March 2017
(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 31.3.2017 RM'000	Preceding year corresponding quarter ended 31.3.2016 RM'000	Current year- to-date 31.3.2017 RM'000	Preceding year corresponding period 31.3.2016 RM'000
Continuing operations					
Revenue		9,256	9,113	9,256	9,113
Cost of sales		(6,249)	(6,255)	(6,249)	(6,255)
Gross profit		3,007	2,858	3,007	2,858
Other income		148	194	148	194
Administrative, general and selling expenses		(2,061)	(1,991)	(2,061)	(1,991)
Operating profit		1,094	1,061	1,094	1,061
Finance costs		(505)	(507)	(505)	(507)
Profit before tax	23	589	554	589	554
Income tax expense	24	(151)	(40)	(151)	(40)
Profit for the period		438	514	438	514
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		438	514	438	514
Profit attributable to:					
Owners of the parent		443	512	443	512
Non-controlling interests		(5)	2	(5)	2
		438	514	438	514
Total comprehensive income attributable to:					
Owners of the parent		443	512	443	512
Non-controlling interests		(5)	2	(5)	2
		438	514	438	514
Earnings per share attributable to owners of the parent:					
Basic, for the period (sen)	33	0.55	0.64	0.55	0.64
Diluted, for the period (sen)	33	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position
As at 31 March 2017

	Note	Unaudited As at 31.3.2017 RM'000	Audited As at 31.12.2016 RM'000
Assets			
Non-current assets			
Property, plant and equipment	7	23,683	24,139
Investment properties		4,991	5,017
Land use rights		2,233	2,248
Land held for property development		4,075	4,075
Deferred tax assets		185	181
		<u>35,167</u>	<u>35,660</u>
Current assets			
Property development costs		25,007	24,756
Inventories	8	33,822	32,836
Trade receivables and other receivables		14,409	17,256
Other current assets		2,207	3,894
Current tax assets		246	389
Cash and bank balances		1,764	2,491
		<u>77,455</u>	<u>81,622</u>
Total assets		<u>112,622</u>	<u>117,282</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		40,000	40,000
Treasury shares		(15)	-
Retained earnings	34	14,562	14,119
		<u>54,547</u>	<u>54,119</u>
Non-controlling interests		108	113
Total equity		<u>54,655</u>	<u>54,232</u>
Non-current liabilities			
Deferred tax liabilities		374	463
Borrowings	26	25,999	28,730
		<u>26,373</u>	<u>29,193</u>
Current liabilities			
Trade payables and other payables		11,544	13,242
Borrowings	26	18,350	20,464
Other current liability		1,571	44
Current tax liabilities		129	107
		<u>31,594</u>	<u>33,857</u>
Total liabilities		<u>57,967</u>	<u>63,050</u>
Total equity and liabilities		<u>112,622</u>	<u>117,282</u>
Net assets per share attributable to ordinary equity holders of the Company (sen)		<u>68.22</u>	<u>67.65</u>

These Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
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Condensed Consolidated Statements of Changes in Equity
For the first quarter ended 31 March 2017
(The figures have not been audited)

	Attributable to equity holders of the parent			Total equity attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000			
Opening balance at 1 January 2016	40,000	-	13,259	53,259	124	53,383
Total comprehensive income for the period	-	-	512	512	2	514
Closing balance at 31 March 2016	40,000	-	13,771	53,771	126	53,897
Opening balance at 1 January 2017	40,000	-	14,119	54,119	113	54,232
Total comprehensive income for the period	-	-	443	443	(5)	438
Transactions with owners						
Purchase of treasury shares	-	(15)	-	(15)	-	(15)
Closing balance at 31 March 2017	40,000	(15)	14,562	54,547	108	54,655

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flows
For the first quarter ended 31 March 2017
(The figures have not been audited)

	Note	Current year- to-date 31.3.2017 RM'000	Preceding year corresponding period 31.3.2016 RM'000
Cash flows from operating activities			
Profit before tax		589	554
Adjustment for:			
Amortisation of land use rights		15	15
Depreciation of property, plant and equipment		472	495
Depreciation of investment properties		26	28
Gain on disposal of property, plant and equipment		-	(33)
Interest expense		505	507
Interest income		(5)	(5)
Operating profit before changes in working capital		<u>1,602</u>	<u>1,561</u>
Changes in working capital:			
Property development costs		(25)	(223)
Inventories		(986)	(224)
Receivables		2,847	(598)
Other current assets		1,687	(407)
Payables		(1,698)	1,274
Other current liability		1,527	-
Cash generated from operations		<u>4,954</u>	<u>1,383</u>
Income tax paid		(78)	(234)
Net cash from operating activities		<u>4,876</u>	<u>1,149</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(16)	(232)
Proceeds from disposal of property, plant and equipment		-	33
Interest received		5	5
Net cash used in investing activities		<u>(11)</u>	<u>(194)</u>
Cash flows from financing activities			
Deposita pledged to licensed banks		(4)	21
Interest paid		(732)	(783)
Increase of short term borrowings		(364)	1,247
Drawdown of term loans		556	-
Repayment of term loans		(2,953)	(495)
Repayment of obligation under finance leases		(105)	(67)
Purchase of treasury shares		(15)	-
Net cash used in financing activities		<u>(3,617)</u>	<u>(77)</u>
Net increase in cash and cash equivalents		1,248	878
Cash and cash equivalents at beginning of period		(4,624)	(4,238)
Cash and cash equivalents at end of period	9	<u>(3,376)</u>	<u>(3,360)</u>

These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

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Notes to the Interim Financial Statements for the first quarter ended 31 March 2017

Part A - Explanatory notes pursuant to Financial Reporting Standard 134

1. Basis of preparation

The interim financial statements is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

2. Summary of significant accounting policies

The significant accounting policies adopted are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2016.

2.1 Changes in accounting policies and effects arising from adoption of new FRSs, amendments to FRSs and IC Interpretations

At beginning of current financial period, the Group had adopted the following new FRSs, amendments to FRSs and IC Interpretations:

Effective for financial periods beginning on or after 1 January 2017

- Amendments to FRS 107 *Disclosure Initiative*
- Amendments to FRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Amendments to FRS 12 *Annual Improvements to FRS Standards 2014 - 2016 Cycle*

There is no material impact upon adoption of these amendments to the interim financial statements during the current financial period.

2.2 Standards and Interpretations issued but not yet effective

The following new and amended FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

Effective for financial periods beginning on or after 1 January 2018

- FRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*
- Amendments to FRS 2 *Classification and Measurement of Share-based Payment Transactions*

Effective for financial periods to be announced by MASB

- Amendments to FRS 10 and FRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

3. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

4. Unusual items

There were no unusual items because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

5. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

6. Debt and equity securities

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

7. Property, plant and equipment

Acquisitions

Below are the property, plant and equipment acquired by the Group during the period ended:

	31.3.2017	31.3.2016
	RM'000	RM'000
Buildings	-	168
Plant, machinery and factory equipment	-	42
Motor vehicles	-	131
Other assets *	16	1
	<u>16</u>	<u>342</u>

* Other assets comprise of office equipment, furniture and fittings, electrical installation, computers and cabin.

During the period under review, the Group acquired property, plant and equipment by mean of:

	31.3.2017	31.3.2016
	RM'000	RM'000
Hire purchase	-	110
Cash outflow	16	232
	<u>16</u>	<u>342</u>

There is no disposal of property, plant and equipment by the Group during the period under review.

8. Inventories

During the current period ended 31 March 2017, there were no write-down of inventories.

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

9. Cash and bank balances

	31.3.2017 RM'000	31.3.2016 RM'000
Cash at banks and on hand	1,074	1,671
Short term deposits with licensed banks	690	546
Cash and bank balances	1,764	2,217
Less: Bank overdrafts	(4,450)	(5,031)
Less: Deposits pledged to licensed banks	(690)	(546)
Total cash and cash equivalents	(3,376)	(3,360)

10. Fair value hierarchy

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

11. Provisions for cost of restructuring

There were no provision for, or reversal of, costs of restructuring during the reporting period.

12. Dividends paid

There were no dividends paid in the current financial quarter ended 31 March 2017.

13. Capital commitments

Capital commitments as at end of the current quarter are as follows:

	31.3.2017 RM'000	31.12.2016 RM'000
Property, plant and equipment:		
- Approved and not contracted for	662	1,292
	662	1,292

14. Contingent assets and liabilities

There were no contingent assets or liabilities since 31 December 2016.

Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

15. Segment information

The segment information in respect of the Group's operating segments are as follows:

- (i) Sales of goods - manufacture and sales of dimension stones and related products and is completed within 6 months.
- (ii) Construction - supply and installation of dimension stones and related products for projects secured and is completed over a period of more than 6 months.
- (iii) Property development - property development.
- (iv) Others - investment holding.

	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Period ended 31.3.2017						
Revenue:						
External customers	6,478	1,432	1,346	-	-	9,256
Inter-segment	2,479	-	-	-	(2,479)	-
	<u>8,957</u>	<u>1,432</u>	<u>1,346</u>	<u>-</u>	<u>(2,479)</u>	<u>9,256</u>
Results:						
Depreciation and amortisation	467	46	-	-	-	513
Segment profit/(loss)	<u>384</u>	<u>95</u>	<u>108</u>	<u>10</u>	<u>(8)</u>	<u>589</u>
Assets						
Capital expenditure	13	3	-	-	-	16
Segment assets	<u>77,467</u>	<u>4,924</u>	<u>30,116</u>	<u>115</u>	<u>-</u>	<u>112,622</u>
Segment liabilities	<u>34,242</u>	<u>1,018</u>	<u>22,669</u>	<u>38</u>	<u>-</u>	<u>57,967</u>
Period ended 31.3.2016						
Revenue:						
External customers	5,655	3,458	-	-	-	9,113
Inter-segment	7,436	-	-	-	(7,436)	-
	<u>13,091</u>	<u>3,458</u>	<u>-</u>	<u>-</u>	<u>(7,436)</u>	<u>9,113</u>
Results:						
Depreciation and amortisation	498	40	-	-	-	538
Segment profit/(loss)	<u>359</u>	<u>154</u>	<u>(103)</u>	<u>1</u>	<u>143</u>	<u>554</u>
Assets						
Capital expenditure	275	67	-	-	-	342
Segment assets	<u>76,402</u>	<u>9,139</u>	<u>30,055</u>	<u>108</u>	<u>-</u>	<u>115,704</u>
Segment liabilities	<u>39,268</u>	<u>-</u>	<u>22,492</u>	<u>47</u>	<u>-</u>	<u>61,807</u>

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

15. Segment information (continued)

The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	31.3.2017	31.3.2016
	RM'000	RM'000
Interest income	5	5
Finance costs	(505)	(507)
	<u>(500)</u>	<u>(502)</u>

The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	31.3.2017	31.3.2016
	RM'000	RM'000
Current tax assets	246	360
Deferred tax assets	185	255
	<u>431</u>	<u>615</u>

The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	31.3.2017	31.3.2016
	RM'000	RM'000
Current tax liabilities	129	49
Deferred tax liabilities	374	559
	<u>503</u>	<u>608</u>

16. Changes in composition of the Group

There were no changes in the composition of the Group in the current quarter under review.

17. Events after the reporting period

There were no material events subsequent to the end of the current quarter.

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

18. Related party transactions

The Group had the following transactions with related parties during the current quarter under review and current year-to-date as well as the balances with the related parties as disclosed below:

- (i) Company in which certain directors, Low Kim Hock, Low Kim Joo, Low Kim Ong and a major shareholder, Low Kim Chung have interest:
- LBS Realty Sdn. Bhd. ("LBS")
- (ii) Company in which certain directors, Low Kim Hock, Low Kim Joo, Low Kim Ong and a major shareholder, Low Kim Chung have deemed interested by virtue of their interests in LBS which in turn holds 70% equity interest in EMP:
- EMP Design Sdn. Bhd. ("EMP")

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2017 RM'000	Preceding year corresponding quarter ended 31.3.2016 RM'000	Current year- to-date 31.3.2017 RM'000	Preceding year corresponding period 31.3.2016 RM'000
Rental paid to LBS	21	21	21	21
Sales of dimension stone products to EMP	315	166	315	166
			Amount owed by related parties	
			As at 31.3.2017 RM'000	As at 31.12.2016 RM'000
LBS			-	-
EMP			1,078	434

The transactions above were based on negotiated and mutually agreed terms and has been approved by the shareholders in the Annual General Meeting.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements

19. Review performance of the Group

3 months ended 31.3.2017

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 31.3.2017 RM'000	Preceding year corresponding quarter ended 31.3.2016 RM'000	RM'000	%
Revenue	9,256	9,113	143	1.6
- Sales of goods segment	6,478	5,655	823	14.6
- Construction segment	1,432	3,458	(2,026)	(58.6)
- Property development segment	1,346	-	1,346	100.0
Profit before tax	<u>589</u>	<u>554</u>	35	6.3

Revenue

The Group's revenue for current quarter ("1Q2017") ended 31 March 2017 has slight increased by RM0.14 million or 1.6% to RM9.26 million as compared to corresponding quarter in the preceding year. The increase in revenue for 1Q2017 was mainly due to the revenue from property development segment amounting to RM1.35 million and increase in sales of goods segment by RM0.82 million however partially off-set by the marginal decrease in construction segment by RM2.03 million.

Profit before tax

The Group's profit before tax for 1Q2017 is fairly consistent with corresponding quarter in preceding year at RM0.55 million.

20. Material changes in the profit before tax as compared to the immediate preceding quarter

	Individual quarter		Increase/ (decrease) RM'000
	Current quarter ended 31.3.2017 RM'000	Preceding quarter ended 31.12.2016 RM'000	
Profit before tax	<u>589</u>	<u>621</u>	(32)

The Group's profit before tax has slight dropped by RM0.03 million for the current quarter under review as compared to profit before tax in the immediate preceding quarter. The decrease of profit before tax in current quarter is mainly due to the decrease in revenue in current quarter as compared to immediate preceding quarter.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

21. Commentary on prospects

The Malaysian economy in year 2017 is expected to grow moderately at between 4% to 5%, driven by domestic demand with private expenditure as the main anchor while the government expects public expenditure to increase moderately.

Looking forward into year 2017, the weakening Ringgit Malaysia and the increase of minimum wage will continue to pose challenges to Malaysian business in coping with the higher operating costs.

With the favourable outlook of construction sector in year 2017, the Group will continue to focus on maximising efficiency and undertake strategies to ensure the long-term strength of the businesses and operations.

Barring any unforeseen circumstances with the favourable outlook of construction sector, the Directors believe that the Group's prospects for the remaining periods of the financial year ending 31 December 2017 will remain favourable.

22. Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the current quarter under review and hence this information is not applicable.

23. Profit before tax

Included in the profit before tax are the following items:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2017 RM'000	Preceding year corresponding quarter ended 31.3.2016 RM'000	Current year- to-date 31.3.2017 RM'000	Preceding year corresponding period 31.3.2016 RM'000
Interest income	(5)	(5)	(5)	(5)
Interest expense	505	507	505	507
Depreciation of:				
- Property, plant and equipment	472	495	472	495
- Investment properties	26	28	26	28
Amortisation of land use rights	15	15	15	15
Impairment loss on trade receivables	-	-	-	-
Reversal of impairment loss on trade receivables	-	-	-	-
Bad debts written off	-	-	-	-
Write-down of inventories	-	-	-	-
Reversal on inventories written off	-	-	-	-

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

23. Profit before tax (continued)

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2017 RM'000	Preceding year corresponding quarter ended 31.3.2016 RM'000	Current year- to-date 31.3.2017 RM'000	Preceding year corresponding period 31.3.2016 RM'000
(Gain)/Loss on disposal of quoted and unquoted investments	-	-	-	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	-	(33)	-	(33)
- Investment properties	-	-	-	-
Impairment of assets	-	-	-	-
Property, plant and equipment written off	-	-	-	-
(Gain)/Loss on foreign exchange:				
- Realised	(3)	(31)	(3)	(31)
- Unrealised	-	-	-	-
(Gain)/Loss on derivative	-	-	-	-
Rental income	(115)	(100)	(115)	(100)

24. Income tax expense

Major components of income tax expense includes the following:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2017 RM'000	Preceding year corresponding quarter ended 31.3.2016 RM'000	Current year- to-date 31.3.2017 RM'000	Preceding year corresponding period 31.3.2016 RM'000
Current tax:				
Malaysian income tax	244	214	244	214
Under/(over)provision in previous years	-	-	-	-
	<u>244</u>	<u>214</u>	<u>244</u>	<u>214</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(33)	(74)	(33)	(74)
Under/(over)provision in previous years	(60)	(100)	(60)	(100)
	<u>(93)</u>	<u>(174)</u>	<u>(93)</u>	<u>(174)</u>
Total income tax expense	<u>151</u>	<u>40</u>	<u>151</u>	<u>40</u>

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate of the Group for the current quarter were higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes while the effective tax rate of the Group for the previous corresponding quarter were lower due to reversal of deferred tax.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

25. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this interim financial statements.

26. Borrowings and debts securities

None of the below borrowings are denominated in foreign currencies.

	31.3.2017	31.12.2016
	RM'000	RM'000
Short term borrowings		
Secured:		
Bank overdrafts	4,450	6,429
Banker acceptances	4,558	4,623
Trust receipts	6,353	6,652
Obligation under finance leases	360	391
Term loans	2,629	2,369
	<u>18,350</u>	<u>20,464</u>
Long term borrowings		
Secured:		
Obligation under finance leases	764	838
Term loans	25,235	27,892
	<u>25,999</u>	<u>28,730</u>
Total borrowings	<u>44,349</u>	<u>49,194</u>

27. Material litigation

There were no pending material litigations at the date of this interim financial statements.

28. Dividend

No interim dividend has been recommended for the current quarter under review.

29. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

30. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 31 March 2017 or the previous financial year ended 31 December 2016.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

31. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 March 2017 or the previous financial year ended 31 December 2016.

32. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2017 or the previous financial year ended 31 December 2016.

33. Earnings per share

(a) Basic

Basic earnings per share amounts is calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2017	Preceding year corresponding quarter ended 31.3.2016	Current year- to-date 31.3.2017	Preceding year corresponding period 31.3.2016
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	443	512	443	512
Weighted average number of ordinary shares in issue ('000)	79,968	80,000	79,968	80,000
Basic earnings per share (sen)	<u>0.55</u>	<u>0.64</u>	<u>0.55</u>	<u>0.64</u>

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares for the current quarter under review and current year-to-date.

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Part C - Disclosure of realised and unrealised profits or losses

34. Retained earnings

The breakdown of realised and unrealised retained earnings is as follows:

	Realised RM'000	Unrealised RM'000	Total retained earnings RM'000
Financial year ended 31 March 2017			
Total retained earnings of the Company and its subsidiaries	14,746	(189)	14,557
Less: Consolidation adjustments			5
Retained earnings of the Group			<u>14,562</u>
Financial year ended 31 December 2016			
Total retained earnings of the Company and its subsidiaries	14,457	(282)	14,175
Less: Consolidation adjustments			(56)
Retained earnings of the Group			<u>14,119</u>

35. Auditors' report on the preceding annual financial statements

The auditors' report on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2016 were not subject to any qualification.

36. Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 29 May 2017.