



KIM TECK CHEONG CONSOLIDATED BERHAD
(Company No: 1113927-H)

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3RD) QUARTER ENDED 31 MARCH 2016**

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾

	Note	Individual Quarter 3 months period ended		Cumulative Quarter 9 months period ended	
		31 March 2016 RM'000	31 March 2015 ⁽²⁾ RM'000	31 March 2016 RM'000	31 March 2015 ⁽²⁾ RM'000
Revenue		80,233	N/A	243,145	N/A
Cost of sales		(71,138)	N/A	(212,165)	N/A
Gross profit		9,095	N/A	30,980	N/A
Other income		450	N/A	3,786	N/A
Administrative expenses		(3,871)	N/A	(11,630)	N/A
Selling and distribution expenses		(5,621)	N/A	(16,252)	N/A
Other operating expenses		(961)	N/A	(1,547)	N/A
Operating (loss) / profit		(908)	N/A	5,337	N/A
Finance costs		(1,143)	N/A	(3,887)	N/A
(Loss) / Profit before taxation		(2,051)	N/A	1,450	N/A
Income tax expenses		411	N/A	(494)	N/A
Net (loss) / profit for the period		(1,640)	N/A	956	N/A
(Loss) / Profit attributable to:					
Owners of the Company		(1,665)	N/A	897	N/A
Non-controlling interests		25	N/A	59	N/A
		(1,640)	N/A	956	N/A
(Loss) / Earnings per share attributable to Owners of the Company					
- Basic (sen)	B10	(0.33)	N/A	0.18	N/A
- Diluted (sen)	B10	(0.25)	N/A	0.13	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the financial year ended ("FYE") 30 June 2015 as disclosed in the Prospectus of the Company dated 28 October 2015 and the accompanying explanatory notes as attached to this interim financial report.
- (2) No comparative figures for the preceding quarter and preceding year are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

N/A – Not applicable

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statement of Financial Position⁽¹⁾

	As at 31 March 2016 RM'000	As at 30 June 2015 ⁽²⁾ RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	59,804	N/A
Goodwill on consolidation	4,315	N/A
Intangible asset	257	N/A
Deferred tax asset	463	N/A
	<u>64,839</u>	<u>N/A</u>
Current Assets		
Inventories	59,632	N/A
Trade and other receivables	83,122	N/A
Tax recoverable	1,134	N/A
Cash and bank balances	16,531	N/A
Total Current Assets	<u>160,419</u>	<u>N/A</u>
Total Assets	<u>225,258</u>	<u>N/A</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	51,028	N/A
Share premium	24,998	N/A
Redeemable convertible preference shares	24,002	N/A
Revaluation reserve	11,934	N/A
Reserve arising from reverse acquisition	(47,963)	N/A
Retained earnings	27,913	N/A
Shareholders' fund	<u>91,912</u>	<u>N/A</u>
Non-controlling interests	847	N/A
Total Equity	<u>92,759</u>	<u>N/A</u>
Non-current Liabilities		
Hire purchase payables	3,448	N/A
Borrowings	11,325	N/A
Deferred tax liabilities	1,544	N/A
Total Non-current Liabilities	<u>16,317</u>	<u>N/A</u>
Current Liabilities		
Trade payables and other payables	25,908	N/A
Hire purchase payables	1,051	N/A
Borrowings	89,223	N/A
Current tax liabilities	-	N/A
Total Current Liabilities	<u>116,182</u>	<u>N/A</u>
Total Liabilities	<u>132,499</u>	<u>N/A</u>
Total Equity and Liabilities	<u>225,258</u>	<u>N/A</u>
Number of ordinary shares of RM0.10 each ('000)	510,277	N/A
Net Assets per ordinary share (RM) ⁽³⁾	0.18	N/A

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statement of Financial Position⁽¹⁾ (Cont'd)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the FYE 30 June 2015 as disclosed in the Prospectus of the Company dated 28 October 2015 and the accompanying explanatory notes as attached to this interim financial report.
- (2) No comparative figures for the preceding year end are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.
- (3) Based on the issued share capital of 510,277,000 after the completion of the acquisition of subsidiaries and the Public Issue as detailed in Note A7(a).

N/A – Not applicable

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statement of Changes in Equity⁽¹⁾

	Attributable to Equity Owners of the Company					Distributable			
	Share Capital RM'000	Redeemable Convertible Preference Shares RM'000	Non-Distributable			Retained Earnings RM'000	Sub-total RM'000	Non Controlling Interests RM'000	Total Equity RM'000
Share Premium RM'000			Revaluation Reserve RM'000	Reserve arising from Reverse Acquisition RM'000					
Current period-to-date ended 31 March 2016									
As at 1 July 2015	(3)	-	-	-	-	(664)	(664)	-	(664)
Transaction with owners									
Arising from the acquisition of subsidiaries	36,828	24,002	18,414	12,094	(47,963)	27,520	70,895	788	71,683
Arising from the Public Issue	14,200	-	7,100				21,300	-	21,300
Share issuance expenses			(516) ⁽⁴⁾				(516)	-	(516)
Total comprehensive income for the period	-	-	-	-	-	897	897	59	956
Realisation of revaluation reserve	-	-	-	(160)	-	160	-	-	-
Balance as at 31 March 2016	<u>51,028</u>	<u>24,002</u>	<u>24,998</u>	<u>11,934</u>	<u>(47,963)</u>	<u>27,913</u>	<u>91,912</u>	<u>847</u>	<u>92,759</u>

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statement of Changes in Equity⁽¹⁾ (Cont'd)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for FYE 30 June 2015 as disclosed in the Prospectus of the Company dated 28 October 2015 and the accompanying explanatory notes as attached to this interim financial report.
- (2) No comparative figures for the preceding year are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.
- (3) RM2.00
- (4) Share issuance expenses for the Public Issue of RM515,552 were written off against the share premium account pursuant to Section 60(3) of the Companies Act, 1965.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statement of Cash Flows⁽¹⁾

	Current Period Ended 31 March 2016 RM'000	Corresponding Period Ended 31 March 2015 ⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,450	N/A
<u>Adjustments for:</u>		
Amortisation and depreciation of property, plant and equipment	2,168	N/A
Amortisation of intangible asset	59	N/A
Interest income	(270)	N/A
Interest expenses	3,887	N/A
Gain on disposal of property, plant and equipment	(7)	N/A
Gain on bargain purchase arising from the acquisition of subsidiaries	(2,852)	N/A
Inventories written off	1,509	N/A
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,944	N/A
<u>Changes in working capital:</u>		
Inventories	(5,903)	N/A
Receivables	(22,789)	N/A
Payables	(29,958)	N/A
Cash used in operating activities	(52,706)	N/A
Interests received	270	N/A
Interests paid	(921)	N/A
Tax paid, net of refund	(1,962)	N/A
NET OPERATING CASH FLOWS	(55,319)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,653)	N/A
Proceeds from the disposal of property, plant and equipment	10	N/A
Net cash and cash equivalents acquired from the acquisition of subsidiaries	1,114	N/A
NET INVESTING CASH FLOWS	(529)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Interests paid	(2,967)	N/A
Drawdown of term loans	1,460	N/A
Repayment of term loans	(556)	N/A
Drawdown of bankers' acceptance	257,616	N/A
Repayments of bankers' acceptance	(228,237)	N/A
Repayment of hire purchase payables	(720)	N/A
Proceeds from issuance of shares	21,300	N/A
Share issuance expenses	(516)	N/A
NET FINANCING CASH FLOWS	47,380	N/A
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,468)	N/A
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	13,673	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	5,205	N/A
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	16,531	N/A
Less: Bank overdrafts	(11,326)	N/A
	5,205	N/A

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statement of Cash Flows⁽¹⁾ (Cont'd)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the FYE 30 June 2015 as disclosed in the Prospectus of the Company dated 28 October 2015 and the accompanying explanatory notes as attached to this interim financial report.
- (2) No comparative figures for the preceding year are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

N/A – Not applicable

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 31 March 2016

A1 Basic of Preparation

The interim financial report of Kim Teck Cheong Consolidated Berhad (“**KTC Consolidated**” or the “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and has been prepared in accordance with MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”), International Accounting Standard (“**IAS**”) 34: Interim Financial Reporting issued by the Institutional Accounting Standard Board (“**IASB**”), paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

This is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 announced by the Company in compliance with the Listing Requirements since the listing of the Company on Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding period.

On 3 December 2014, KTC Consolidated had entered into a conditional share sale agreement with Kim Teck Cheong Holdings Sdn Bhd to acquire its subsidiaries. The directors of KTC Consolidated have made a significant judgement that the acquisition of Kim Teck Cheong Sdn Bhd (“**KTC Sdn Bhd**”) has been accounted for as a reverse acquisition using the purchase method of accounting under *MFRS 3 Business Combination* as in substance KTC Sdn Bhd, is the accounting acquirer. Under the reverse acquisition accounting, although legally KTC Consolidated is regarded as the legal parent and KTC Sdn Bhd is regarded as the legal subsidiary, KTC Sdn Bhd should be identified as the acquirer in accordance with MFRS 3 as it has the power to govern the financial and operating policies of KTC Consolidated so as to obtain benefits from its activities. Accordingly, the unaudited condensed consolidated financial statements of the Group represent a continuation of the financial statements of KTC Sdn Bhd (the legal subsidiary and the acquirer for accounting purposes). Under the reverse acquisition accounting:

- (i) the assets and liabilities of the accounting acquirer, KTC Sdn Bhd, are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- (ii) the retained earnings and other equity balances of KTC Sdn Bhd immediately before the business combination are those of the Group; and
- (iii) the equity structure, however, reflects the equity structure of KTC Consolidated, including the equity instruments issued to effect the acquisition of KTC Sdn Bhd with the difference between the issued equity of KTC Consolidated and the issued equity of KTC Sdn Bhd recorded under the equity component as reserve / deficit arising from the reverse acquisition.

The detailed implications of the above accounting treatment are as follows:

- (a) Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income represents the profit or loss and other comprehensive income of the Group after reflecting the effects of the Acquisitions during the current financial period.

- (b) Unaudited Condensed Consolidated Statement of Financial Position

The unaudited Condensed Consolidated Statement of Financial Position at 31 March 2016 represents the financial position of the Group after reflecting the effects of the Acquisitions and IPO (as detailed in Note A7) during the current financial period.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 31 March 2016 (cont'd)

(c) Unaudited Condensed Consolidated Statement of Changes in Equity

The unaudited Condensed Consolidated Statement of Changes in Equity for the current financial quarter ended 31 March 2016 comprises:

- the equity balances of KTC Sdn Bhd at the beginning of the financial year.
- the transactions for the current financial quarter for the three (3) months from 1 January 2016 to 31 March 2016.
- the equity balances of the Group at the end of the current financial quarter.

(d) Unaudited Condensed Consolidated Statement of Cash Flows

- the cash and cash equivalents of KTC Sdn Bhd at the beginning of the financial year.
- the transactions for the current financial quarter for the three (3) months from 1 January 2016 to 31 March 2016.
- the cash and cash equivalent balances of the Group at the end of the current financial quarter.

This interim financial report should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the FYE 30 June 2015 as disclosed in the Prospectus of the Company dated 28 October 2015.

A2 Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group are consistent with those adopted for the audited financial statements of the Group for the FYE 30 June 2015 as disclosed in the Accountants' Report in the Prospectus of the Company dated 28 October 2015.

A3 Auditors' Report

There was no qualification on the audited financial statements of the Company and its subsidiaries for the FYE 30 June 2015.

A4 Seasonal or Cyclical Factors

The Group does not experience significant fluctuations in operations due to seasonal factors or cyclical factors during the current financial quarter and current year-to-date under review.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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

A6 Material Changes in Estimates

There were no changes in estimates that had a material effect in the current financial quarter and current year to-date under review.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 31 March 2016 (cont'd)**A7 Debts and Equity Securities**

Saved as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial quarter and current year-to-date under review:

(a) Initial Public Offering (“IPO”)

On 25 November 2015, the Company issued 142,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.15 per share (“Public Issue”) pursuant to the completion of IPO exercise.

A8 Dividend Paid

No dividend was paid during the current financial quarter and current year to-date under review.

A9 Segmental Information**(a) Revenue by Business Activities**

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31 March 2016 RM'000	31 March 2015 ⁽¹⁾ RM'000	31 March 2016 RM'000	31 March 2015 ⁽¹⁾ RM'000
Distribution of third party brands of consumer packaged goods	76,546	N/A	231,860	N/A
Distribution of own brands of consumer packaged goods	2,041	N/A	6,269	N/A
Manufacturing of bakery products	1,646	N/A	5,016	N/A
Total	<u>80,233</u>	<u>N/A</u>	<u>243,145</u>	<u>N/A</u>

(b) Revenue by Geographical Market

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31 March 2016 RM'000	31 March 2015 ⁽¹⁾ RM'000	31 March 2016 RM'000	31 March 2015 ⁽¹⁾ RM'000
<u>East Malaysia</u>				
Sabah	71,110	N/A	215,610	N/A
Sarawak	5,175	N/A	15,523	N/A
Labuan	3,948	N/A	12,012	N/A
Total	<u>80,233</u>	<u>N/A</u>	<u>243,145</u>	<u>N/A</u>

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016
A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 31 March 2016 (Cont'd)

Note:

- (1) Comparative figures for the preceding financial period are not presented as this is the third interim financial report for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

A10 Material Events Subsequent to the end of the Current Quarter

There were no material event subsequent to the end of the current financial quarter and up to the date of this report.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter and current year to-date under review.

A12 Contingent Liabilities or Contingent Assets

Saved as disclosed below, there were no other material contingent liabilities as at the end of the current financial quarter and up to the date of this report:

	As at 31 March 2016 RM'000
Bank guarantees granted to suppliers for supply of goods to the Group	12,320
Total	12,320

A13 Capital Commitments

Saved as disclosed below, there were no other material capital commitments as at the end of the current financial quarter:

	As at 31 March 2016 RM'000
Approved and/or contracted for:	
- Acquisition and subscription of 60% equity interest in Grandtop Marketing Sdn Bhd	1,788
- Acquisition of 100% of equity interest in Popular Trading (Borneo) Corporation Sdn Bhd	5,503
- Acquisition of 100% of equity interest in Trans Paint Sdn Bhd	2,523
Total	9,814

A14 Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter and current year to-date under review.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

B Additional Information Required by the Appendix 9B of Listing Requirements

B1 Review of Performance

The Group recorded revenue of RM80.23 million and RM243.15 million for the current quarter ended 31 March 2016 and 9 months financial period ended 31 March 2016, respectively.

The Group main revenue stream is derived from the distribution of third party brands of consumer packaged goods (“CPG”), which represented RM76.55 million (95.41%) and RM231.86 million (95.36%) of the total Group’s revenue for the current quarter ended 31 March 2016 and 9 months financial period ended 31 March 2016, respectively.

This is followed by the distribution of own brands of CPG, which accounted for RM2.04 million (2.54%) and RM6.27 million (2.58%) of the total Group’s revenue for the current quarter ended 31 March 2016 and 9 months financial period ended 31 March 2016, respectively.

A small proportion of the Group’s business is the manufacturing of bakery products, which accounted for RM1.64 million (2.05%) and RM5.02 million (2.06%) of the total Group’s revenue for the current quarter ended 31 March 2016 and 9 months financial period ended 31 March 2016, respectively.

The Group recorded loss before taxation of RM2.05 million and profit before taxation of RM1.45 million for the current quarter ended 31 March 2016 and 9 months financial period ended 31 March 2016, respectively.

The loss for the current quarter ended 31 March 2016 was mainly attributed to weak consumer sentiment coupled with erosion of margin on sales of new beverage products and inventory write-offs of expired beverage products.

The management will continue to be vigilant and take the necessary measures to manage these risk factors.

No comparative figures for the preceding quarter and preceding year are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B2 Comparative with Immediate Preceding Quarter’s Results

No comparative figures for the immediate preceding quarter are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016**B Additional Information Required by the Listing Requirements (Cont'd)****B3 Prospects**

As disclosed in the Prospectus of the Company dated 28 October 2015, the Group has in place a series of future business plans that are focused in expanding its distribution and manufacturing operations which are in the following areas:

- (i) Establish a new distribution centre in Brunei;
- (ii) Acquisition of warehousing facilities in Sarawak;
- (iii) Construction of new warehousing facility in Kota Kinabalu, Sabah;
- (iv) Expansion of own brands of CPG;
- (v) New markets for manufactured bakery products;
- (vi) Expansion of manufacturing facility and new bakery products in Sabah; and
- (vii) Setting-up a new manufacturing facility for bakery products in Sarawak.

The Board of Directors believe that the Group's operating environment which is involved primarily with consumer products will remain positive despite the weak market sentiment and global economic challenges. With the Group's growth and expansion plans in place, the Board of Directors anticipate that the Group's overall performance for the financial year ending 30 June 2016 will remain satisfactory.

B4 Variance of Actual Profit from Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5 Taxation

	Current Quarter 31 March 2016 RM'000	Cumulative Quarter 31 March 2016 RM'000
Current tax expenses	(239)	(505)
Deferred tax expenses	650	11
	<u>411</u>	<u>(494)</u>
Effective tax rate	20.03%	34.07%

The Group's effective tax rate for the current financial quarter is lower than the statutory tax rate of 24% mainly due to the recognition of deferred tax asset arising from the unutilised tax losses of a subsidiary.

The Group's effective tax rate for the current year-to-date is higher than statutory tax rate of 24% mainly due to the one-off professional fees in relation to the listing on the ACE Market of Bursa Securities, which were not deductible for tax purpose.

Income tax is calculated at the Malaysian statutory rate 24% of the estimated assessable profit for the fiscal year.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

B Additional Information Required by the Listing Requirements (Cont'd)

B6 Status of Corporate Proposals

- (a) Saved as disclosed below, there are no other proposals announced but not completed as at the date of this report:
- (i) On 29 January 2016, the Company had entered into a conditional sale of shares agreement to acquire 100% equity interest in Popular Trading (Borneo) Corporation Sdn Bhd for an estimated purchase price of RM6,003,134.93;
 - (ii) On 29 February 2016, the Company had entered into a Memorandum of Understanding with the intention to acquire 100% equity interest in Trans Paint Sdn Bhd, which is the sole registered and beneficial owner of a property i.e. warehousing facility located at Kuching, Sarawak, for an estimated purchase price of RM2,572,756.80; and
 - (iii) On 16 March 2016, the Company had entered into the following 2 conditional agreements:
 - (1) conditional share purchase agreement to acquire a total of 80,000 ordinary shares of B\$1.00 each in Grandtop Marketing Sdn Bhd for a consideration of B\$80,000.00 (equivalent to approximately RM238,464.00) only, and
 - (2) conditional share subscription agreement to subscribe for 520,000 new ordinary shares of B\$1.00 each in Grandtop Marketing Sdn Bhd for a consideration of B\$520,000.00 (equivalent to approximately RM1,550,016.00).

The 2 conditional agreements will enable the Company to collectively hold 60% equity interest in Grandtop Marketing Sdn Bhd.

** The exchange rate of Brunei Dollar is converted based on Bank Negara Malaysia website rate of RM2.9808 to B\$1.00 on 14 March 2016.*

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

B Additional Information Required by the Listing Requirements (Cont'd)**(b) Utilisation of proceeds from the IPO**

The status of utilisation of the gross proceeds from the IPO amounting to RM21.30 million are as follows:

Purposes	Proposed Utilisation	Actual Utilisation	Deviation	Estimated Timeframe for use (from the listing date)
	RM'000	RM'000	RM'000	
(i) Acquisition of warehousing facilities including land and building, in Sibul, Miri and Kuching	9,000	50	8,950	Within 24 months
(ii) Construction of new warehousing facility in Kota Kinabalu, Sabah	2,000	-	2,000	Within 18 months
(iii) Purchase of equipment for the following:				
(a) new warehousing facility in Kota Kinabalu, Sabah	1,000	-	1,000	Within 18 months
(b) three (3) production lines for bakery products in Sabah	1,000	1,000	-	Within 12 months
(c) a production line for bakery products in Sarawak	1,000	-	1,000	Within 12 months
(iv) Working capital	4,700	4,700	-	Within 12 months
(v) Estimated listing expenses	2,600	2,600	-	Upon Listing
Total gross proceeds	21,300	8,350	12,950	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 October 2015.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

B Additional Information Required by the Listing Requirements (Cont'd)**B7 Group's Borrowings and Debts Securities**

The Group's borrowings as at 31 March 2016 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Unsecured</u>			
Bankers' acceptance	76,765	-	76,765
Bank overdraft	11,228	-	11,228
	<u>87,993</u>	<u>-</u>	<u>87,993</u>
<u>Secured</u>			
Bankers' acceptance	329	-	329
Bank overdraft	98	-	98
Term loans	803	11,325	12,128
Hire purchase payables	1,051	3,448	4,499
	<u>2,281</u>	<u>14,773</u>	<u>17,054</u>
Total	<u>90,274</u>	<u>14,773</u>	<u>105,047</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

B8 Off Balance Sheet Financial Instruments

There is no off balance sheet financial instruments as at the date of this report.

B9 Material Litigation

As at 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 is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016
B Additional Information Required by the Listing Requirements (Cont'd)
B10 (Loss) / Earnings Per Share (“(LPS) / EPS”)

The basic and diluted (LPS) / EPS for the current quarter and financial year-to-date are computed as follows:

	Current Quarter ended		Year-to-date ended	
	31 March 2016 RM'000	31 March 2015 ⁽⁵⁾ RM'000	31 March 2016 RM'000	31 March 2014 ⁽⁵⁾ RM'000
(Loss) / Profit attributable to ordinary equity owners of the Company	(1,665)	N/A	897	N/A
Weighted average number of ordinary shares of RM0.10 each in issue ('000)				
- number of ordinary shares in issue since 30 June 2015	⁽¹⁾	N/A	⁽¹⁾	N/A
- new ordinary shares issued on 1 July 2015 pursuant to the acquisition of subsidiaries	368,277	N/A	368,277	N/A
- new ordinary shares issued on 25 November 2015 pursuant to the Public Issue	142,000	N/A	142,000	N/A
	<u>510,277⁽²⁾</u>	<u>N/A</u>	<u>510,277⁽²⁾</u>	<u>N/A</u>
Basic (LPS) / EPS (sen)	<u>(0.33)⁽³⁾</u>	<u>N/A</u>	<u>0.18⁽³⁾</u>	<u>N/A</u>
Diluted (LPS) / EPS (sen)	<u>(0.25)⁽⁴⁾</u>	<u>N/A</u>	<u>0.13⁽⁴⁾</u>	<u>N/A</u>

Notes:

- (1) 20 shares.
- (2) The weighted average number of ordinary shares is based on the issued and paid-up share capital after the completion of the acquisitions of subsidiaries and the Public Issue as detailed in Note A7(a).
- (3) The basic EPS is computed based on the profit attributable to the owners of the Company divided by the number of ordinary shares in issue after the acquisitions of subsidiaries and the Public Issue as detailed in Note A7(a).
- (4) The diluted EPS is computed based on the profit attributable to the owners of the Company divided by the number of ordinary shares in issue after the acquisitions of subsidiaries and the Public Issue as detailed in Note A7(a) and assume the full conversion of the redeemable convertible preference shares into 160,012,387 ordinary shares.
- (5) No comparative figures for the preceding quarter and preceding year are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B11 Dividends

No dividends has been declared or proposed for the current financial quarter under review.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016
B Additional Information Required by the Listing Requirements (Cont'd)
B12 Disclosure of Realised and Unrealised Profits / (Losses)

The determination of realised and unrealised profits is based on Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The realised and unrealised retained earnings of the Group as at 31 March 2016 are analysed as follows:

	As at 31 March 2016 RM'000	As at 31 March 2015 ⁽¹⁾ RM'000
The retained earnings of the Company and its subsidiaries:		
- Realised	44,724	N/A
- Unrealised	(1,081)	N/A
Less: Consolidated adjustments	15,730	N/A
Total Group retained earnings as per unaudited condensed financial statements	27,913	N/A

Note:

- (1) No comparative figures for the preceding quarter and preceding year are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B13 Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Current Quarter ended		Year-to-date	
	31 March 2016 RM'000	31 March 2015 ⁽¹⁾ RM'000	31 March 2016 RM'000	31 March 2015 ⁽¹⁾ RM'000
Profit before taxation is arrived at after charging:-				
Amortisation and depreciation of property, plant and equipment	762	N/A	2,168	N/A
Amortisation of intangible asset	19	N/A	59	N/A
Inventories written off	963	N/A	1,509	N/A
Finance costs	1,143	N/A	3,887	N/A
Rental expenses	337	N/A	1,017	N/A
After crediting:-				
Gain on bargain purchase arising from the acquisition of subsidiaries	-	N/A	(2,852)	N/A
Interest income	(206)	N/A	(270)	N/A

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2016

B Additional Information Required by the Listing Requirements (Cont'd)

Note:

- (1) No comparative figures for the preceding quarter and preceding year are available as this is the third interim financial report on the consolidated results for the third quarter ended 31 March 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

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