



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

**INTERIM FINANCIAL REPORT FOR THE  
FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2016**

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

Unaudited Condensed Consolidated Statement of Comprehensive Income<sup>(1)</sup>

	Individual Quarter 3 months period ended		Cumulative Quarter 3 months period ended	
	30 September 2016 Note	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Revenue	88,866	78,647	88,866	78,647
Cost of sales	(77,489)	(67,724)	(77,489)	(67,724)
<b>Gross profit</b>	<b>11,377</b>	<b>10,923</b>	<b>11,377</b>	<b>10,923</b>
Other income	289	2,016 <sup>^</sup>	289	2,016 <sup>^</sup>
Administrative expenses	(3,030)	(4,155)	(3,030)	(4,155)
Selling and distribution expenses	(6,228)	(5,035)	(6,228)	(5,035)
Other operating expenses	(511)	(292)	(511)	(292)
<b>Operating profit</b>	<b>1,897</b>	<b>3,457</b>	<b>1,897</b>	<b>3,457</b>
Finance costs	(1,554)	(1,435)	(1,554)	(1,435)
<b>Profit before taxation</b>	<b>343</b>	<b>2,022</b>	<b>343</b>	<b>2,022</b>
Income tax expenses	(83)	(555)	(83)	(555)
<b>Net profit for the period</b>	<b>260</b>	<b>1,467</b>	<b>260</b>	<b>1,467</b>
<b>Profit attributable to:</b>				
Owners of the Company	246	1,454	246	1,454
Non-controlling interests	14	13	14	13
	<b>260</b>	<b>1,467</b>	<b>260</b>	<b>1,467</b>
<b>Earnings per share attributable to Owners of the Company</b>				
- Basic (sen)	B10	0.05	0.39	0.05
- Diluted (sen)	B10	0.04	0.28	0.04

## Notes:

(1) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of Kim Teck Cheong Consolidated Berhad ("KTC Consolidated" or the "Company") and its subsidiaries ("KTC Group" or the "Group") for the financial year ended ("FYE") 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.

<sup>^</sup> Included in other income is the gain on bargain purchase arising from acquisition of subsidiaries which had been adjusted from RM2.85 million to RM1.83 million retrospectively upon completion of the purchase price allocation in June 2016.

## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

Unaudited Condensed Consolidated Statement of Financial Position<sup>(1)</sup>

	As at 30 September 2016 RM'000 (Unaudited)	As at 30 June 2016 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	61,080	60,302
Goodwill on consolidation	5,981	5,981
Intangible asset	217	237
Deferred tax assets	336	268
	<u>67,614</u>	<u>66,788</u>
<b>Current Assets</b>		
Inventories	76,461	60,414
Trade and other receivables	85,277	93,954
Tax assets	1,858	1,270
Deposits, cash and bank balances	12,244	21,999
<b>Total Current Assets</b>	<u>175,840</u>	<u>177,637</u>
<b>Total Assets</b>	<u>243,454</u>	<u>244,425</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	75,030	75,030
Share premium	24,331	24,331
Revaluation reserve	9,452	9,496
Reorganisation deficit	(47,963)	(47,963)
Retained earnings	29,186	28,896
	<u>90,036</u>	<u>89,790</u>
Non-controlling interests	880	866
<b>Total Equity</b>	<u>90,916</u>	<u>90,656</u>
<b>Non-current Liabilities</b>		
Hire purchase payables	3,181	3,266
Borrowings	10,902	11,438
Deferred tax liabilities	5,609	5,657
<b>Total Non-current Liabilities</b>	<u>19,692</u>	<u>20,361</u>
<b>Current Liabilities</b>		
Trade payables and other payables	11,523	31,209
Hire purchase payables	1,129	1,095
Borrowings	120,180	101,074
Current tax liabilities	14	30
<b>Total Current Liabilities</b>	<u>132,846</u>	<u>133,408</u>
<b>Total Liabilities</b>	<u>152,538</u>	<u>153,769</u>
<b>Total Equity and Liabilities</b>	<u>243,454</u>	<u>244,425</u>
Number of ordinary shares of RM0.10 each ('000)	510,277	510,277
Net assets attributable to ordinary shareholders of the Company, per ordinary share (RM)	0.18	0.18

Note:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.

## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

Unaudited Condensed Consolidated Statement of Changes in Equity<sup>(1)</sup>

	<----- Attributable to Equity Owners of the Company ----->					Sub-total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Non-Distributable				Distributable			
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reorganisation Deficit RM'000	Retained Earnings RM'000			
<b>Current period-to-date ended 30 September 2016</b>								
<b>As at 1 July 2016</b>	75,030	24,331	9,496	(47,963)	28,896	89,790	866	90,656
Profit for the period, representing total comprehensive income	-	-	-	-	246	246	14	260
Realisation of revaluation reserve	-	-	(44)	-	44	-	-	-
<b>Balance as at 30 September 2016</b>	<u>75,030</u>	<u>24,331</u>	<u>9,452</u>	<u>(47,963)</u>	<u>29,186</u>	<u>90,036</u>	<u>880</u>	<u>90,916</u>
<b>Corresponding period-to-date ended 30 September 2015</b>								
<b>As at 1 July 2015 (unaudited)</b>	(2)	-	9,672	(64)	26,868	36,476	-	36,476
Profit for the period, representing total comprehensive income	-	-	-	-	1,454	1,454	13	1,467
Realisation of revaluation reserve	-	-	(53)	-	53	-	-	-
<b>Transaction with owners</b> Shares issued for acquisition of subsidiaries	60,830	18,414	-	(47,899)	-	31,345	788	32,133
<b>Balance as at 30 September 2015</b>	<u>60,830</u>	<u>18,414</u>	<u>9,619</u>	<u>(47,963)</u>	<u>28,375</u>	<u>69,275</u>	<u>801</u>	<u>70,076</u>

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

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**Unaudited Condensed Consolidated Statement of Changes in Equity<sup>(1)</sup> (Cont'd)**

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.
- (2) RM2.00

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

Unaudited Condensed Consolidated Statement of Cash Flows<sup>(1)</sup>

	Current Period Ended 30 September 2016 RM'000	Corresponding Period Ended 30 September 2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>343</b>	<b>2,022</b>
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	806	693
Amortisation of intangible asset	20	20
Bad debts written off	2	-
Interest income	(50)	(10)
Interest expenses	1,554	1,435
Gain on disposal of property, plant and equipment	-	*
Gain on bargain purchase arising from the acquisition of subsidiaries	-	(1,825)^
Inventories written off	509	292
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,184</b>	<b>2,627</b>
<u>Changes in working capital:</u>		
Inventories	(16,556)	(5,558)
Receivables	8,675	(14,165)
Payables	(19,685)	(34,585)
Cash used in operating activities	(24,382)	(51,681)
Interests received	50	10
Interests paid	(97)	(302)
Tax paid	(803)	(614)
<b>NET OPERATING CASH FLOWS</b>	<b>(25,232)</b>	<b>(52,587)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,583)	(158)
Proceeds from the disposal of property, plant and equipment	-	1
Net cash and cash equivalents acquired from the acquisition of subsidiaries	-	1,114
<b>NET INVESTING CASH FLOWS</b>	<b>(1,583)</b>	<b>957</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interests paid	(1,458)	(1,133)
Drawdown of term loans	-	1,460
Repayment of term loans	(568)	(176)
Drawdown of bankers' acceptance	100,008	102,433
Repayments of bankers' acceptance	(89,703)	(72,464)
Payment of hire purchase payables	(52)	(198)
Drawdown of revolving credit	8,000	-
<b>NET FINANCING CASH FLOWS</b>	<b>16,227</b>	<b>29,922</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(10,588)</b>	<b>(21,708)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>10,898</b>	<b>13,673</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>310</b>	<b>(8,035)</b>

## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

Unaudited Condensed Consolidated Statement of Cash Flows<sup>(1)</sup> (Cont'd)

	Current Period Ended 30 September 2016 RM'000	Corresponding Period Ended 30 September 2015 RM'000
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	11,906	6,222
Cash deposits placed with licensed banks	338	-
Less: Bank overdrafts	(11,934)	(14,257)
	<u>310</u>	<u>(8,035)</u>

## Notes:

\* RM193

^ Included in other income is the gain on bargain purchase arising from acquisition of subsidiaries which had been adjusted from RM2.85 million to RM1.83 million retrospectively upon completion of the purchase price allocation in June 2016.

(1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

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**A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 30 September 2016**

**A1 Basis of Preparation**

The interim financial report the Group are unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“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 ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This interim financial statement should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2016.

**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 2016 and the accompanying explanatory notes as attached to this interim financial report.

**A3 Auditors’ Report**

There was no qualification on the audited financial statements of the Company and its subsidiaries for the FYE 30 June 2016.

**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.

**A7 Debts and Equity Securities**

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.

**A8 Dividend Paid**

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



## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

**A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 30 September 2016 (cont'd)****A9 Segmental Information****(a) Revenue by Business Activities**

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Distribution of third party brands of consumer packaged goods	85,965	75,135	85,965	75,135
Distribution of own brands of consumer packaged goods	1,345	1,944	1,345	1,944
Manufacturing of bakery products	1,556	1,568	1,556	1,568
<b>Total</b>	<b>88,866</b>	<b>78,647</b>	<b>88,866</b>	<b>78,647</b>

**(b) Revenue by Geographical Market**

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<b>East Malaysia</b>				
Sabah	72,463	70,485	72,463	70,485
Sarawak	12,349	4,429	12,349	4,429
Labuan	4,054	3,733	4,054	3,733
<b>Total</b>	<b>88,866</b>	<b>78,647</b>	<b>88,866</b>	<b>78,647</b>

**A10 Material Events Subsequent to the end of the Current Financial Quarter**

There are no other material events 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 under review.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**


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**A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 30 September 2016 (Cont'd)**
**A12 Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets as at the end of the current financial quarter and up to the date of this report.

**A13 Capital Commitments**

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

	<b>As at 30 September 2016 RM'000</b>
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 Trans Paint Sdn Bhd	2,235
- Construction of new warehousing facility in Kota Kinabalu, Sabah	4,982
<b>Total</b>	<b>9,005</b>

**A14 Significant Related Party Transactions**

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

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

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

**B1 Review of Performance**

**Comparison with preceding year's corresponding quarter**

The Group recorded revenue of RM88.87 million for the first quarter ended 30 September 2016. Of this, distribution of third party brands of consumer packaged goods (“CPG”) accounted for RM85.97 million or 96.74% of the Group’s total revenue while distribution of own brands of CPG and manufacturing of bakery products represented RM1.34 million or 1.51% and RM1.56 million or 1.75%, respectively.

The Group’s revenue increased by 12.99%, from RM78.65 million for the preceding year’s corresponding quarter ended 30 September 2015 (“Q1 of 2016”) to RM88.87 million for the current quarter ended 30 September 2016 (“Q1 of 2017”). The increase was mainly attributed to the following:

- (i) The commencement of distribution of new third party brands of CPG for the following suppliers:
  - Lee Soon Seng Plastics Sdn Bhd for Sabah and Sarawak;
  - Anakku Sdn Bhd for Sabah and Sarawak; and
  - Cotra Enterprises Sdn Bhd for Sabah and Sarawak.
- (ii) Revenue contribution amounting to RM4.76 million from Popular Trading (Borneo) Corporation Sdn Bhd, a newly acquired wholly-owned subsidiary of KTC Consolidated. The acquisition was completed on 30 May 2016.

The Group’s profit before taxation (“PBT”) decreased from RM2.02 million for Q1 of 2016 to RM0.34 million for Q1 of 2017 mainly due to the following:

- (i) included in the Q1 of 2016 PBT was a one-off gain on bargain purchase as a result of the acquisition of subsidiary companies amounting to RM1.83 million; and
- (ii) the increase in staff cost and finance cost as well as expenditure on business infrastructure and warehousing facilities in relation to the preparation of distribution of Procter & Gamble (Malaysia) Sdn Bhd products in Sarawak with effect from 1 October 2016.

**B2 Comparative with Immediate Preceding Quarter’s Results**

The Group’s PBT decreased from RM1.82 million for the immediate preceding quarter ended 30 June 2016 to a PBT of RM0.34 million for Q1 of 2017. This was mainly attributed to the following:

- (i) the Group’s revenue decreased by 9.33% from RM98.02 million for immediate preceding quarter ended 30 June 2016 to RM88.87 million for Q1 of 2017; and
- (ii) the increase in staff cost and finance cost as well as expenditure on business infrastructure and warehousing facilities in relation to the preparation of distribution of Procter & Gamble (Malaysia) Sdn Bhd products in Sarawak with effect from 1 October 2016.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016****B Additional Information Required by the Listing Requirements (Cont'd)****B3 Prospects**

With the increasingly challenging economic environment affected by the slowdown of the global and regional economy, the Group continues to be in expansion mode with the appointments as distributor for:

- (i) Lee Soon Seng Plastics Sdn Bhd for Sabah and Sarawak;
- (ii) Anakku Sdn Bhd for Sabah and Sarawak;
- (iii) Cotra Enterprises Sdn Bhd for Sabah and Sarawak; and
- (iv) Procter & Gamble (Malaysia) Sdn Bhd for Sarawak and Brunei.

The Board of Directors is of the view that the Group's overall performance for the financial year ending 30 June 2017 will remain satisfactory.

**B4 Variance of Actual Profit from Profit Forecast or 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 30 September 2016 RM'000	Cumulative Quarter 30 September 2016 RM'000
Current tax expenses	83	83
Deferred taxation	-	-
	83	83
Effective tax rate	24.20%	24.20%

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

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

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

**B6 Status of Corporate Proposals**

(a) Saved as disclosed below, there is no other proposal announced but not completed as at the date of this report:

(i) 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.*

(ii) On 7 September 2016, the Company had entered into a share sale and purchase agreement with Yung Kong Company Berhad 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 a purchase consideration of RM2,535,482 to be funded via the initial public offering proceeds.

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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	Balance unutilised	Initial timeframe for utilisation (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	300	8,700	Within 24 months
(ii) Construction of new warehousing facility in Kota Kinabalu, Sabah	2,000	1,295	705	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 24 months*
(iv) Working capital	4,700	4,700	-	Within 12 months
(v) Estimated listing expenses	2,600	2,600	-	Upon Listing
<b>Total gross proceeds</b>	<b>21,300</b>	<b>9,895</b>	<b>11,405</b>	

Note:

\* As per the announcement dated 25 November 2016, the timeframe for utilisation has been extended for an additional 12 months from its initial utilisation timeframe of within 12 months from the listing date as per the Prospectus of the Company dated 28 October 2015.

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

## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

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

The Group's borrowings as at 30 September 2016 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Unsecured</u>			
Bankers' acceptance	89,423	-	89,423
Bank overdraft	11,934	-	11,934
Revolving credit	18,000	-	18,000
	119,357	-	119,357
<u>Secured</u>			
Term loans	823	10,902	11,725
Hire purchase payables	1,129	3,181	4,310
	1,952	14,083	16,035
<b>Total</b>	<b>121,309</b>	<b>14,083</b>	<b>135,392</b>

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

**B8 Derivative Financial Instruments**

There is no derivative financial instrument as at the date of this report.

**B9 Material Litigation**

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors 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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**
**B Additional Information Required by the Listing Requirements (Cont'd)**
**B10 Earnings Per Share ("EPS")**

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

	Current Quarter ended		Year-to-date ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit attributable to ordinary equity owners of the Company	246	1,454	246	1,454
Weighted average number of ordinary shares of RM0.10 each in issue ('000)				
- number of ordinary shares in issue since 1 July 2016	510,277	(1)	510,277	(1)
- new ordinary shares issued on 1 July 2015 pursuant to the acquisition of subsidiaries	-	368,277	-	368,277
	<u>510,277</u>	<u>368,277</u>	<u>510,277</u>	<u>368,277</u>
Basic EPS (sen)	0.05	0.39	0.05	0.39
Diluted EPS <sup>(2)</sup> (sen)	0.04	0.28	0.04	0.28

Notes:

- (1) 20 shares.
- (2) 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 and assume the full conversion of the redeemable convertible preference shares into 160,012,387 ordinary shares.

**B11 Dividends**

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

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 30 September 2016 are analysed as follows:

	As at 30 September 2016 RM'000	As at 30 September 2015 RM'000
The retained earnings of the Company and its subsidiaries:		
- Realised	52,367	45,785
- Unrealised	(5,273)	(1,788)
Less: Consolidated adjustments	(17,908)	(15,622)
Total Group retained earnings as per unaudited condensed financial statements	29,186	28,375

**B13 Notes to the Condensed Consolidated Statement of Comprehensive Income**

	Current Quarter ended		Year-to-date	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation is arrived at after charging:-				
Depreciation of property, plant and Equipment	806	693	806	693
Amortisation of intangible asset	20	20	20	20
Inventories written off	509	292	509	292
Bad debts written off	2	-	2	-
Finance costs	1,554	1,435	1,554	1,435
Rental expenses	373	294	373	294
After crediting:-				
Gain on bargain purchase arising from the acquisition of subsidiaries	-	(1,825)^	-	(1,825)^
Interest income	(50)	(10)	(50)	(10)

Notes:

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

^ Included in other income is the gain on bargain purchase arising from acquisition of subsidiaries which had been adjusted from RM2.85 million to RM1.83 million retrospectively upon completion of the purchase price allocation in June 2016.

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