



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

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3RD) QUARTER ENDED 31 MARCH 2018**

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

Unaudited Condensed Consolidated Statement of Comprehensive Income⁽¹⁾

| | Note | Individual Quarter 3 months period ended | | Cumulative Quarter 9 months period ended | |
|-----------------------------------------------------------------|------------|---------------------------------------------|-------------------------------|---------------------------------------------|-------------------------------|
| | | 31 March 2018 RM'000 | 31 March 2017 RM'000 | 31 March 2018 RM'000 | 31 March 2017 RM'000 |
| Revenue | | 122,065 | 108,310 | 322,423 | 311,722 |
| Cost of sales | | (111,039) | (95,502) | (287,753) | (273,940) |
| Gross profit | | 11,026 | 12,808 | 34,670 | 37,782 |
| Other income | | 1,246 | 1,250 | 2,227 | 1,812 |
| Administrative expenses | | (3,563) | (3,542) | (8,939) | (9,881) |
| Selling and distribution expenses | | (7,394) | (7,675) | (21,680) | (21,239) |
| Other operating expenses | | (9,083) | (504) | (9,864) | (1,421) |
| Operating (loss)/ profit | B13 | (7,768) | 2,337 | (3,586) | (7,053) |
| Finance costs | | (1,878) | (1,919) | (5,856) | (5,083) |
| (Loss) / Profit before tax | | (9,646) | 418 | (9,442) | 1,970 |
| Income tax credit / (expense) | | (1,744) | 272 | (1,739) | (77) |
| Net (loss)/ profit for the period | | (11,390) | 690 | (11,181) | 1,893 |
| Other comprehensive income, net of tax | | | | | |
| Exchange difference on transaction of foreign operation | | 18 | - | 7 | - |
| Total comprehensive income for the year | | (11,372) | 690 | (11,174) | 1,893 |
| (Loss)/ Loss attributable to: | | | | | |
| Owners of the Company | | (11,818) | 716 | (11,615) | 1,875 |
| Non-controlling interests | | 428 | (26) | 434 | 18 |
| | | (11,390) | 690 | (11,181) | 1,893 |
| Earnings per share attributable to Owners of the Company | | | | | |
| - Basic (sen) | B11 | (2.32) | 0.14 | (2.28) | 0.37 |
| - Diluted (sen) | B11 | (1.76) | 0.11 | (1.73) | 0.28 |

Note:

(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 2017 and the accompanying explanatory notes as attached to this interim financial report.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

Unaudited Condensed Consolidated Statement of Financial Position⁽¹⁾

| | As at 31 March 2018 RM'000 (Unaudited) | As at 30 June 2017 RM'000 (Audited) |
|------------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 73,854 | 73,186 |
| Goodwill on consolidation | 5,981 | 5,981 |
| Other intangible asset | 118 | 158 |
| Deferred tax assets | 167 | 127 |
| | <u>80,120</u> | <u>79,452</u> |
| Current Assets | | |
| Inventories | 89,505 | 79,645 |
| Trade and other receivables | 119,831 | 114,885 |
| Tax assets | 8,707 | 2,785 |
| Deposits, cash and bank balances | 7,491 | 2,777 |
| Total Current Assets | <u>225,534</u> | <u>200,092</u> |
| Total Assets | <u>305,654</u> | <u>279,544</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 99,361 | 99,361 |
| Share premium ⁽²⁾ | - | - |
| Revaluation reserve | 9,232 | 9,312 |
| Reorganisation deficit | (47,963) | (47,963) |
| Exchange reserve | (492) | (82) |
| Retained earnings | 19,632 | 30,195 |
| | <u>79,770</u> | <u>90,823</u> |
| Non-controlling interests | 2,601 | 3,139 |
| Total Equity | <u>82,371</u> | <u>93,962</u> |
| Non-current Liabilities | | |
| Finance lease liabilities | 3,507 | 4,310 |
| Borrowings | 17,434 | 15,235 |
| Deferred tax liabilities | 6,307 | 6,361 |
| Total Non-current Liabilities | <u>27,248</u> | <u>25,906</u> |
| Current Liabilities | | |
| Trade payables and other payables | 32,258 | 25,627 |
| Finance lease liabilities | 1,739 | 1,833 |
| Borrowings | 157,124 | 131,757 |
| Current tax liabilities | 4914 | 458 |
| Total Current Liabilities | <u>196,035</u> | <u>159,676</u> |
| Total Liabilities | <u>223,283</u> | <u>185,582</u> |
| Total Equity and Liabilities | <u>305,654</u> | <u>279,544</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) | 0.17 | 0.18 |

Notes:

- (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 2017 and the accompanying explanatory notes as attached to this interim financial report.
- (2) Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 use the amount standing to the credit of the share premium account of RM24,330,815 for the purposes set out in Section 618(3) of the CA 2016.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

Unaudited Condensed Consolidated Statement of Changes in Equity⁽¹⁾

| | <----- Attributable to Equity Owners of the Company -----> | | | | | | | | |
|---------------------------------------------------------|------------------------------------------------------------|----------------------------|----------------------------------|-------------------------------------|-------------------------------|--------------------------------|-------------------------|--------------------------------------------|------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Reorganisation Deficit RM'000 | Exchange Reserve RM'000 | Retained Earnings RM'000 | Sub- total RM'000 | Non- controlling interests RM'000 | Total Equity RM'000 |
| Current period-to-date ended 31 March 2018 | | | | | | | | | |
| As at 1 July 2017 | 99,361 | - | 9,312 | (47,963) | (82) | 30,195 | 90,823 | 3,139 | 93,962 |
| Exchange difference on transaction of foreign operation | - | - | - | - | (410) | - | (410) | - | (410) |
| Loss for the period | - | - | - | - | - | (10,643) | (10,643) | (538) | (11,181) |
| Realisation of revaluation reserve | - | - | (80) | - | - | 80 | - | - | - |
| Balance as at 31 March 2018 | 99,361 | - | 9,232 | (47,963) | (492) | 19,632 | 79,770 | 2,601 | 82,371 |
| Corresponding period-to-date ended 30 June 2017 | | | | | | | | | |
| As at 1 July 2016 | 75,030 | 24,331 | 9,496 | (47,963) | - | 28,896 | 89,790 | 866 | 90,656 |
| Exchange difference on transaction of foreign operation | - | - | - | - | (82) | - | (82) | - | (82) |
| Profit for the period | - | - | - | - | - | 1,115 | 1,115 | 469 | 1,584 |
| Realisation of revaluation reserve | - | - | (184) | - | - | 184 | - | - | - |
| Transaction with owners | | | | | | | | | |
| Adjustment for effect of CA 2016 ⁽²⁾ | 24,331 | (24,331) | - | - | - | - | - | - | - |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | 1,804 | 1,804 |
| Balance as at 30 June 2017 | 99,361 | - | 9,312 | (47,963) | (82) | 30,195 | 90,823 | 3,139 | 93,962 |

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

Unaudited Condensed Consolidated Statement of Changes in Equity⁽¹⁾ (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 2017 and the accompanying explanatory notes as attached to this interim financial report.
- (2) Pursuant to Section 618(2) of the CA 2016, any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 use the amount standing to the credit of the share premium account of RM24,330,815 for the purposes set out in Section 618(3) of the CA 2016.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

Unaudited Condensed Consolidated Statement of Cash Flows⁽¹⁾

| | Current Period Ended 31 March 2018 RM'000 | Corresponding Period Ended 30 June 2017 RM'000 |
|---------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) before tax | (9,442) | 2,989 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,606 | 3,542 |
| Amortisation of intangible asset | 59 | 79 |
| Bad debts written off | - | 2 |
| Interest income | (245) | (228) |
| Interest expenses | 5,856 | 7,231 |
| Gain on disposal of property, plant and equipment | (110) | (8) |
| Gain on bargain purchase arising from the acquisition of subsidiaries | - | (2,173) |
| Inventories written off | 1,799 | 2,347 |
| Impairment loss on: | | |
| - trade receivables | - | 385 |
| - other receivables | - | 22 |
| Property, plant and equipment written off | - | * |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 523 | 14,188 |
| Changes in working capital: | | |
| Inventories | (12,102) | (16,847) |
| Receivables | (19,141) | (14,525) |
| Payables | 14,738 | (12,542) |
| Cash from/(used in) operating activities | (15,982) | (29,726) |
| Interests received | 245 | 228 |
| Interests paid | (2,487) | (1,143) |
| Tax paid | (6,049) | (2,812) |
| NET OPERATING CASH FLOWS | (24,273) | (33,453) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (3,544) | (5,264) |
| Proceeds from the disposal of property, plant and equipment | 157 | 8 |
| Acquisition of subsidiary companies, net of cash acquired | - | (4,483) |
| NET INVESTING CASH FLOWS | (3,387) | (9,739) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interests paid | (3,368) | (6,088) |
| Drawdown of term loans | 2,060 | 526 |
| Drawdown of bankers' acceptance | 265,247 | 398,664 |
| Repayments of bankers' acceptance | (245,790) | (394,118) |
| Repayments of finance lease liabilities | (704) | (700) |
| Drawdown of revolving credit | - | 8,000 |
| Drawdown of trust receipts | 1,904 | 2,185 |
| Repayments of trust receipts | (3,508) | - |
| Advances from directors | - | 22 |
| NET FINANCING CASH FLOWS | 15,841 | 8,491 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (11,819) | (34,701) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD | (23,885) | 10,898 |
| Effects of foreign exchange rate changes | (410) | (82) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | (36,114) | (23,885) |

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

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

| | Current Period Ended 31 March 2018 RM'000 | Corresponding Period Ended 30 June 2017 RM'000 |
|----------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------|
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 7,491 | 2,777 |
| Less: Bank overdrafts | (43,605) | (26,662) |
| | (36,114) | (23,885) |

Notes:

(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 2017 and the accompanying explanatory notes as attached to this interim financial report.

* RM206.00

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 31 March 2018

A1 Basis of Preparation

The interim financial report of 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**”), rule 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 2017.

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 2017 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 2017.

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 THIRD QUARTER ENDED 31 MARCH 2018

A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 31 March 2018 (Cont'd)**A9 Segmental Information****(a) Revenue by Business Activities**

| | Current Quarter 3 months ended | | Cumulative Quarter 9 months ended | |
|---------------------------------------------------------------|-----------------------------------|-------------------------------|--------------------------------------|-------------------------------|
| | 31 March 2018 RM'000 | 31 March 2017 RM'000 | 31 March 2018 RM'000 | 31 March 2017 RM'000 |
| Distribution of third party brands of consumer-packaged goods | 120,236 | 105,026 | 316,253 | 302,103 |
| Distribution of own brands of consumer-packaged goods | 463 | 1,797 | 2,169 | 4,811 |
| Manufacturing of bakery products | 1,366 | 1,487 | 4,001 | 4,808 |
| Total | 122,065 | 108,310 | 322,423 | 311,722 |

(b) Revenue by Geographical Market

| | Current Quarter 3 months ended | | Cumulative Quarter 9 months ended | |
|----------------------|-----------------------------------|-------------------------------|--------------------------------------|-------------------------------|
| | 31 March 2018 RM'000 | 31 March 2017 RM'000 | 31 March 2018 RM'000 | 31 March 2017 RM'000 |
| East Malaysia | | | | |
| Sabah | 55,672 | 74,326 | 188,254 | 225,235 |
| Sarawak | 44,191 | 28,356 | 92,305 | 72,370 |
| Labuan | 1,940 | 3,970 | 8,656 | 12,459 |
| Brunei | 20,262 | 1,658 | 33,208 | 1,658 |
| Total | 122,065 | 108,310 | 322,423 | 311,722 |

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.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 31 March 2017 (Cont'd)
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

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:

| | As at 31 March 2018 RM'000 |
|--------------------------------------------------------------------|-------------------------------------|
| Approved and/or contracted for: | |
| - Construction of new warehousing facility in Kota Kinabalu, Sabah | 1,293 |
| Total | 1,293 |

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 THIRD QUARTER ENDED 31 MARCH 2018

B Additional Information Required by Appendix 9B of the Listing Requirements**B1 Review of Performance****Comparison with preceding year's corresponding quarter**

The Group's revenue for the current quarter ended 31 March 2018 ("**Q3 2018**") increased by RM13.76 million or 12.70% to RM122.07 million, from RM108.31 million for the preceding year's corresponding quarter ended 31 March 2017 ("**Q3 2017**"). The increase was mainly due to the following:

- (i) increase in revenue contribution from our operations in Sarawak from RM28.36 million (Q3 2017) to RM44.19 million (Q3 2018) due to the new distributorships for i.e. Heineken Marketing Malaysia Sdn Bhd and L'Oreal Malaysia Sdn Bhd;
- (ii) increase in revenue contribution from our operations in Brunei from RM1.66 million (Q3 2017) to RM 20.26 million (Q3 2018) due to the distributorship for i.e. Nestle Products Sdn Bhd for Nestle grocery products.

Nevertheless, our business operations in Sabah and Labuan have recorded a decline in revenue of approximately RM18.65 million and RM2.03 million, respectively which was mainly because of the termination of contracts with certain agencies by KTC Consolidated due to low margin products and slow movement of goods.

Overall, the Group recorded an increase in total revenue despite the moderation resulted from the reduction of revenue in Sabah and Labuan.

However, our Group recorded a loss before tax of RM9.65 million for Q3 2018 from a profit before tax of RM0.42 million for Q3 2017. This decrease was mainly due to the increase in other operating expenses in Q3 2018 arising from the following:

- (i) termination of contracts by KTC Consolidated with certain agencies as mentioned above. The Management of KTC Consolidated ("**Management**") has managed to recover part of the claims while the remaining claims i.e. RM6.1 million that cannot be recovered are to be written off.
- (ii) the closure of government-owned chain of convenience stores in September 2017 which caused the Group to suffer major losses and goods returned. The Management has managed to recover part of the claims while the remaining claims of RM2.2 million that cannot be recovered are to be written off.
- (iii) the write off of obsolete inventories of RM1.0 million in Kim Teck Cheong Distribution Sdn Bhd which mainly consists of our own brand due to lack of branding and marketing which led to difficulty in penetrating to consumer market.

B2 Comparative with Immediate Preceding Quarter's Results

The Group's revenue experienced a reasonable level of revenue growth. There has been positive demand for its consumer-packaged goods. The Group's revenue for Q3 2018 increased by RM28.27 million or 30.14%, from RM93.80 million to RM122.07 million, as compared to the immediate preceding quarter ended 31 December 2017 (Q2 2018). The increase in revenue was mainly due to increase in revenue contribution from its operations in Sarawak from RM23.57 million (Q2 2018) to RM44.19 million (Q3 2018) and operations in Brunei from RM7.50 million (Q2 2018) to RM20.26 million (Q3 2018).

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)**

The Group's loss before tax increased from RM0.16 million for Q2 2018 to RM9.65 million for Q3 2018. The increase in loss before tax was mainly due to increase in the Group's other operating expenses by RM8.62 million from RM0.46 million for Q2 2018 to RM9.08 million for Q3 2018 arising from the write off of claims and inventories as mentioned above.

B3 Prospects

In view of the increase in the Group's revenue for the current quarter contributed from the following distribution contracts which were secured during the immediate preceding quarter, we believe that the distribution contracts will keep up the momentum and are expected to continue to contribute positively to our Group's revenue moving forward:

- (i) Nestle Products Sdn Bhd for Nestle grocery products to cater for the modern trade channel in Brunei;
- (ii) Heineken Marketing Malaysia Sdn Bhd for Kuching, Sibul and Sri Aman in Sarawak;
- (iii) L'Oreal Malaysia Sdn Bhd for L'Oreal consumer products under the brands of "L'Oreal Paris", "Maybelline" and "Garnier" for Sabah, Labuan and Sarawak;
- (iv) Oriental Food Industries Sdn Bhd for Sabah and Sarawak; and
- (v) Sincere Match & Tobacco Factory Sdn Bhd for Sabah, Sarawak and Brunei.

With the impending removal of Goods Services Tax and stabilisation of petrol prices as announced, we believe that this will have a positive impact on the purchasing power of the consumers on consumer-packaged goods and this is expected to contribute positively to the financial performance of our Group.

The Board of Directors of KTC Consolidated ("**Board of Directors**") is of the view that the Group's overall performance for the next quarter is expected to be improved.

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 31 March 2018 RM'000 | Cumulative Quarter 31 March 2018 RM'000 |
|-------------------------|-------------------------------------------------------------|----------------------------------------------------------------|
| Current tax liabilities | 1,744 | 1,739 |
| Deferred taxation | - | - |
| | <u>1,744</u> | <u>1,739</u> |
| Effective tax rate | 27.46% | 28.11% |

The Group's effective tax rate is higher than the statutory tax rate of 24% mainly due to expenses incurred which were not deductible for tax purpose and under provision in prior year.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)**

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

B6 (a) Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of this report.

(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 RM'000 | Actual utilisation RM'000 | Balance unutilised RM'000 | Initial timeframe for utilisation (from the listing date) |
|---------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------|----------------------------------------------------------------------|
| (i) Acquisition of warehousing facilities including land and building, in Sibul, Miri and Kuching | 9,000 | 3,000 | 6,000 | Within 36 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 36 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 | 14,300 | 7,000 | |

Notes:

* As per the announcement dated 24 November 2017, the timeframe for utilisation has been extended for an additional 12 months from its initial utilisation timeframe of within 24 months from the listing date as per the Prospectus of the Company dated 28 October 2015.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018**B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)**

** As per the announcements dated 25 November 2016 and 24 November 2017, the timeframe for utilisation has been extended for an additional 24 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.

B7 Group's Borrowings and Debt Securities

The Group's borrowings as at 31 March 2018 are as follows:

| | Short-term RM'000 | Long-term RM'000 | Total RM'000 |
|---------------------------|----------------------|---------------------|-----------------|
| <u>Unsecured</u> | | | |
| Bankers' acceptances | 94,457 | - | 94,457 |
| Trust receipts | - | - | - |
| Bank overdrafts | 43,605 | - | 43,605 |
| Revolving credit | 18,000 | - | 18,000 |
| | 156,062 | - | 156,062 |
| <u>Secured</u> | | | |
| Term loans | 1,062 | 17,434 | 18,496 |
| Finance lease liabilities | 1,739 | 3,507 | 5,246 |
| | 2,801 | 20,941 | 23,742 |
| Total | 158,863 | 20,941 | 179,804 |

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.

B10 Fair value changes of financial liabilities

The Group does not remeasure its financial liabilities at fair value after the initial recognition.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018
B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)
B11 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 | |
|-------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 March 2018 RM'000 | 31 March 2017 RM'000 | 31 March 2018 RM'000 | 31 March 2017 RM'000 |
| (Loss)/ Profit attributable to ordinary equity owners of the Company | (11,818) | 716 | (11,615) | 1,875 |
| Weighted average number of ordinary shares for basic earnings per share | 510,277 | 510,277 | 510,277 | 510,277 |
| Effect of dilution from: - redeemable convertible preference shares | 160,012 | 160,012 | 160,012 | 160,012 |
| | 670,289 | 670,289 | 670,289 | 670,289 |
| Basic EPS (sen) | (2.32) | 0.14 | (2.28) | 0.37 |
| Diluted EPS ⁽²⁾ (sen) | (1.76) | 0.11 | (1.73) | 0.28 |

Note:

- (1) The diluted EPS is computed based on the loss 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 in the Company.

B12 Dividends

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2018

B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)**B13 Notes to the Condensed Consolidated Statement of Comprehensive Income⁽¹⁾**

| | Current Quarter ended | | Year-to-date | |
|---------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 March 2018 RM'000 | 31 March 2017 RM'000 | 31 March 2018 RM'000 | 31 March 2017 RM'000 |
| Loss/ Profit before tax is arrived at after charging:- | | | | |
| Depreciation of property, plant and Equipment | 659 | 891 | 2,606 | 2,536 |
| Amortisation of intangible asset | 29 | 20 | 59 | 60 |
| Inventories written off | 1,018 | 504 | 1,799 | 1,419 |
| Bad debts written off | - | - | - | 2 |
| Finance costs | 1,878 | 1,919 | 5,856 | 5,083 |
| Rental expenses | 374 | 668 | 918 | 1,429 |
| After crediting: - | | | | |
| Interest income | (59) | (806) | (245) | (164) |
| Profit on disposal of property, plant and equipment | (58) | (64) | (110) | (8) |
| Profit on bargain purchase arising from acquisition of subsidiaries | - | - | - | (806) |

Note:

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