

GUH HOLDINGS BERHAD (Company No. 4104-W)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2016 RM '000	PRECEDING YEAR QUARTER 30/09/2015 RM '000	CURRENT YEAR TO DATE 30/09/2016 RM '000	PRECEDING YEAR TO DATE 30/09/2015 RM '000
Revenue	78,248	73,113	234,487	210,331
Operating expenses	(73,721)	(71,488)	(222,159)	(203,469)
Other operating income	1,139	3,535	3,211	7,315
Finance costs	(211)	-	(425)	-
Share of (loss)/profit of associates	(62)	141	(200)	3,284
Profit before tax (Note 16)	5,393	5,301	14,914	17,461
Tax expense	(1,175)	(2,468)	(3,016)	(5,387)
Profit for the period	4,218	2,833	11,898	12,074
Profit for the period attributable to:				
Owners of the Company	4,219	2,834	11,900	12,076
Non-controlling interests	(1)	(1)	(2)	(2)
	4,218	2,833	11,898	12,074
Earnings per share (sen):				
(a) Basic	1.60	1.07	4.51	4.57
(b) Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

GUH HOLDINGS BERHAD (Company No. 4104-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30/09/2016 RM '000	PRECEDING YEAR QUARTER 30/09/2015 RM '000	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30/09/2016 RM '000	PRECEDING YEAR TO DATE 30/09/2015 RM '000
Profit for the period	4,218	2,833	11,898	12,074
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Gain/(Loss) on available-for-sale financial assets	881	(1,146)	112	(917)
Currency translation differences for foreign operations	3,469	24,002	(9,631)	36,367
Reclassification adjustments on:				
- Derecognition of available-for-sale financial assets	(64)	-	(170)	(378)
- Impairment of available-for-sale financial assets	-	805	344	847
Other comprehensive income for the period	4,286	23,661	(9,345)	35,919
Total comprehensive income for the period	8,504	26,494	2,553	47,993
Total comprehensive income for the period attributable to:				
Owners of the Company	8,505	26,495	2,555	47,995
Non-controlling interests	(1)	(1)	(2)	(2)
	8,504	26,494	2,553	47,993

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

GUH HOLDINGS BERHAD (Company No. 4104-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	AS AT 30/09/2016 RM '000	AS AT 31/12/2015 RM '000
Non-Current Assets		
Property, Plant and Equipment	149,461	157,967
Investment Properties	8,100	8,900
Goodwill	3,348	3,348
Investment in Associates	18,123	7,367
Available-for-sale Financial Assets	5,617	7,880
Land Held for Property Development	148,756	121,857
Deferred Tax Assets	224	224
	<u>333,629</u>	<u>307,543</u>
Current Assets		
Property Development Costs	54,431	31,168
Accrued Billings	8,023	6,396
Amounts Due from Customers for Contract Work	2,143	2,517
Inventories	47,229	44,250
Trade and Other Receivables	74,404	78,375
Prepayments	6,418	3,991
Current Tax Assets	3,920	4,207
Cash and Cash Equivalents	109,558	135,992
	<u>306,126</u>	<u>306,896</u>
Current Liabilities		
Trade and Other Payables	90,911	76,643
Amounts Due to Customers for Contract Work	5,069	93
Loans and Borrowings	249	-
Current Tax Liabilities	2,917	5,655
	<u>99,146</u>	<u>82,391</u>
Net Current Assets	206,980	224,505
Non-Current Liabilities		
Loans and Borrowings	16,209	-
Deferred Tax Liabilities	13,184	14,097
	<u>29,393</u>	<u>14,097</u>
Net Assets	511,216	517,951
Equity		
Share Capital	277,905	277,905
Treasury Shares	(18,090)	(18,038)
Reserves	251,392	258,073
Equity Attributable to Owners of the Company	511,207	517,940
Non-controlling Interests	9	11
Total Equity	511,216	517,951
Net Assets per Share Attributable to Owners of the Company (RM)	1.94	1.96

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	← Non-Distributable →						Distributable *		Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital RM '000	Treasury shares RM '000	Share premium RM '000	Capital reserve RM '000	Revaluation surplus RM '000	Fair value reserve RM '000	Currency translation reserve RM '000	Retained profits RM '000	RM '000	RM '000	RM '000
At 01/01/2016	277,905	(18,038)	87	11,537	38,929	(21)	46,176	161,365	517,940	11	517,951
Gain on available-for-sale financial assets	-	-	-	-	-	112	-	-	112	-	112
Currency translation differences for foreign operations	-	-	-	-	-	-	(9,631)	-	(9,631)	-	(9,631)
Reclassification adjustments on:											
- Derecognition of available-for-sale financial assets	-	-	-	-	-	(170)	-	-	(170)	-	(170)
- Impairment of available-for-sale financial assets	-	-	-	-	-	344	-	-	344	-	344
Other comprehensive income for the period	-	-	-	-	-	286	(9,631)	-	(9,345)	-	(9,345)
Profit/(Loss) for the period	-	-	-	-	-	-	-	11,900	11,900	(2)	11,898
Total comprehensive income for the period	-	-	-	-	-	286	(9,631)	11,900	2,555	(2)	2,553
Purchase of own shares	-	(52)	-	-	-	-	-	-	(52)	-	(52)
Interim single tier dividend of 3.5 sen per share	-	-	-	-	-	-	-	(9,236)	(9,236)	-	(9,236)
Total transactions with owners	-	(52)	-	-	-	-	-	(9,236)	(9,288)	-	(9,288)
Transfer to capital reserve **	-	-	-	534	-	-	-	(534)	-	-	-
At 30/09/2016	277,905	(18,090)	87	12,071	38,929	265	36,545	163,495	511,207	9	511,216
At 01/01/2015	277,905	(17,778)	87	-	38,852	1	19,038	176,167	494,272	14	494,286
Loss on available-for-sale financial assets	-	-	-	-	-	(917)	-	-	(917)	-	(917)
Currency translation differences for foreign operations	-	-	-	-	-	-	36,367	-	36,367	-	36,367
Reclassification adjustments on:											
- Derecognition of available-for-sale financial assets	-	-	-	-	-	(378)	-	-	(378)	-	(378)
- Impairment of available-for-sale financial assets	-	-	-	-	-	847	-	-	847	-	847
Other comprehensive income for the period	-	-	-	-	-	(448)	36,367	-	35,919	-	35,919
Profit/(Loss) for the period	-	-	-	-	-	-	-	12,076	12,076	(2)	12,074
Total comprehensive income for the period	-	-	-	-	-	(448)	36,367	12,076	47,995	(2)	47,993
Purchase of own shares	-	(260)	-	-	-	-	-	-	(260)	-	(260)
Interim single tier dividend of 5.0 sen per share	-	-	-	-	-	-	-	(13,196)	(13,196)	-	(13,196)
Total transactions with owners	-	(260)	-	-	-	-	-	(13,196)	(13,456)	-	(13,456)
At 30/09/2015	277,905	(18,038)	87	-	38,852	(447)	55,405	175,047	528,811	12	528,823

* Retained profits as at 30 September 2016 amounting to RM18,003,000 (30 September 2015: RM17,951,000), being the excess of treasury shares over share premium, were considered as non-distributable.

** This represents the amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	CURRENT YEAR TO DATE 30/09/2016 RM '000	PRECEDING YEAR TO DATE 30/09/2015 RM '000
Cash flows from operating activities		
Profit before tax	14,914	17,461
Adjustments for:		
Bad debt written off	2	-
Depreciation	10,463	10,595
Dividend income	(32)	(41)
Gain on derecognition of available-for-sale financial assets	(170)	(378)
Gain on winding up of foreign subsidiary	(4)	-
Unrealised gain on foreign exchange	(274)	(936)
Impairment loss on available-for-sale financial assets	344	847
Interest expense	425	-
Interest income	(2,373)	(3,618)
Inventories written down	108	56
(Gain)/Loss on disposal of property, plant and equipment	(27)	79
Gain on disposal of investment properties	(131)	-
Property, plant and equipment written off	4	198
Reversal of impairment loss on loans and receivables	(47)	(20)
Reversal of inventories written down	(187)	(219)
Share of loss/(profit) of associates	200	(3,284)
	<u>23,215</u>	<u>20,740</u>
Operating profit before working capital changes		
Changes in:		
Property development costs	(47,882)	(13,608)
Accrued billings	(1,627)	(442)
Amounts due from/to customers for contract work	5,350	(2,720)
Inventories	(2,900)	(1,756)
Receivables and prepayments	3,323	(3,583)
Payables	8,150	9,870
Cash (absorbed by)/generated from operations	<u>(12,371)</u>	<u>8,501</u>
Interest paid	(425)	-
Tax paid	(7,538)	(6,537)
Tax refunded	1,681	246
	<u>(6,282)</u>	<u>(6,291)</u>
	<u>(18,653)</u>	<u>2,210</u>
Net cash (used in)/from operating activities		
Cash flows from investing activities		
Acquisition of associate	(5,229)	-
Acquisition of subsidiary, net of cash acquired	(3,504)	-
Dividends received	32	41
Interest received	2,373	3,618
Proceeds from disposal of available-for-sale financial assets	2,967	7,501
Proceeds from disposal of property, plant and equipment	29	32
Proceeds from disposal of investment properties	931	-
Purchase of available-for-sale financial assets	(592)	(16,971)
Purchase of property, plant and equipment	(5,880)	(4,267)
	<u>(8,873)</u>	<u>(10,046)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Dividend paid	(9,236)	(13,196)
Purchase of own shares	(52)	(260)
Proceeds from loans and borrowings	16,590	-
Repayment of loans and borrowings	(624)	-
Repayment of hire purchase obligation	(8)	-
Changes in term deposits pledged as security	115	(777)
	<u>6,785</u>	<u>(14,233)</u>
Net cash from/(used in) financing activities		
Currency translation differences	(5,578)	23,052
	<u>(26,319)</u>	<u>983</u>
Net (decrease)/increase in cash and cash equivalents		
Cash and cash equivalents brought forward	133,250	129,515
	<u>106,931</u>	<u>130,498</u>
Cash and cash equivalents carried forward		
Note:		
Cash and cash equivalents	109,558	134,234
Term deposits pledged as security	(2,627)	(3,736)
	<u>106,931</u>	<u>130,498</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

1. Basis of Preparation

The interim financial report has been prepared in accordance with requirements of FRS 134: "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

The same accounting policies and methods of computation are followed in the interim financial report as compared with the annual financial statements for the year ended 31 December 2015 except for the adoption of the following Financial Reporting Standards ("FRSs"):

	Effective for annual periods beginning on or after
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs contained in the document entitled " <i>Annual Improvements to FRSs 2012 - 2014 Cycle</i> "	1 January 2016

The adoption of the above FRSs did not have any significant impacts on the financial statements of the Group.

In November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS Framework is a fully IFRS-compliant framework and equivalent to IFRSs.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate, including their parents, significant investors and joint venturers ("Transitioning Entities"). As announced by the MASB on 28 October 2015, Transitioning Entities are allowed to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2018.

Being a Transitioning Entity as defined above, the Group and the Company have elected to continue preparing their financial statements in accordance with the FRS Framework and will first present the financial statements in accordance with the MFRS Framework for the financial year ending 31 December 2018.

2. Audit Report

The preceding annual financial statements of the Group were reported on without any qualification.

3. Seasonal or Cyclical Factors

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

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current year quarter and period ended 30 September 2016.

5. Changes in Estimates

There were no changes in the estimates that have a material effect in the current year quarter and period ended 30 September 2016.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

During the current year quarter, the Company purchased 50,000 ordinary shares of its issued share capital from the open market for a total consideration of approximately RM 0.04 million at an average cost of RM 0.85 per share. During the period ended 30 September 2016, the Company purchased 60,000 ordinary shares of its issued share capital from the open market for a total consideration of approximately RM 0.05 million at an average cost of RM 0.86 per share. The shares purchased were financed by internally generated funds and are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

7. **Dividend Paid**

On 22 August 2016, the Board of Directors proposed for an interim dividend of 3.5 sen per share for the financial year ending 31 December 2016. The dividend was paid on 28 September 2016 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 8 September 2016.

8. **Segmental Reporting**

Analysis by activity	Electronic	Property			Utility	Unallocated Non-Operating Segments RM '000	Group RM '000
	Manufacture of Printed Circuit Boards RM '000	Property Development RM '000	Sale of Building Materials RM '000	Cultivation of Oil Palm RM '000	Water and Wastewater Treatment RM '000		
Revenue							
Total revenue	195,835	11,330	6,025	1,052	20,054	3,835	238,131
Intersegment revenue	-	(83)	(11)	-	-	(3,550)	(3,644)
External revenue	195,835	11,247	6,014	1,052	20,054	285	234,487
Results							
Segment results	17,174	250	216	377	(2,335)	(2,516)	13,166
Interest income	1,845	124	6	-	145	253	2,373
Interest expense	-	(415)	(10)	-	-	-	(425)
Share of loss of associates	-	-	-	-	-	(200)	(200)
Profit/(Loss) before tax	19,019	(41)	212	377	(2,190)	(2,463)	14,914
Tax (expense)/income	(2,580)	(343)	(2)	(94)	-	3	(3,016)
Profit/(Loss) for the period	16,439	(384)	210	283	(2,190)	(2,460)	11,898
Assets							
Segment assets	302,974	242,172	5,607	22,146	29,393	15,196	617,488
Associates	-	-	-	-	-	18,123	18,123
Income tax assets	4	3,007	34	44	1,051	4	4,144
Total assets	302,978	245,179	5,641	22,190	30,444	33,323	639,755
Liabilities							
Segment liabilities	44,825	23,261	1,055	81	8,219	18,539	95,980
Loans and borrowings	-	16,292	166	-	-	-	16,458
Income tax liabilities	13,560	1,414	1	122	-	1,004	16,101
Total liabilities	58,385	40,967	1,222	203	8,219	19,543	128,539

9. **Subsequent Material Events**

There were no material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the period ended 30 September 2016 other than:

On 21 March 2016, GUH Capital Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe for 1,166,667 new ordinary shares of RM1.00 each in Straits International Education Group Sdn. Bhd. ("SIEG"), representing 25% equity interest in SIEG, for a total cash consideration of RM11.0 million. SIEG is a company incorporated in Malaysia and its principal activities are investment holding and the provision of management services for the operation of a private international school.

Upon completion of the above subscription on 30 March 2016, SIEG is now a direct and indirect associate of GUH Capital and the Company respectively.

On 21 March 2016, GUH Asset Holdings Sdn. Bhd. (formerly known as GUH Electrical Holdings Sdn. Bhd.) ("GUH Asset"), a wholly-owned subsidiary of the Company, entered into a share purchase agreement to acquire 2 ordinary shares of RM1.00 each in Milan Diamond Sdn. Bhd. ("MDSB"), representing 100% equity interest in MDSB, for a cash consideration of RM2 and the settlement of liabilities of approximately RM6.77 million. MDSB is a company incorporated in Malaysia and has not commenced business since its incorporation. Its intended principal activities are investment holding and leasing.

Upon completion of the above acquisition on 30 March 2016, MDSB is now a wholly-owned subsidiary of GUH Asset and an indirect subsidiary of the Company.

11. Contingent Liabilities or Contingent Assets

The Group has no contingent liabilities and contingent assets as at the end of the current year quarter or last annual reporting date.

12. Review of the Performance

Operating Segment	Current Year Quarter 30/09/2016	Preceding Year Quarter 30/09/2015	Current Year To Date 30/09/2016	Preceding Year To Date 30/09/2015
	RM '000	RM '000	RM '000	RM '000
Revenue				
<u>Electronic</u>				
- Manufacture of printed circuit boards	67,189	63,038	195,835	171,670
<u>Property</u>				
- Property development	3,004	2,459	11,247	13,637
- Sale of building materials	1,758	2,102	6,014	6,396
- Cultivation of oil palm	316	390	1,052	1,521
<u>Utility</u>				
- Water and wastewater treatment	5,915	4,906	20,054	16,392
Unallocated non-operating segments	66	218	285	715
Total	78,248	73,113	234,487	210,331
Profit/(Loss) before tax				
<u>Electronic</u>				
- Manufacture of printed circuit boards	7,434	8,573	19,019	14,862
<u>Property</u>				
- Property development	(108)	(520)	(41)	1,764
- Sale of building materials	(22)	(46)	212	12
- Cultivation of oil palm	99	145	377	707
<u>Utility</u>				
- Water and wastewater treatment	(829)	(737)	(2,190)	(126)
Unallocated non-operating segments	(1,181)	(2,114)	(2,463)	242
Total	5,393	5,301	14,914	17,461

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

12. **Review of the Performance (cont'd)**

a) Current Year Quarter vs Preceding Year Quarter

The Group's profit before tax of RM 5.4 million for the current year quarter ended 30 September 2016 was slightly higher than the profit before tax of RM 5.3 million for the preceding year quarter despite an increase in revenue mainly due to unfavourable foreign exchange of RM1.8 million on weaker USD (30/09/2016: 4.1380 ; 30/09/2015: 4.3975).

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 30 September 2016 compared to the preceding year quarter is as follows:

i) Manufacture of printed circuit boards

Profit before tax decreased to RM 7.4 million from RM 8.6 million mainly due to unfavourable foreign exchange of RM2.7 million on weaker USD (30/09/2016: 4.1380 ; 30/09/2015: 4.3975).

ii) Property development

Loss before tax decreased to RM0.1 million from RM0.5 million mainly helped by the disposal of higher margin commercial property.

iii) Sale of building materials

Loss before tax decreased to RM 0.02 million from RM 0.05 million mainly due to lower distribution and administrative expenses.

iv) Cultivation of oil palm

Profit before tax was almost the same at RM 0.1 million.

v) Water and wastewater treatment

Loss before tax increased to RM 0.8 million from RM 0.7 million mainly due to higher administrative expenses.

vi) Unallocated non-operating segments

Loss before tax decreased to RM 1.2 million from RM 2.5 million mainly due to favourable foreign exchange of RM0.9 million on weaker USD (30/09/2016: 4.1380 ; 30/09/2015: 4.3975).

b) Current Year To Date vs Preceding Year To Date

For the period ended 30 September 2016, the Group recorded a lower profit before tax of RM 14.9 million compared to RM 17.5 million for the preceding year to date mainly due to share of loss of associates coupled with lower contribution from Utility and Property Divisions which was partly offset by higher contribution from Electronic Division.

Detailed analysis of the performance of the Group's operating segments for the period ended 30 September 2016 compared to the preceding year to date is as follows:

i) Manufacture of printed circuit boards

Profit before tax increased to RM 19.0 million from RM 14.9 million mainly due to higher revenue and operational efficiency achieved by the Malaysia operation.

ii) Property development

The loss before tax of RM0.04 million was in line with minimal property units sold amidst the slowdown in property market.

iii) Sale of building materials

Profit before tax increased to RM 0.2 million from RM 0.01 million mainly due to favourable sales mix and higher purchase incentive.

iv) Cultivation of oil palm

Profit before tax decreased to RM 0.4 million from RM 0.7 million in line with lower FFB production due to weather condition.

v) Water and wastewater treatment

Loss before tax increased to RM 2.2 million from RM 0.1 million mainly due to higher administrative expenses and slow construction progress for new water projects.

vi) Unallocated non-operating segments

The loss before tax of RM 2.5 million was mainly due to reduction of RM 3.3 million in contribution from an associate in Cambodia upon the expiration of Power Purchase Agreement in May 2015.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

13. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

As compared to the preceding quarter, the Group's profit before tax decreased to RM 5.4 million (Q2'16: RM 6.8 million) mainly due to lower revenue and unfavourable foreign exchange on weaker appreciation of USD.

14. Prospects for 2016

Electronic Division anticipates its bottom line to be affected due to the slowdown in demand for PCBs in the last quarter of 2016.

Property Division foresees sales for property units, electrical products and building materials as well as FFB to remain slow in the last quarter of 2016.

Utility Division expects operating loss to narrow on higher construction progress of existing water projects in the last quarter of 2016.

Looking ahead, the Group expects the drop in contribution from Electronic Division to affect its performance in the last quarter of 2016.

15. Variance from Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document.

16. Profit Before Tax

	Current Year Quarter 30/09/2016 RM'000	Current Year To Date 30/09/2016 RM'000
Profit before tax is arrived at after charging:		
- Interest expense	211	425
- Bad debt written off	2	2
- Depreciation	3,494	10,463
- Impairment loss on loans and receivables	-	-
- Inventories written down	25	108
- Inventories written off	-	-
- Impairment loss on available-for-sale financial assets	-	344
- Loss on disposal of property, plant and equipment	-	-
- Property, plant and equipment written off	3	4
- Loss on foreign exchange - realised	158	665
- Loss on foreign exchange - unrealised	-	-
- Loss on financial instruments at fair value through profit or loss	-	-
- Exceptional items	-	-
and crediting:		
- Interest income	801	2,373
- Dividend income	32	32
- Gain on disposal of property, plant and equipment	-	28
- Gain on disposal of investment properties	-	131
- Gain on derecognition of available-for-sale financial assets	64	170
- Gain on foreign exchange - realised	-	-
- Gain on foreign exchange - unrealised	796	274
- Gain on winding up of foreign subsidiary	-	4
- Reversal of impairment loss on loans and receivables	-	47
- Reversal of inventories written down	57	187
- Gain on derivatives	-	-

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

17. Taxation

Taxation comprises:

	Current Year Quarter 30/09/2016 RM '000	Current Year To Date 30/09/2016 RM '000
Income tax	(1,048)	(3,490)
Deferred tax	(127)	503
Real Property Gains Tax	-	(29)
	<u>(1,175)</u>	<u>(3,016)</u>

The Group's effective tax rates differ from the statutory tax rate mainly because:

- (i) certain income and expenses which are not taxable and allowable; and
- (ii) utilisation of reinvestment allowances by certain subsidiary

18. Status of Corporate Proposals

There were no corporate proposals as at the date of this announcement.

19. Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 September 2016

	RM '000
Secured	16,292
Unsecured	166
(a) Total	16,458
Short term	249
Long term	16,209
(b) Total	16,458
Ringgit Malaysia	16,458
Foreign currency	-
(c) Total	16,458

20. Financial Instruments

a) Derivatives

There were no outstanding derivatives as at 30 September 2016.

b) Gains/(Losses) arising from Fair Value Changes of Financial Liabilities

There were no gains/(losses) arising from fair value changes of financial liabilities for the current year quarter and period ended 30 September 2016.

c) Fair Value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:

- i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- iii) Level 3 - unobservable inputs for the asset or liability.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

20. **Financial Instruments (cont'd)**

c) Fair Value (cont'd)

The fair value measurement of financial instruments at the end of the reporting period are as follows:

i) Available-for-sale financial assets

	30/09/2016 RM '000
Shares quoted in Malaysia - at fair value	5,567
Unquoted shares - at cost less impairment losses	50
	<u>5,617</u>

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

The fair values of unquoted investments cannot be reliably measured due to the lack of quoted prices in active markets for identical instruments. In addition, the variability in the range of reasonable fair value measurements is expected to be significant and the probabilities of the various estimates within the range cannot be reasonably assessed.

ii) Other financial assets and financial liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

There were no transfers between Level 1 and Level 2 during the period ended 30 September 2016.

21. **Breakdown of Realised and Unrealised Profits or Losses of the Group**

The breakdown of the retained profits of the Group as at 30 September 2016, into realised and unrealised profits, pursuant to the directive of Bursa Malaysia Securities Berhad, is as follows:

	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	254,145	251,222
- Unrealised	2,502	1,920
	<u>256,647</u>	<u>253,142</u>
Total share of retained profits of associates:		
- Realised	4,554	4,754
- Unrealised	-	-
	<u>261,201</u>	<u>257,896</u>
Consolidation adjustments and eliminations	(97,706)	(96,531)
Total retained profits as per statement of financial position	<u>163,495</u>	<u>161,365</u>

The segregation of realised and unrealised profits or losses 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.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

22. **Material Litigation**

There was no material litigation against the Group as at 30 September 2016.

23. **Earnings Per Share**

	Current Year Quarter 30/09/2016	Current Year To Date 30/09/2016
Profit attributable to owners of the Company (RM '000)	4,219	11,900
Number of ordinary shares in issue at the beginning of the period ('000)	263,860	263,870
Effect of shares purchased ('000)	(33)	(20)
Weighted average number of ordinary shares in issue ('000)	263,827	263,850
Basic earnings per share (sen)	1.60	4.51

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares in the current year quarter and period ended 30 September 2016.

25. **Authorisation for Issue**

The Board of Directors authorised the issue of this unaudited interim financial report on 21 November 2016.