

GUH HOLDINGS BERHAD (Company No. 4104-W)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 JUNE 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2017 RM '000	PRECEDING YEAR QUARTER 30/06/2016 RM '000	CURRENT YEAR TO DATE 30/06/2017 RM '000	PRECEDING YEAR TO DATE 30/06/2016 RM '000
Revenue	90,612	82,834	172,760	156,239
Operating expenses	(90,484)	(76,278)	(172,405)	(148,438)
Other operating income	1,961	543	4,662	2,072
Finance costs	(98)	(214)	(142)	(214)
Share of loss of associates	(173)	(132)	(174)	(138)
Profit before tax (Note 17)	1,818	6,753	4,701	9,521
Tax expense	(3,608)	(1,747)	(4,070)	(1,841)
(Loss)/Profit for the period	(1,790)	5,006	631	7,680
(Loss)/Profit for the period attributable to:				
Owners of the Company	(1,787)	5,009	636	7,681
Non-controlling interests	(3)	(3)	(5)	(1)
	(1,790)	5,006	631	7,680
(Loss)/Earnings per share (sen):				
(a) Basic	(0.68)	1.90	0.24	2.91
(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 2016)

GUH HOLDINGS BERHAD (Company No. 4104-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2017 RM '000	PRECEDING YEAR QUARTER 30/06/2016 RM '000	CURRENT YEAR TO DATE 30/06/2017 RM '000	PRECEDING YEAR TO DATE 30/06/2016 RM '000
(Loss)/Profit for the period	(1,790)	5,006	631	7,680
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
(Loss)/Gain on available-for-sale financial assets	(207)	(400)	337	(769)
Currency translation differences for foreign operations	(1,945)	1,020	(2,938)	(13,096)
Reclassification adjustments on:				
- Derecognition of available-for-sale financial assets	-	-	(170)	(106)
- Impairment of available-for-sale financial assets	-	344	-	344
- Dissolution of foreign operation	-	-	-	(4)
Other comprehensive income for the period	(2,152)	964	(2,771)	(13,631)
Total comprehensive income for the period	(3,942)	5,970	(2,140)	(5,951)
Total comprehensive income for the period attributable to:				
Owners of the Company	(3,939)	5,973	(2,135)	(5,950)
Non-controlling interests	(3)	(3)	(5)	(1)
	(3,942)	5,970	(2,140)	(5,951)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

GUH HOLDINGS BERHAD (Company No. 4104-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	AS AT 30/06/2017 RM '000	AS AT 31/12/2016 RM '000
Non-Current Assets		
Property, Plant and Equipment	146,173	151,386
Investment Properties	18,283	9,432
Goodwill	3,348	3,348
Investments in Associates	17,756	18,282
Available-for-sale Financial Assets	1,482	4,458
Land Held for Property Development	156,627	153,942
Deferred Tax Assets	973	973
	<u>344,642</u>	<u>341,821</u>
Current Assets		
Property Development Costs	57,700	61,501
Accrued Billings	3,346	6,103
Asset Held for Sale	-	400
Amounts Due from Customers for Contract Work	5,589	1,843
Inventories	70,559	48,869
Trade and Other Receivables	84,278	83,097
Prepayments	3,515	5,450
Current Tax Assets	3,366	3,732
Cash and Cash Equivalents	97,598	110,640
	<u>325,951</u>	<u>321,635</u>
Current Liabilities		
Trade and Other Payables	96,504	100,674
Loans and Borrowings	13,395	1,144
Amounts Due to Customers for Contract Work	2,870	4,841
Current Tax Liabilities	3,045	3,115
	<u>115,814</u>	<u>109,774</u>
Net Current Assets	210,137	211,861
Non-Current Liabilities		
Loans and Borrowings	19,486	15,134
Deferred Tax Liabilities	12,631	13,746
	<u>32,117</u>	<u>28,880</u>
Net Assets	<u>522,662</u>	<u>524,802</u>
Equity		
Share Capital	277,992	277,905
Treasury Shares	(18,089)	(18,089)
Reserves	262,757	264,979
Equity Attributable to Owners of the Company	522,660	524,795
Non-controlling Interests	2	7
Total Equity	<u>522,662</u>	<u>524,802</u>
Net Assets per Share Attributable to Owners of the Company (RM)	<u>1.98</u>	<u>1.99</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2017

	← Non-Distributable →						Distributable *		Equity attributable to owners of the Company RM '000	Non-controlling interests RM '000	Total equity RM '000
	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			
At 01/01/2017	277,905	(18,089)	87	12,741	38,929	(59)	43,478	169,803	524,795	7	524,802
Gain on available-for-sale financial assets	-	-	-	-	-	337	-	-	337	-	337
Currency translation differences for foreign operations	-	-	-	-	-	-	(2,938)	-	(2,938)	-	(2,938)
Reclassification adjustment on derecognition of available-for-sale financial assets	-	-	-	-	-	(170)	-	-	(170)	-	(170)
Other comprehensive income for the period	-	-	-	-	-	167	(2,938)	-	(2,771)	-	(2,771)
Profit/(Loss) for the period	-	-	-	-	-	-	-	636	636	(5)	631
Total comprehensive income for the period	-	-	-	-	-	167	(2,938)	636	(2,135)	(5)	(2,140)
Transfer to capital reserve **	-	-	-	75	-	-	-	(75)	-	-	-
Upon abolition of par value in compliance with Companies Act, 2016 ***	87	-	(87)	-	-	-	-	-	-	-	-
At 30/06/2017	277,992	(18,089)	-	12,816	38,929	108	40,540	170,364	522,660	2	522,662
At 01/01/2016	277,905	(18,038)	87	11,537	38,929	(21)	46,176	161,365	517,940	11	517,951
Loss on available-for-sale financial assets	-	-	-	-	-	(769)	-	-	(769)	-	(769)
Currency translation differences for foreign operations	-	-	-	-	-	-	(13,096)	-	(13,096)	-	(13,096)
Reclassification adjustments on:											
- Derecognition of available-for-sale financial assets	-	-	-	-	-	(106)	-	-	(106)	-	(106)
- Impairment of available-for-sale financial assets	-	-	-	-	-	344	-	-	344	-	344
- Dissolution of foreign operation	-	-	-	-	-	-	(4)	-	(4)	-	(4)
Other comprehensive income for the period	-	-	-	-	-	(531)	(13,100)	-	(13,631)	-	(13,631)
Profit/(Loss) for the period	-	-	-	-	-	-	-	7,681	7,681	(1)	7,680
Total comprehensive income for the period	-	-	-	-	-	(531)	(13,100)	7,681	(5,950)	(1)	(5,951)
Purchase of own shares	-	(9)	-	-	-	-	-	-	(9)	-	(9)
Transfer to capital reserve **	-	-	-	538	-	-	-	(538)	-	-	-
At 30/06/2016	277,905	(18,047)	87	12,075	38,929	(552)	33,076	168,508	511,981	10	511,991

* Retained profits as at 30 June 2017 and 30 June 2016 amounting to RM18,089,000, being the cost of treasury shares and RM17,960,000, being the excess of treasury shares over share premium respectively, 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.

*** On 31 January 2017, in accordance with the Companies Act 2016, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the Company ceased to have a par value. Consequently, the amount standing in the share premium account of RM87,000 has been transferred to the share capital account.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2017**

	CURRENT YEAR TO DATE 30/06/2017 RM '000	PRECEDING YEAR TO DATE 30/06/2016 RM '000
Cash flows from operating activities		
Profit before tax	4,701	9,521
Adjustments for:		
Depreciation	7,238	6,969
Dividend income	(9)	-
Fair value loss on contingent consideration	264	-
Gain on derecognition of available-for-sale financial assets	(170)	(106)
Gain on disposal of investment properties	(60)	(131)
Gain on dissolution of subsidiary	-	(4)
Impairment loss on available-for-sale financial assets	-	344
Interest expense	142	214
Interest income	(1,480)	(1,572)
Inventories written down	85	83
Loss/(Gain) on disposal of property, plant and equipment	31	(28)
Property, plant and equipment written off	-	1
Reversal of impairment loss on loans and receivables	(98)	(47)
Reversal of inventories written down	(50)	(130)
Share of loss of associates	174	138
Unrealised loss on foreign exchange	1,427	522
Operating profit before working capital changes	12,195	15,774
Changes in:		
Property development costs	1,116	(38,007)
Accrued billings	2,757	(1,403)
Amounts due from/to customers for contract work	(5,717)	3,171
Inventories	(21,725)	(1,649)
Receivables and prepayments	(1,061)	(371)
Payables	(533)	3,684
Cash absorbed by operations	(12,968)	(18,801)
Tax paid	(4,797)	(6,118)
Tax refunded	143	1,532
	(4,654)	(4,586)
Net cash used in operating activities	(17,622)	(23,387)
Cash flows from investing activities		
Acquisition of associate	(3,000)	(5,229)
Acquisition of subsidiary, net of cash acquired	-	(3,504)
Dividends received	9	-
Interest received	1,480	1,572
Proceeds from disposal of available-for-sale financial assets	3,313	1,773
Proceeds from disposal of property, plant and equipment	16	7
Proceeds from disposal of investment properties	460	931
Purchase of available-for-sale financial assets	-	(592)
Purchase of property, plant and equipment	(2,758)	(4,496)
Purchase of investment property	(8,851)	-
Net cash used in investing activities	(9,331)	(9,538)
Cash flows from financing activities		
Changes in term deposits pledged as security	1,090	(164)
Drawdown of term loan	4,000	15,800
Increase in short-term loans and borrowings (net)	12,159	624
Interest paid	(142)	(214)
Purchase of own shares	-	(9)
Repayment of hire purchase obligation	(53)	-
Net cash from financing activities	17,054	16,037
Currency translation differences	(2,053)	(8,377)
Net decrease in cash and cash equivalents	(11,952)	(25,265)
Cash and cash equivalents brought forward	107,685	133,250
Cash and cash equivalents carried forward	95,733	107,985
Note:		
Cash and cash equivalents	97,598	110,891
Term deposits pledged as security	(1,865)	(2,906)
	95,733	107,985

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2017**

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 2016.

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 2016 except for the adoption of the following Financial Reporting Standards ("FRSs"):

	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 12 <i>Disclosure of Interests in Other Entities</i> (Annual Improvements to FRS Standards 2014 - 2016 Cycle)	1 January 2017

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 June 2017.

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 June 2017.

6. **Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current year quarter and period ended 30 June 2017.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2017**

7. Dividend Paid

No dividend was paid during the current year quarter and period ended 30 June 2017.

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	138,282	6,910	3,924	855	22,575	2,826	175,372
Intersegment revenue	-	(55)	(10)	-	-	(2,547)	(2,612)
External revenue	138,282	6,855	3,914	855	22,575	279	172,760
Results							
Segment results	5,485	85	33	393	(751)	(1,708)	3,537
Interest income	1,128	35	7	-	40	270	1,480
Interest expense	(114)	(11)	(4)	-	(13)	-	(142)
Share of loss of associates	-	-	-	-	-	(174)	(174)
Profit/(Loss) before tax	6,499	109	36	393	(724)	(1,612)	4,701
Tax (expense)/income	(3,792)	(238)	(3)	(95)	-	58	(4,070)
Profit/(Loss) for the period	2,707	(129)	33	298	(724)	(1,554)	631
Assets							
Segment assets	299,471	260,184	5,863	22,328	24,305	36,347	648,498
Associates	-	-	-	-	-	17,756	17,756
Income tax assets	2	2,404	24	-	1,908	1	4,339
Total assets	299,473	262,588	5,887	22,328	26,213	54,104	670,593
Liabilities							
Segment liabilities	51,646	20,054	1,451	141	9,105	16,977	99,374
Loans and borrowings	11,719	20,182	-	-	440	540	32,881
Income tax liabilities	13,274	1,146	2	124	-	1,130	15,676
Total liabilities	76,639	41,382	1,453	265	9,545	18,647	147,931

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 JUNE 2017**

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the period ended 30 June 2017.

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. Significant Related Party Transactions

Significant transactions with related parties during the period ended 30 June 2017 are as follow:

	30/06/2017 RM '000
Purchase of goods from other related party (a)	4,186
Purchase of property, plant and equipment from other related party (b)	15
Receiving of services from other related parties (b)	416
Renting of premises from other related party (a)	72
Sale of goods to other related party (a)	575
	575

(a) Being companies in which certain directors have substantial financial interests

(b) Being companies in which close family members of certain directors have substantial financial interests

13. Review of the Performance

Operating Segment	Current Year Quarter 30/06/2017 RM '000	Preceding Year Quarter 30/06/2016 RM '000	Changes RM '000	Current Year To Date 30/06/2017 RM '000	Preceding Year To Date 30/06/2016 RM '000	Changes RM '000
Revenue						
<u>Electronic</u>						
- Manufacture of printed circuit boards	75,420	65,978	9,442	138,282	128,646	9,636
<u>Property</u>						
- Property development	2,063	4,717	(2,654)	6,855	8,243	(1,388)
- Sale of building materials	1,880	1,942	(62)	3,914	4,256	(342)
- Cultivation of oil palm	297	247	50	855	736	119
<u>Utility</u>						
- Water and wastewater treatment	10,719	9,877	842	22,575	14,139	8,436
Unallocated non-operating segments	233	73	160	279	219	60
Total	90,612	82,834	7,778	172,760	156,239	16,521
Profit/(Loss) before tax						
<u>Electronic</u>						
- Manufacture of printed circuit boards	4,248	8,230	(3,982)	6,499	11,585	(5,086)
<u>Property</u>						
- Property development	(945)	49	(994)	109	67	42
- Sale of building materials	4	264	(260)	36	234	(198)
- Cultivation of oil palm	70	23	47	393	278	115
<u>Utility</u>						
- Water and wastewater treatment	(742)	(459)	(283)	(724)	(1,361)	637
Unallocated non-operating segments	(817)	(1,354)	537	(1,612)	(1,282)	(330)
Total	1,818	6,753	(4,935)	4,701	9,521	(4,820)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2017**

13. Review of the Performance (cont'd)

a) Current Year Quarter vs Preceding Year Quarter

The Group's profit before tax of RM 1.8 million for the current year quarter ended 30 June 2017 was RM 5.0 million lower than the profit before tax of RM 6.8 million for the preceding year quarter mainly due to lower contribution from Electronic and Property Divisions.

Detailed analysis of the performance of the Group's operating segments for the current year quarter ended 30 June 2017 compared to the preceding year quarter is as follows:

i) Manufacture of printed circuit boards

Profit before tax reduced to RM 4.2 million from RM 8.2 million mainly due to the hike in cost of raw materials and production overhead coupled with unfavourable foreign exchange of RM 1.9 million on weaker USD.

ii) Property development

The loss before tax of RM 0.9 million was in tandem with fewer residential property units sold on soft property market.

iii) Sale of building materials

Profit before tax reduced to RM 0.004 million from RM 0.264 million mainly due to lower purchase incentive.

iv) Cultivation of oil palm

Profit before tax increased to RM 0.07 million from RM 0.02 million mainly driven by higher FFB production and average CPO prices.

v) Water and wastewater treatment

Loss before tax increased to RM 0.7 million from RM 0.5 million mainly due to slower construction progress for higher margin water project and increase in administrative expenses.

vi) Unallocated non-operating segments

Loss before tax reduced to RM 0.8 million from RM 1.4 million mainly due to favourable foreign exchange of RM0.4 million on weaker USD and recognition of impairment loss on available-for-sale financial assets of RM 0.3 million in the preceding year quarter.

b) Current Year To Date vs Preceding Year To Date

For the period ended 30 June 2017, the Group recorded a lower profit before tax of RM 4.7 million compared to RM 9.5 million for the preceding year to date mainly due to lower contribution from Electronic Division.

Detailed analysis of the performance of the Group's operating segments for the period ended 30 June 2017 compared to the preceding year to date is as follows:

i) Manufacture of printed circuit boards

Profit before tax reduced to RM 6.5 million from RM 11.6 million mainly due to the drop in contribution from China operation on higher cost of raw materials and production overhead as a consequence of lack of economies of scale.

ii) Property development

Profit before tax increased to RM 0.11 million from RM 0.07 million mainly due to lower administrative expenses.

iii) Sale of building materials

Profit before tax reduced to RM 0.04 million from RM 0.23 million mainly due to lower purchase incentive and unfavourable sales mix.

iv) Cultivation of oil palm

Profit before tax increased to RM 0.4 million from RM 0.3 million mainly attributed to higher CPO prices.

v) Water and wastewater treatment

Loss before tax reduced to RM 0.7 million from RM1.4 million in line with higher percentage of completion for water projects but partly offset by higher administrative expenses.

vi) Unallocated non-operating segments

Loss before tax increased to RM 1.6 million from RM 1.3 million mainly due to fair value loss on contingent consideration of RM 0.3 million.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2017**

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

	Current Year Quarter 30/06/2017 RM'000	Immediate Preceding Quarter 31/03/2017 RM'000	Changes RM'000
Revenue	90,612	82,148	8,464
Profit Before Tax	1,818	2,883	(1,065)

As compared to the immediate preceding quarter, the Group's profit before tax decreased to RM 1.8 million mainly due to lower contribution from Property and Utility Divisions offset by improved contribution from Electronic Division on higher revenue.

Property Division recorded lower residential property units sold whilst Utility Division's percentage of completion for higher margin project was slower in the current year quarter compared to the immediate preceding quarter.

15. Prospects for 2017

Electronic Division expects better performance on stronger demand for PCBs, favourable product mix and improved operational efficiencies in the second half of 2017.

Property Division foresees sales of residential property units to remain flat in the second half of 2017 amidst the challenging market conditions.

Utility Division expects operating loss to narrow in line with higher construction progress for water projects and active tendering of new water projects in the second half of 2017.

In view of the above, the Group is optimistic of delivering slightly better results in the second half of 2017.

16. Variance from Profit Forecast and Profit Guarantee

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

17. Profit Before Tax

	Current Year Quarter 30/06/2017 RM'000	Current Year To Date 30/06/2017 RM'000
Profit before tax is arrived at after charging:		
- Interest expense	98	142
- Depreciation	3,608	7,238
- Fair value loss on contingent consideration	89	264
- Impairment loss on loans and receivables	-	-
- Inventories written down	49	85
- Inventories written off	-	-
- Impairment loss on available-for-sale financial assets	-	-
- Loss on disposal of property, plant and equipment	4	31
- Property, plant and equipment written off	-	-
- Loss on foreign exchange - realised	-	-
- Loss on foreign exchange - unrealised	234	1,427
- Loss on financial instruments at fair value through profit or loss	-	-
- Exceptional items	-	-
and crediting:		
- Interest income	701	1,480
- Dividend income	9	9
- Gain on disposal of property, plant and equipment	-	-
- Gain on disposal of investment property	-	60
- Gain on derecognition of available-for-sale financial assets	-	170
- Gain on foreign exchange - realised	141	835
- Gain on foreign exchange - unrealised	-	-
- Reversal of impairment loss on loans and receivables	93	98
- Reversal of inventories written down	37	50
- Gain on derivatives	-	-

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2017**

18. Taxation

Taxation comprises:

	Current Year Quarter 30/06/2017 RM '000	Current Year To Date 30/06/2017 RM '000
Current income tax	(1,347)	(2,391)
Withholding tax on dividend income from foreign subsidiary	(2,656)	(2,656)
Deferred tax	395	977
	<u>(3,608)</u>	<u>(4,070)</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;
- (ii) utilisation of reinvestment allowances by certain subsidiary; and
- (iii) withholding tax on dividend income from foreign subsidiary.

19. Status of Corporate Proposals

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

20. Group Borrowings and Debt Securities

The details of the Group borrowings and debt securities are as follows:

	As at 30 June 2017					
	Long Term		Short Term		Total Borrowings	
	USD Denomination RM'000	RM Denomination RM'000	USD Denomination RM'000	RM Denomination RM'000	USD Denomination RM'000	RM Denomination RM'000
Secured						
Term Loans	-	18,705	-	1,052	-	19,757
Hire Purchase Payables	-	781	-	184	-	965
	-	19,486	-	1,236	-	20,722
Unsecured						
Revolving Credit	-	-	-	7,000	-	7,000
Bankers Acceptance	-	-	-	440	-	440
Foreign Currency Trust Receipts						
- USD363,750 @ 4.3415	-	-	1,579	-	1,579	-
- USD733,344 @ 4.2820	-	-	3,140	-	3,140	-
	-	-	4,719	7,440	4,719	7,440
Total	-	19,486	4,719	8,676	4,719	28,162

	As at 30 June 2016					
	Long Term		Short Term		Total Borrowings	
	USD Denomination RM'000	RM Denomination RM'000	USD Denomination RM'000	RM Denomination RM'000	USD Denomination RM'000	RM Denomination RM'000
Secured						
Term Loan	-	15,800	-	-	-	15,800
Unsecured						
Bankers Acceptance	-	-	-	624	-	624
Total	-	15,800	-	624	-	16,424

	As at 30 June 2017			As at 30 June 2016		
	Effective Interest Rate As at 30 June 2017 %	Floating Rate RM'000	Fixed Rate RM'000	Effective Interest Rate As at 30 June 2016 %	Floating Rate RM'000	Fixed Rate RM'000
	Term Loans	5.06% ~ 5.88%	19,757	-	5.20%	15,800
Revolving Credit	4.35% ~ 4.38%	-	7,000	-	-	-
Bankers Acceptance	5.09% ~ 5.47%	-	440	4.96%	-	624
Foreign Currency Trust Receipts	2.10% ~ 2.26%	-	4,719	-	-	-
Hire Purchase Payables	4.66% ~ 4.83%	-	965	-	-	-
Total		19,757	13,124		15,800	624
%		60.09%	39.91%		96.20%	3.80%

Compared to the period ended 30 June 2016, the Group obtained additional term loan of RM 4.0 million to finance property development project, revolving credit of RM 7.0 million and foreign currency trust receipts of RM 4.7 million for working capital whilst hire purchase arrangement of RM 1.0 million was utilised to finance the acquisition of motor vehicles.

The short term foreign currency trust receipts which are denominated in foreign currency are not hedged as the Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2017**

21. **Financial Instruments**

a) Derivatives

There were no outstanding derivatives as at 30 June 2017.

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 June 2017.

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.

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

i) Available-for-sale financial assets

	30/06/2017 RM '000
Shares quoted in Malaysia - at fair value	1,432
Unquoted shares - at cost less impairment losses	50
	<u>1,482</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 June 2017.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2017**

22. Breakdown of Realised and Unrealised Profits or Losses of the Group

The breakdown of the retained profits of the Group as at 30 June 2017, into realised and unrealised profits, pursuant to the directive of Bursa Malaysia Securities Berhad, is as follows:

	As at 30/06/2017 RM'000	As at 31/12/2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	263,173	259,720
- Unrealised	1,717	3,614
	264,890	263,334
Total share of retained profits of associates:		
- Realised	4,783	4,957
- Unrealised	-	-
	269,673	268,291
Consolidation adjustments and eliminations	(99,309)	(98,488)
Total retained profits as per statement of financial position	170,364	169,803

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.

23. Material Litigation

There was no material litigation against the Group as at 30 June 2017.

24. Proposed Dividend

On 30 August 2017, the Board of Directors proposed a distribution of one (1) treasury share for every twenty five (25) existing ordinary shares held ("Share Dividend"). The book closure date for the Share Dividend is 19 September 2017. The treasury shares to be distributed pursuant to the Share Dividend will be credited into the Depositor's securities accounts on 16 October 2017.

25. (Loss)/Earnings Per Share

	Current Year Quarter 30/06/2017	Current Year To Date 30/06/2017
(Loss)/Profit attributable to owners of the Company (RM '000)	(1,787)	636
Number of ordinary shares in issue at the beginning of the period ('000)	263,810	263,810
Effect of shares purchased ('000)	-	-
Weighted average number of ordinary shares in issue ('000)	263,810	263,810
Basic (loss)/earnings per share (sen)	(0.68)	0.24

Diluted loss/earnings per share are not presented as there are no dilutive potential ordinary shares in the current year quarter and period ended 30 June 2017.

26. Authorisation for Issue

The Board of Directors authorised the issue of this unaudited interim financial report on 30 August 2017.