

Engtex Group Berhad (Company No: 536693-X)**Quarterly Report on consolidated results
For the First Quarter ended 31 March 2018**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position
As at 31 March 2018**

	Note	As at 31 March 2018 RM'000	Audited As at 31 December 2017 RM'000
<u>ASSETS</u>			
Property, plant and equipment		406,791	404,170
Investment properties		39,666	39,880
Deferred tax assets		3,404	3,368
Total non-current assets		449,861	447,418
Property development cost		75,836	142,450
Inventories		423,372	334,507
Receivables, deposits and prepayments		390,711	387,976
Current tax assets		2,885	3,008
Cash and bank balances		89,419	111,804
Total current assets		982,223	979,745
TOTAL ASSETS		1,432,084	1,427,163
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		415,569	406,163
Total equity attributable to Owners of the Company		685,503	676,097
Non-controlling interests		19,576	19,461
TOTAL EQUITY		705,079	695,558
<u>LIABILITIES</u>			
Loans and borrowings	B7	101,049	110,766
Deferred tax liabilities		11,339	11,339
Total non-current liabilities		112,388	122,105
Payables and accruals		140,471	158,846
Loans and borrowings	B7	460,532	437,312
Current tax liabilities		13,614	13,342
Total current liabilities		614,617	609,500
TOTAL LIABILITIES		727,005	731,605
TOTAL EQUITY AND LIABILITIES		1,432,084	1,427,163
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.59	1.57

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period ended 31 March 2018**

	Note	Individual quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue		298,199	253,817	298,199	253,817
Cost of sales		(253,869)	(207,899)	(253,869)	(207,899)
Gross profit		44,330	45,918	44,330	45,918
Other operating income		1,345	9,750	1,345	9,750
Operating expenses		(25,067)	(25,517)	(25,067)	(25,517)
Finance cost		(7,138)	(6,062)	(7,138)	(6,062)
Profit before tax	B11	13,470	24,089	13,470	24,089
Tax expense	B5	(3,469)	(5,742)	(3,469)	(5,742)
Profit for the financial period		10,001	18,347	10,001	18,347
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operations		32	(17)	32	(17)
Total other comprehensive income/ (expense) for the financial period		32	(17)	32	(17)
Profit and total comprehensive income for the financial period		10,033	18,330	10,033	18,330
Profit attributable to:					
Owners of the Company		9,886	17,896	9,886	17,896
Non-controlling interests		115	451	115	451
Profit for the financial period		10,001	18,347	10,001	18,347
Total comprehensive income attributable to:					
Owners of the Company		9,918	17,879	9,918	17,879
Non-controlling interests		115	451	115	451
Profit and total comprehensive income for the financial period		10,033	18,330	10,033	18,330
Basic earnings per ordinary shares (sen)	B10	2.25	5.67	2.25	5.67
Diluted earnings per ordinary shares (sen)	B10	2.25	4.96	2.25	4.96

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes In Equity
For the financial period ended 31 March 2018**

	/-----Attributable to owners of the Company-----/						Non- controlling interests RM'000	Total equity RM'000
	/-----Non-distributable-----/			Distributable				
Note	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2018	269,934	-	(85)	(3,645)	409,893	676,097	19,461	695,558
Foreign currency translation differences for foreign operations	-	-	32	-	-	32	-	32
Total other comprehensive income for the financial period	-	-	32	-	-	32	-	32
Profit for the financial period	-	-	-	-	9,886	9,886	115	10,001
Profit and total comprehensive income for the financial period	-	-	32	-	9,886	9,918	115	10,033
Own shares acquired	A6	-	-	(512)	-	(512)	-	(512)
At 31 March 2018	269,934	-	(53)	(4,157)	419,779	685,503	19,576	705,079

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**Condensed Consolidated Statement of Changes In Equity
For the financial period ended 31 March 2018**

Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/ Distributable					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2017	156,332	5,158	(102)	(1,159)	367,361	527,590	21,665	549,255
Foreign currency translation differences for foreign operations	-	-	(17)	-	-	(17)	-	(17)
Total other comprehensive expense for the financial period	-	-	(17)	-	-	(17)	-	(17)
Profit for the financial period	-	-	-	-	17,896	17,896	451	18,347
Profit and total comprehensive income for the financial period	-	-	(17)	-	17,896	17,879	451	18,330
Issuance of shares pursuant to exercise of warrants	14,333	479	-	-	-	14,812	-	14,812
Share issued by a subsidiary	-	-	-	-	-	-	900	900
Transfer of share premium account pursuant to Companies Act 2016	5,637	(5,637)	-	-	-	-	-	-
At 31 March 2017	176,302	-	(119)	(1,159)	385,257	560,281	23,016	583,297

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 March 2018**

	Note	3 months ended 31 March	
		2018 RM'000	2017 RM'000
Cash flows from operating activities			
Profit before tax		13,470	24,089
<i>Adjustments for:</i>			
Allowance for impairment losses on trade receivables		120	883
Allowance for impairment losses written back on trade receivables		(32)	(178)
Bad debts written off		-	5
Depreciation of:			
- investment properties		214	106
- property, plant and equipment		5,905	5,325
Finance cost		7,138	6,062
Gain on disposal of:			
- assets held for sale		-	(7,085)
- property, plant and equipment		(105)	(628)
Interest income		(674)	(173)
Inventories written down		113	2,396
Property, plant and equipment written off		23	-
Operating profit before changes in working capital		26,172	30,802
Changes in:			
Inventories		(89,013)	(1,920)
Receivables, deposits and prepayments		(2,825)	9,893
Payables and accruals		(18,296)	(11,045)
Property development cost		67,023	(4,867)
Cash (used in)/generated from operations		(16,939)	22,863
Interest paid		(547)	(358)
Net tax paid		(3,110)	(4,147)
Net cash (used in)/from operating activities		<u>(20,596)</u>	<u>18,358</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(7,902)	(3,277)
Interest received		674	173
Proceeds from disposal of:			
- assets held for sale		-	11,645
- property, plant and equipment		124	1,132
Net cash (used in)/from investing activities		<u>(7,104)</u>	<u>9,673</u>

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 March 2018**

	Note	3 months ended 31 March	
		2018 RM'000	2017 RM'000
Cash flows from financing activities			
Interest paid		(7,000)	(6,287)
Net proceeds from other borrowings		994	21,015
Proceeds from:			
- finance lease liabilities		92	1,412
- issuance of shares to a non-controlling interest		-	900
- issuance of shares pursuant to warrants		-	14,812
- revolving credit		11,606	-
Repayments of:			
- finance lease liabilities		(1,725)	(2,276)
- term loans		(5,369)	(15,208)
- revolving credit		-	(7,500)
Repurchase of treasury shares	A6	(512)	-
Net cash (used in)/from financing activities		<u>(1,914)</u>	<u>6,868</u>
Net (decrease)/increase in cash and cash equivalents		(29,614)	34,899
Effect of exchange rate fluctuation on cash held		(10)	3
Cash and cash equivalents at beginning of financial period		<u>85,689</u>	<u>20,691</u>
Cash and cash equivalents at end of financial period		<u>56,065</u>	<u>55,593</u>

Note:

Cash and cash equivalents comprise:

	As at 31 March	
	2018 RM'000	2017 RM'000
Cash and bank balances	20,859	40,270
Deposits are placed with:		
- licensed banks	19,214	30,621
- other corporations	49,346	-
	<u>89,419</u>	<u>70,891</u>
Less:		
Bank overdrafts	(32,068)	(13,915)
Deposits pledged	(1,286)	(1,383)
	<u>56,065</u>	<u>55,593</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial report for the financial quarter ended 31 March 2018

A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134 – *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The accounting policies and methods of computation followed by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2017 except for the followings.

(a) Adoption of new and revised MFRSs, Amendments to MFRS and IC Interpretations

In the current financial period ended 31 March 2018, the Group adopted the following Amendments to MFRSs which are applicable to its financial statement effective for annual periods beginning on or after 1 January 2018:

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts**
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfer of Investment Property*

* *These MFRSs, IC Interpretations and Amendments are not applicable to the Group.*

The above applicable standards, amendments and interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application.

(b) First time adoption of MFRS

Transition from Financial Reporting Standard (“FRS”) to MFRS

For the periods up to and including the financial year ended 31 December 2017, the Group prepared its financial statements in accordance with FRSs.

The financial statements of the Group for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*. The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017, being the transition date, and throughout all financial years presented, as if these policies had always been in effect.

The above transition is expected to have no significant impact on the financial statements of the Group upon their initial application.

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A2. Qualification of Audit Report

The audit report of the Group's preceding annual financial statements was reported without qualification.

A3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the current financial quarter.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

The business of the Group was not affected by any significant unusual items affecting assets, liabilities, equity, net income or cash flows in the current financial quarter and financial year-to-date.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter as compared to the financial statements of the Group for the financial year ended 31 December 2017.

A6. Debt and Equity Securities

On 25 May 2017, the shareholders of the Company granted their approval for the Company's plan to repurchase its own ordinary shares at the Sixteenth Annual General Meeting held on even-date.

During the current financial quarter, the Company repurchased 500,000 of its issued share capital from the open market at an average price of RM1.02 per share including transactions cost. The total consideration paid was RM511,784. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. There were 3,836,100 treasury shares held at end of the current financial quarter.

Other than the above, there were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

A7. Dividend paid

No dividend was paid during the current financial quarter.

A8. Operating segment information

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group Managing Director and the Board of Directors review management reports on at least a quarterly basis. The following summary described the operations in each of the Group reportable segments:

Wholesale and distribution	Includes wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products, general hardware products and construction materials.
Manufacturing	Includes manufacture and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire, steel bars and other steel related products.
Property development	Includes property development and investment activities.

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Hospitality Includes provision of rooms, food and beverage, meeting and function rooms, and other hospitality services.

The reportable segment information for the financial period ended 31 March 2018 is as follows:

<i>Business segments</i>	Wholesale & distribution RM'000	Manufacturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
External revenue	162,274	127,106	6,568	2,217	298,165
Inter segment revenue	16,951	32,058	50	35	49,094
Total reportable revenue	179,225	159,164	6,618	2,252	347,259
Reportable segment profit/(loss)*	13,459	14,455	(1,766)	(194)	25,954
Reportable segment assets	539,891	541,699	220,651	104,768	1,407,009
Reportable segment liabilities	(323,492)	(280,793)	(78,306)	(32,859)	(715,450)

Reconciliation of reportable segment profit or loss for the financial period ended 31 March 2018

	RM'000
Total profit for reportable segments	25,954
Other non-reportable segment loss	(425)
Elimination of inter-segment transactions	524
Depreciation and amortisation	(6,119)
Finance costs	(7,138)
Interest income	674
Consolidated profit before tax	13,470

* Refer to profit before interest, tax, depreciation and amortisation.

A9. Subsequent Events

There were no material subsequent events since the end of the date of the last annual reporting period until 17 May 2018, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial year under review.

A10. Changes in the composition of the Group

There was no change in the composition of the Group for the current financial quarter under review.

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A11. Changes in contingent liabilities

As at the end of the current financial quarter, the changes in contingent liabilities as represented by the outstanding banking and credit facilities of the subsidiaries since the end of the date of the last annual reporting period are as follows:

	31 March 2018 RM'000
Corporate guarantees issued to/(release from):	
- financial institutions for banking facilities granted to its subsidiaries	13,351
- suppliers for credit facilities granted to its subsidiaries	(9,603)
	<u>3,748</u>

B. Compliance with Bursa Malaysia Main Market Listing Requirements (Part A of Appendix 9B)

B1. Review of performance

	3 months ended 31 March	
	2018 RM'000	2017 RM'000
Revenue	298,199	253,817
Segment profit	25,529	35,177
Profit before tax	13,470	24,089
Profit after tax	10,001	18,347
Profit attributable to Owners of the Company	9,886	17,896

The increase in market demand for certain metal related trading products and manufactured steel products has mainly contributed to the increase in revenue as compared to preceding year corresponding period. However, the decrease in corresponding profit before taxation was mainly due to a gain on disposal of a piece of vacant industrial land in Johor of approximately RM7.1 million in the preceding year corresponding period, increased market price competition and raw material costs for certain manufactured steel products, and the escalated construction cost for its recently completed Amanja property development project in Kepong.

On the financial position review for the three months ended 31 March 2018, the Group's equity attributable to owners of the Company increased from RM676.0 million as at 31 December 2017 to RM685.5 million as at 31 March 2018 and the net assets per share of the Group for the corresponding period increased from RM1.57 to RM1.59 on the back of higher earnings. Total bank borrowings mainly used to procure raw materials and trading inventories, and finance working capital requirement has increased from RM548.1 million as at 31 December 2017 to RM561.6 million as at 31 March 2018 and the reduction in cash and cash equivalents from RM111.8 million as at 31 December 2017 to RM89.5 million as at 31 March 2018 were mainly utilised to finance higher inventories and pare down bridging and term loans. The Group's financial position is at manageable level with net gearing at 0.67 times as at 31 March 2018 as compared to 0.63 times as at 31 December 2017 and this enables the Group to have better flexibility in cash flow management.

Wholesale and distribution division

The wholesale and distribution division recorded a net revenue of RM162.3 million in 2018 representing an increase of 20.0% as compared to 2017, and contributed 54.4% of the Group's net revenue. The division recorded a segment profit and profit before tax of RM13.5 million and RM9.0 million respectively representing an increase of 22.1% and 39.5% respectively as

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compared to 2017. The increase in revenue and profit before tax was mainly attributed to the rebound in market demand for certain metal related trading products in light of the volatility in international and domestic metal prices. The division accounted for 52.7% and 67.2% of the Group's segment profit and profit before tax respectively.

Manufacturing division

The manufacturing division recorded a net revenue of RM127.1 million in 2018 representing an increase of 16.5% as compared to 2017, and contributed 42.6% of the Group's net revenue. The higher revenue was mainly contributed from the increased sale of wire mesh products, steel bars and mild steel concrete-lined pipe. However, the division recorded a lower segment profit and profit before tax of RM14.5 million and RM8.6 million respectively representing a decrease of 39.0% and 53.9% respectively as compared to 2017. The operating profit before tax in 2018 of RM8.6 million was lower as compared to RM11.5 million (excluding the gain on disposal of a piece of vacant industrial land of approximately RM7.1 million) in 2017 mainly due to increased market price competition and the increase in raw material costs. The division accounted for 56.6% and 63.5% of the Group's segment profit and profit before tax respectively.

Property development division

The division recorded a net revenue of RM6.6 million from its Amanja property development project in Kepong with units sold at end of current quarter stood at 56.5%. The project has been completed and obtained the certificate of completion and compliance in February 2018. The division contributed 2.2% to the Group's net revenue. The division recorded a loss before tax of RM1.9 million mainly due to escalated construction cost of the abovesaid project.

Hospitality division

During the current quarter, the division recorded a net revenue of RM2.2 million from its Avenue J hotel with 53.4% occupancy rate, Ibis Styles hotel with 80.8% occupancy rate and Mercure hotel, which commenced its business operation during the fourth quarter of 2017, with 50.3% occupancy rate. The division recorded a combined loss before tax of RM1.6 million mainly attributable to the finance cost and depreciation incurred totaling RM1.5 million during the current quarter.

B2. Comparison with preceding financial quarter's results

	3 months ended	
	31/3/18	31/12/17
	RM'000	RM'000
Revenue	298,199	309,176
Profit before tax	13,470	21,695

The decrease in revenue and profit before tax as compared to preceding quarter ended 31 December 2017 was mainly due to the softening of market demand for certain metal related trading products and manufactured steel products in tandem with the volatility in international and local metal prices, and the escalated construction cost in the recently completed property development project in Kepong.

B3. Prospects

In the first quarter of 2018, the global economic expansion continued at a robust pace. Most major and regional economies recorded strong quarterly growth, suggesting the positive global growth momentum from the previous year was sustained. In the advanced economies, growth was driven mainly by private consumption. Growth in the Asian region was supported by robust global demand conditions, with several economies maintaining double-digit export growth during the quarter. Domestic demand remained resilient, due to policy support and higher infrastructure

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spending. The Malaysian economy expanded by 5.4% in the first quarter of 2018 (4Q 2017: 5.9%), driven by continued growth of 5.2% in private sector spending (4Q 2017: 7.4%) and strong growth of 62.4% in net exports (4Q 2017: 2.3%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (4Q 2017: 1.0%). From the supply side, all economic sectors expanded. The services sector expanded at a faster pace during the quarter. The improvement was attributed mainly to higher growth in the finance and insurance sub-sector, resulting from higher lending activity, particularly in the household segment. The wholesale and retail trade sub-sector continued to expand, supported by sustained strength in household spending. The manufacturing sector registered sustained growth in the quarter supported by improvements in the export-oriented industries and construction related cluster. Growth in the construction sector moderated in the quarter. While growth of the civil engineering sub-sector was stronger, supported by the transportation, petrochemical and power plant projects, the sector's performance was affected by weaker activity in the residential and non-residential sub-sectors. This is consistent with the significant number of unsold residential properties and the ongoing weaknesses in the commercial property segment (oversupply of office spaces and shopping complexes). Global growth is projected to strengthen in 2018. This outlook is underpinned by synchronised expansions in both the advanced and emerging market economies. The Asian region, through trade channels, will continue to benefit from strong domestic demand in the advanced economies. Expansionary fiscal measures, namely higher infrastructure spending, will complement the strength in external demand throughout 2018. Growth in the Malaysian economy will remain favourable in 2018, with domestic demand as the key driver of growth. The positive growth prospects are supported by continued spillovers from the external sector to domestic economic activity. Trade performance is expected to benefit from favourable global demand, new export production capacity and exposure to the global technology cycle. *(Source: Bank Negara Malaysia First Quarter of 2018 Quarterly Bulletin)*

The performance of the Group will continue to be affected by factors such as the volatility in the international and domestic metal prices, and the timely implementation of projects in the construction, utilities and infrastructure and property development sectors. The wholesale and distribution division will continue to focus on expanding its existing product range and sourcing for new products locally and abroad. The manufacturing division will improve, automate, optimise and expand its operating capacity and continue to look for new business opportunity. The Group has invested in a steel mill plant in Merlimau, Melaka which has commenced commercial operations in February 2018, a new steel pipe plant in Kuantan, Pahang which will be operational by the end of second quarter of 2018, and is expanding its existing ductile iron pipe production line to produce pipe with diameter up to 1,200mm. The property division expects to contribute from the sale of unsold residential and commercial properties in Selayang and Kepong. The hotel division will focus on increasing its revenue stream by increasing their average occupancy and room rates, and targeting the right customer mix to achieve higher gross operating profits.

The Directors remain cautiously optimistic on the performance of the Group in the current year which is dependent on the domestic demand and global economic environment.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

Engtex Group Berhad (Company No: 536693-X)**B5. Tax expense**

	Individual quarter 3 months ended 31/3/18 RM'000	Cumulative quarter 3 months ended 31/3/18 RM'000
Tax expense		
- current year	3,431	3,431
- under provision in prior financial year	2	2
Deferred tax expense		
- origination and reversal of temporary differences	36	36
	<u>3,469</u>	<u>3,469</u>
Reconciliation of tax expense		
Income tax using Malaysian tax rate	3,233	3,233
Income not subject to tax	(135)	(135)
Non-deductible expenses	369	369
Under provision in prior financial year	2	2
Tax expense	<u>3,469</u>	<u>3,469</u>

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed for the financial quarter under review.

B7. Group Borrowings and Debt Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Term loans	97,537	-	97,537
Finance lease liabilities	3,512	-	3,512
	<u>101,049</u>	<u>-</u>	<u>101,049</u>
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	5,673	26,395	32,068
Revolving credit	-	56,006	56,006
Bills payables	32,435	300,708	333,143
Term loans	22,546	-	22,546
Bridging loans	11,127	-	11,127
Finance lease liabilities	5,642	-	5,642
	<u>77,423</u>	<u>383,109</u>	<u>460,532</u>

B8. Changes in Material Litigation

There was no impending material litigation as at 17 May 2018, being the date not earlier than 7 days from the date of this announcement.

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B9. Dividend declared

The Board does not recommend any interim dividend for the financial quarter ended 31 March 2018.

B10. Basic and diluted earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the current financial quarter ended 31 March 2018 are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2018	2017	2018	2017
Profit attributable to owners of the Company (RM'000)	9,886	17,896	9,886	17,896
<i>Weighted average number of ordinary shares ('000)</i>				
Number of ordinary shares issued as at 1 January	443,319	312,665	443,319	312,665
Effects of shares repurchased	(3,375)	(1,150)	(3,375)	(1,150)
Effects of exercise of warrants	-	4,191	-	4,191
Weighted average number of ordinary shares (basic) as at 31 March	439,944	315,706	439,944	315,706
Basic earnings per ordinary share (sen)	2.25	5.67	2.25	5.67

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the current financial quarter ended 31 March 2018 are based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2018	2017	2018	2017
Profit attributable to owners of the Company (RM'000)	9,886	17,896	9,886	17,896
<i>Weighted average number of ordinary shares ('000)</i>				
Weighted average number of ordinary shares (basic) as at 31 March	439,944	315,706	439,944	315,706
Effect of exercise of warrants	-	45,226	-	45,226
Weighted average number of ordinary shares (diluted) as at 31 March	439,944	360,932	439,944	360,932
Diluted earnings per ordinary share (sen)	2.25	4.96	2.25	4.96

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B11. Profit before tax

	Individual quarter 3 months ended 31/3/18 RM'000	Cumulative quarter 3 months ended 31/3/18 RM'000
Profit before tax is arrived at after charging:		
Allowance for impairment losses on trade receivables	120	120
Depreciation of:		
- investment properties	214	214
- property, plant and equipment	5,905	5,905
Finance cost	7,138	7,138
Inventories written down	113	113
Property, plant and equipment written off	23	23
and after crediting:		
Allowance for impairment losses written back on trade receivables	32	32
Gain on disposal of property, plant and equipment	105	105
Interest income	674	674
Realised gain on foreign exchange, net	59	59
Rental income:		
- land and building	80	80
- vehicles	55	55
	=====	=====

B12. Capital commitment

	31 March 2018 RM'000
Property, plant and equipment	
Contracted but not provided for	8,129
	=====

B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 31 March 2018 were as follows:

	RM'000
Sales	(724)
Purchases	520
Rental income	(6)
Rental expenses	650
Consultancy fee expenses	163
Interest expenses on advances given	12
	=====

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

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B14. Provision of financial assistance

Pursuant to paragraph 8.23(1) of the Listing Requirements, the amount of financial assistance provided by the Company and its subsidiaries is as follows:

	31 March 2018 RM'000	31 December 2017 RM'000
Corporate guarantees issued to :		
- financial institutions for banking facilities granted to its non wholly-owned subsidiaries	70,929	79,569
- suppliers for credit facilities granted to its non wholly-owned subsidiaries	154	352
	<u>71,083</u>	<u>79,921</u>

The above financial assistance does not have a material financial impact on the Group.