

TATT GIAP GROUP BERHAD

(732294-W)

(Incorporated in Malaysia)

Unaudited condensed consolidated statement of comprehensive income for the period ended 28 February 2018

	Individual period Current year quarter 28-Feb-18 RM'000	Individual period Preceding year corresponding quarter 28-Feb-17 RM'000	Cumulative period Current year- to-date 28-Feb-18 RM'000	Cumulative period Preceding year corresponding period 28-Feb-17 RM'000
Continuing operations	Note			
Revenue	22,476	20,740	62,061	70,517
Cost of sales	(20,281)	(21,987)	(60,374)	(70,547)
Gross profit / (loss)	2,195	(1,247)	1,687	(30)
Distribution costs	(896)	(575)	(2,419)	(2,433)
Administrative expenses	(1,523)	(2,291)	(5,107)	(6,940)
Other operating expenses	(1,556)	(16)	(1,963)	(129)
Other operating income	4,708	695	7,861	24,660
Results from operating activities	2,928	(3,434)	59	15,128
Finance costs	(1,726)	(1,990)	(5,300)	(6,333)
Operating profit / (loss)	1,202	(5,424)	(5,241)	8,795
Share of profit/(loss) of equity accounted associates, net of tax	(1,104)	866	77	1,033
Profit/(loss) before tax	98	(4,558)	(5,164)	9,828
Income tax income / (expense)	1,500	-	1,500	(22)
Profit / (loss) for the period	1,598	(4,558)	(3,664)	9,806
Other comprehensive income, net of tax				
Profit on available-for-sale financial assets	-	-	-	19
Total comprehensive income/(expense) for the period	1,598	(4,558)	(3,664)	9,825
Profit/(loss) for the period attributable to:				
Owners of the Company	1,404	(3,646)	(2,065)	12,532
Non-controlling interests	194	(912)	(1,599)	(2,726)
Profit/(loss) for the period	1,598	(4,558)	(3,664)	9,806
Total comprehensive income/(expense) attributable to:				
Owners of the Company	1,404	(3,646)	(2,065)	12,551
Non-controlling interests	194	(912)	(1,599)	(2,726)
Total comprehensive income/(expense) for the period	1,598	(4,558)	(3,664)	9,825
Basic earnings /(loss) per ordinary share (sen)	0.88	(2.35)	(1.29)	8.08

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TATT GIAP GROUP BERHAD

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Unaudited condensed consolidated statement of comprehensive income for the period ended 28 February 2018 (continued)

	Individual period Current year quarter 28-Feb-18 RM'000	Individual period Preceding year corresponding quarter 28-Feb-17 RM'000	Cumulative period Current year- to-date 28-Feb-18 RM'000	Cumulative period Preceding year corresponding period 28-Feb-17 RM'000
Note:				
1. Operating profit is arrived at:				
After charging:				
- Impairment loss on trade & other receivables	150	210	450	630
- Impairment on plant and machinery	1,500	-	1,500	-
- Depreciation on property, plant and equipment	883	1,685	3,250	5,231
- Realized loss on foreign exchange	26	359	176	514
- Interest expense	1,725	2,167	5,300	6,333
After crediting:				
- Gain on disposal of plant and equipment	214	-	511	16,651
- Gain on disposal of subsidiary	3,854	-	3,854	-
- Realised gain on foreign exchange	256	48	819	122
- Bad debts recovered	-	6	-	18
- Dividend income	-	-	113	9
- Interest income	-	-	1	26

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TATT GIAP GROUP BERHAD

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(Incorporated in Malaysia)

Unaudited condensed consolidated statement of financial position as at 28 February 2018

	As at 28-Feb-18 RM'000	Audited as at 31-May-17 RM'000
Assets		
Property, plant and equipment	53,044	123,166
Investment in associates	6,244	6,234
Other investments	2,080	20
Total non-current assets	<u>61,368</u>	<u>129,420</u>
Inventories	1,828	6,892
Trade and other receivables	14,355	28,476
Current tax assets	25	227
Assets classified as held for sale	14,869	-
Cash and cash equivalents	4,187	8,383
Total current assets	<u>35,264</u>	<u>43,978</u>
Total assets	<u><u>96,632</u></u>	<u><u>173,398</u></u>
Equity		
Share capital	84,681	82,575
Reserves	(60,686)	(60,688)
Total equity attributable to owners of the Company	<u>23,995</u>	<u>21,887</u>
Non-controlling interests	6,000	11,693
Total equity	<u>29,995</u>	<u>33,580</u>
Liabilities		
Loans and borrowings	21,086	23,334
Other Payables	2,192	10,126
Deferred tax liabilities	1,153	6,133
Total non-current liabilities	<u>24,431</u>	<u>39,593</u>
Loans and borrowings	28,533	68,894
Trade and other payables	13,652	29,363
Current tax liabilities	21	1,968
Total current liabilities	<u>42,206</u>	<u>100,225</u>
Total liabilities	<u>66,637</u>	<u>139,818</u>
Total equity and liabilities	<u><u>96,632</u></u>	<u><u>173,398</u></u>
Net assets per share attributable to owners of the Company (sen)	14.06	14.11

#The above condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TATT GIAP GROUP BERHAD

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(Incorporated in Malaysia)

Unaudited condensed consolidated statement of changes in equity for the period ended 28 February 2018

	----- <i>Attributable to owners of the Company</i> -----								
	Share capital	Share premium	<i>Non-distributable</i>		Revaluation Reserve	<i>Distributable</i> Retained earning / (losses)	Total	Non- controlling interest	Total Equity
Reverse Acquisition Reserve			Fair value	RM'000					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2016	77,552	5,023	(53,300)	(47)	23,579	(27,940)	24,867	14,327	39,194
Fair value of available-for sale financial assets	-	-	-	-	-	10	10	9	19
Profit for the period	-	-	-	-	-	12,532	12,532	(2,726)	9,806
Total comprehensive income / (expense) for the period	-	-	-	-	-	12,542	12,542	(2,717)	9,825
At 28 February 2017	77,552	5,023	(53,300)	(47)	23,579	(15,398)	37,409	11,610	49,019
At 1st June 2017	82,575	-	(53,300)	(27)	22,682	(28,475)	23,455	11,693	35,148
Loss for the period	-	-	-	-	-	(2,065)	(2,065)	(1,599)	(3,664)
Total comprehensive income / (expense) for the period	-	-	-	-	-	(2,065)	(2,065)	(1,599)	(3,664)
Issue of share capital - private placement	2,106	-	-	-	-	-	2,106	-	2,106
Issue of redeemable convertible preference share	-	-	-	-	-	-	-	6,000	6,000
Disposal of subsidiary	-	-	-	9	(4,545)	5,035	499	(10,094)	(9,595)
At 28 February 2018	84,681	-	(53,300)	(18)	18,137	(25,505)	23,995	6,000	29,995

#The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TATT GIAP GROUP BERHAD

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Unaudited condensed consolidated statement of cash flows for the period ended 28 February 2018

	Note	9 months period to 28-Feb-18	12 months period to 31-May-17 (Audited)
		RM'000	RM'000
Cash flows from operating activities			
Loss before tax		(5,164)	(10,697)
Adjustments for:			
Depreciation on property, plant and equipment		3,250	3,917
Impairment loss on:			
- plant and equipment		1,500	11,021
- other investment		-	2,056
Interest expense		5,300	8,305
Interest income		(1)	(295)
Gain on disposal of:			
- plant and equipment		511	(416)
- disposal of subsidiary		(3,854)	-
- assets classified as held for sale		-	(16,235)
- other investment		-	(28)
Dividend income		(113)	(9)
Share of (profit)/loss of equity accounted associates, net of tax		(10)	(1,965)
Operating profit/(loss) before working capital changes		<u>1,419</u>	<u>(4,346)</u>
Changes in working capital:			
Inventories		(17,746)	14,253
Trade and other receivables		(17,018)	4,504
Trade and other payables		32,272	(22,691)
Cash used from operations		<u>(1,073)</u>	<u>(8,280)</u>
Income taxes paid		(238)	(150)
Net cash used in operating activities		<u>(1,311)</u>	<u>(8,430)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	A	(243)	(3)
Proceeds from disposal of:			
- property, plant and equipment		3,000	16,455
- other investments		-	216
- assets classified as held for sale		5,800	37,969
Issue of Preference Share		6,000	-
Net cash inflow on disposal of a subsidiary	B	4,604	-
Interest received		1	295
Dividends received		113	9
Net cash from investing activities		<u>21,381</u>	<u>54,941</u>

#The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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Unaudited condensed consolidated statement of cash flows for the period ended 28 February 2018 (continued)

	Note	9 months periods to 28-Feb-18 RM'000	12 months periods to 31-May-17 (Audited) RM'000
Cash flows from financing activities			
Advances / (Repayment) from a Director		(9,151)	10,126
Interest paid		(5,300)	(8,305)
Repayment of term loans		(1,781)	(8,972)
Repayment of other borrowings, net		(4,826)	(33,144)
Repayment of finance lease liabilities		(873)	(2,973)
Uplift of pledged short-term deposits		-	1,985
Net cash used in financing activities		<u>(21,931)</u>	<u>(41,283)</u>
Net increase/(decrease) in cash and cash equivalents		(1,861)	5,228
Cash and cash equivalents as at beginning of financial period		(415)	(5,643)
Cash and cash equivalents as at end of financial period	C	<u><u>(2,276)</u></u>	<u><u>(415)</u></u>

Notes:

A. Acquisition of property, plant and equipment

During the financial period ended 28 February 2018, the Group acquired additional property, plant and equipment amounting to approximately RM 212,000.

B Disposal of subsidiaries

1) Disposal of TGMI Industries Sdn Bhd

The disposal, which was completed on 2nd August 2017, had the following effect on the financial position of the Group

	RM
Trade and receivable	44,391
Cash & cash equivalent	22,570
Trade and other payables	<u>(245,040)</u>
Net liabilities relieved	(178,079)
Gain on disposal of investment in a subsidiary	<u>178,080</u>
Consideration received, satisfied in cash	<u>1</u>

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Unaudited condensed consolidated statement of cash flows for the period ended 28 February 2018 (continued)

B) 2) Disposal of Tatt Giap Steel Centre Sdn Bhd

The disposal, which was completed on 23 February 2018 upon fulfilment of all conditions precedent under the Share Sale and Purchase Agreement, had the following effect on the financial position of the Group

	RM'000
Property, plant and equipment	39,774
Inventories	22,811
Trade and other receivables	31,139
Current tax assets	7
Cash & cash equivalents	7,696
Deferred tax liabilities	(2,743)
Trade and other payables	(45,289)
Loans and borrowings	<u>(32,795)</u>
	20,600
Non-controlling interest	<u>(10,094)</u>
	10,506
Cost of investment accounted as investment in associate	(5,588)
Share of post-acquisition reserve accounted under investment	11,236
Gain on disposal of investment in subsidiary	<u>(3,854)</u>
Consideration received, satisfied in cash	12,300
Cash and cash equivalents disposed off	<u>(7,696)</u>
Net cash inflows	<u><u>4,604</u></u>

C Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

Cash and bank balances	758	4,955
Bank overdrafts	<u>(3,034)</u>	<u>(5,370)</u>
Cash and cash equivalents	<u><u>(2,276)</u></u>	<u><u>(415)</u></u>

#The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TATT GIAP GROUP BERHAD

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Unaudited condensed consolidated results for the period ended 28 February 2018

PART A : EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The condensed consolidated interim financial statements have been prepared on the historical cost basis, other than property land and building which have been prepared on valuation basis. The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2017.

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

MFRSs, Interpretations and amendments 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 1014-2016 Cycle)
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Insurance Contracts- Applying MFRS 9 Financial Insurance Contracts- Applying MFRS 9 Financial
Amendments to MFRS 128	Investment in Associates and Joint Ventures (Annual Improvement to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 140	Investment Property - Transfer of Investment Property

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments

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A1. Basis of preparation (continued)

Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 9	Financial Instruments - Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle) #
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 119	Employee Benefits (Plan Amendments, Curtailment or Settlement)
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17	Insurance contracts
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MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption other than MFRS 9, Financial Instruments and also MFRS 15, Revenue from Contracts with Customers which the Group is currently assessing the financial impact.

A2. Auditors' report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the financial year ended 31 May 2017 was not qualified.

A3. Seasonality or cyclical factors

The business operations of the Group is not subject to seasonal or cyclical factors.

A4. Exceptional and extraordinary items

There were no items affecting assets, liabilities, equity, net income or cash flows that are exceptional or extraordinary due to their nature, size or incidence affecting the interim financial report except those disclosed in note A10.

A5. Changes in estimates

There were no changes in estimates that had a material effect on the current quarter and period-to-date results.

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A6. Debt and equity securities

There have been no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter.

A7. Dividend paid

There was no dividend paid by the Company in the current quarter and the period-to-date.

A8. Segmental information

The Group only has one reportable segment which is principally confined to the manufacturing and trading of stainless steel pipes, tubes and bars, electro-galvanized steel, perforated metal products and other ferrous and non-ferrous metal products. The Group's Executive Chairman (the chief operating decision maker) reviews internal management reports on the reportable segments on a monthly basis.

Geographical segment

In presenting information on the basis of geographical segments, segmental revenue is based on the geographical location of customers.

Geographical information

	Individual period	Individual period	Cumulative period	Cumulative period
	Current year quarter	Preceding year corresponding quarter	Current year-to-date	Preceding year corresponding period
	28-Feb-18	28-Feb-17	28-Feb-18	28-Feb-17
Segment revenue	RM'000	RM'000	RM'000	RM'000
Malaysia	17,152	12,230	36,441	46,245
Asia (excluding Malaysia)	343	2,630	2,228	5,579
United States of America	789	530	2,544	3,496
South America	-	962	4,319	2,643
Europe	4,191	4,389	16,528	12,555
	22,475	20,741	62,060	70,518

A9. Property, plant and equipment

During the financial period ended 28 February 2018, the Group acquired additional property, plant and equipment amounting to approximately RM 212,000.

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A10. Material events during the reporting period

- (a) On 31 July 2017, the Company entered into a Share Sale and Purchase Agreement ("SSPA") with Hanwa Co., Ltd. to dispose of 41% of its equity interest representing 16,400,000 ordinary shares in Tatt Giap Steel Centre ("TGSC") for a total cash consideration of RM12,300,000. On 23 February 2018, the shareholders of the Company approved the disposal and TGSC has ceased to be a subsidiary of the Company. The Company retains only a 10% equity interest in TGSC. The Company recognised a gain of about RM3.85 million arising from the disposal, reversal of deferred tax liabilities at Group level of RM1.42 million and a remeasurement gain of RM0.96 million on the balance of 10% investment in TGSC.
- (b) On 1 August 2017, the Company entered into a SSPA to dispose of its entire 100% equity interest in TGMI Industries Sdn. Bhd. ("TGMI") for a cash consideration of RM1. Upon completion of the disposal on 2 August 2018, TGMI ceased to be a subsidiary of the Company. The Group has recognised a gain on disposal of RM178,080.
- (c) On 25 August 2017 and 25 September 2017, a wholly-owned subsidiary, Superinox Max Fittings Industry Sdn. Bhd. entered into several Sale and Purchase Agreements ("SPAs") to dispose several of its plant and equipment for a total consideration of RM2.4 million. The disposal is completed and the Group has recognised a loss amounting to RM452,000.
- (d) On 28 September 2017, the Company announced a proposed private placement of up to 10% of the total number of issued shares of the Company. The private placement exercise was completed on 30 November 2017 following the listing of 15,510,000 new ordinary shares which were issued at RM0.1358 per ordinary share to raise RM2,106,258.
- (e) On 29 September 2017, a wholly-owned subsidiary, Superinox Pipe Industry Sdn. Bhd. has entered into 2 SPAs to dispose of some of its plant and equipment for a total cash consideration of RM12.3 million. The first SPA was completed with the sale of plant and equipment for RM5.8 million and the Group recognised a gain on disposal of RM2.15 million. The second SPA to dispose of plant and machinery for RM6.5 million was terminated.
- (f) On 27 February 2018, a wholly-owned subsidiary, Tatt Giap Hardware Sdn Bhd entered into a SPA with Fenley Group Trading Sdn Bhd to dispose all that pieces of land known as Lot No.679, Mukim 16, Daerah Seberang Perai Utara, Negeri Pulau Pinang and held under Geran Mukim No.261 together with a single storey warehouse erected thereon and bearing assessment address No.1237, Jalan Bagan Lallang, 13400 Butterworth, Penang and Lot No.681, Mukim 16, Daerah Seberang Perai Utara, Negeri Pulau Pinang and held under Geran Mukim No.262 together with three(3) units of 2 ½ storey terrace shop office annexed to a single storey warehouse erected thereon and bearing assessment address No.1067, 1068 & 1069, Jalan Bagan Lallang, Penang, for a total consideration of RM10.8 million. The disposal is subject to the approval of the shareholders of the Company at an extraordinary general meeting ("EGM") of the Company to be convened in due course. The disposal is estimated to result in a loss of RM0.82 million at Group level, which loss has been provided for in the current financial quarter.

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A11. Subsequent event - Corporate Proposals

On 2 April 2018, the Company announced that the Company proposes to undertake the following:

- i) Proposed reduction of the Company's share capital pursuant to Section 116 of the Companies Act 2016
- ii) Proposed diversification of the business of the Group into construction, property development and property investment
- iii) Proposed renounceable rights issue of up to 682,453,608 new irredeemable convertible preference shares in Tatt Giap ("ICPS") together with up to 85,306,701 free detachable warrants in the Company ("Warrants") on the basis of 8 ICPS together with 1 free Warrant for every 2 existing Shares held by the entitled shareholders of the Company on a rights entitlement date to be determined later; and
- iv) Proposed amendments to the Constitution / Memorandum and Articles of Association of the Company

The above proposals are subject to the approval Bursa Malaysia Securities Berhad, the order of the High Court, shareholders of the Company at an EGM to be convened and any other relevant authorities and/or parties, if required.

A12. Changes in composition of the Group for the financial period ended 28 February 2018

Except as disclosed in Notes A10(a) and (b) above, there were no other changes in the composition of the Group.

A13. Contingent liabilities

There are no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A14. Capital commitment

	Year-to-date
	28-Feb-17
	RM'000
Contracted but not provided for in the financial statements	
- Investment in an associate - PT Indo Bestinox Industri	1,727

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A15. Significant related party transactions

	Current period	Year-to-date
	28-Feb-18	28-Feb-18
	RM'000	RM'000
(a) Substantial shareholders of a subsidiary		
- Purchases	(18,980)	(39,540)
- Interest expense	(154)	(304)
- Management fee	-	(5)
- Rental expense	-	(38)
- Corporate guarantee fee	-	90
(b) Associates		
- Sales	68	224
- Purchases	-	(584)
(c) Directors & persons connected to Directors		
- Purchases	(254)	(692)
- Interest expense	-	(58)
- Rental expense	(5)	(39)
- Rental income	-	363
- Personal guarantee fee	(74)	(227)
- Loan from Director	-	2,689
- Professional fee	-	(377)

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PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

On a year-to-date basis ended 28 February 2018, the Group reported revenue of RM62.06 million, a RM8.46 million or 12% drop from RM70.52 million reported during the preceding year corresponding period. The drop in revenue was mainly due to lower domestic market sales. The Group recorded a loss before tax ("LBT") of RM5.16 million as compared to a profit before tax ("PBT") of RM9.83 million over the preceding comparative period. The PBT reported in the preceding year corresponding period was due to a one-off gain on disposal of assets classified as held for sale of RM16.23 million.

B2. Variation of results against preceding quarter

	This quarter	Preceding quarter
Revenue (RM'000)	22,476	17,661
PBT / (LBT) (RM'000)	98	(3,285)

The Group achieved revenue of RM22.48 million and PBT of RM0.10 million during the quarter under review as compared to revenue of RM17.66 million and LBT of RM3.29 million reported in the immediate preceding quarter ended 30 November 2017. The increase in revenue was due to higher domestic sales. The turnaround to PBT for the quarter under review was mainly was due to higher gross profit margin and gain from the disposal of 41% equity interest in TGSC.

B3. Current year prospects

The Group's business operations are expected to remain challenging in the current financial year. With the lack of favourable prospects in the steel industry and its challenging business environment, moving forward, along with its ongoing asset rationalisation and business optimisation plan, as disclosed in Note A11 above, the Group has resolved to diversify into the property business to reduce its reliance on its existing core business in the steel industry while providing an alternative source of income from the property sector.

B4. Variance between actual profit and forecast profit

The Group has not issued any profit forecast or profit guarantee.

B5. Income tax expense

	Current Quarter	Year-to-date
	28-Feb-18	28-Feb-18
	RM'000	RM'000
Over provision of tax in previous year	1,500	1,500
Deferred tax income	1,424	1,424
	<u>2,924</u>	<u>2,924</u>

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B6. Quoted investments

	Carrying Amount	Market value as at
		28-Feb-18
	RM'000	RM'000
Quoted shares in Malaysia	26	26

B7. Loan and borrowings

The Group's loans and borrowings as at 28 February 2018 are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Current:			
- Bank overdraft	3,036	-	3,036
- Trade line	21,125	-	21,125
- Term loans	4,208	-	4,208
- Finance lease liabilities	164	-	164
	<u>28,533</u>	<u>-</u>	<u>28,533</u>
Non-current			
- Term loans	21,047	-	21,047
- Finance lease liabilities	39	-	39
	<u>21,086</u>	<u>-</u>	<u>21,086</u>
Total	<u>49,619</u>	<u>-</u>	<u>49,619</u>

The above borrowings are denominated in Ringgit Malaysia.

Breach of loan covenant

Two (2) subsidiaries of the Group have secured term loan and trade financing facility that totalling RM26,360,715. The term loan and trade financing facility contained a debt covenant which require each subsidiary's net tangible assets to be not lower than the net tangible assets as stated in the financier's Letters of Offer dated 23 December 2016. As at reporting date, the two (2) subsidiaries were still unable to meet the debt covenant condition. Consequently, the entire term loan of one (1) of the subsidiaries amounting to RM2,243,770 has been classified as current liability. The management is in negotiation with the financier to restructure the term loan and trade financing facility.

TATT GIAP GROUP BERHAD

(732294-W)

(Incorporated in Malaysia)

Unaudited condensed consolidated results for the period ended 28 February 2018

B8. Material litigation

The Group was not engaged in any material litigation during the current financial quarter.

B9. Proposed dividend

The Board does not recommend any dividend for the current quarter ended 28 February 2018

B10. Earnings per Ordinary Share ("EPS")

Basic EPS

	Current Quarter 28-Feb-18	Year-to-date 28-Feb-18
Profit / (loss) attributable to ordinary shareholders (RM'000)	1,404	(2,065)
Weighted average number of ordinary share ('000)	160,217	160,217
	<hr/>	<hr/>
Basic earnings /(loss) per ordinary share (in sen)	0.88	(1.29)

B11. Authorization for issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board on 26 April 2018.