



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 9 months ended 30/09/2017

	Note	Individual quarter ended		Cumulative period 9 months ended	
		30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
Revenue	A7	31,574	24,820	83,454	75,354
Cost of sales		(25,769)	(19,966)	(68,090)	(61,877)
Gross profit		5,805	4,854	15,364	13,477
Other income		34	(158)	117	65
Selling and distribution expenses		(752)	(652)	(2,300)	(1,975)
Administration expenses		(2,366)	(2,169)	(6,669)	(6,304)
Other expenses		(642)	(405)	(1,788)	(1,497)
Profit from operations		2,079	1,470	4,724	3,766
Finance costs		(375)	(352)	(1,084)	(1,000)
Share of results of associate		45	108	212	323
Profit before taxation	B8	1,749	1,226	3,852	3,089
Income tax expense	B5	(656)	(308)	(822)	(771)
Profit after taxation		1,093	918	3,030	2,318
Total Comprehensive income for the period		1,093	918	3,030	2,318
Profit Attributable To:					
Owners of The Parent		960	922	2,787	2,190
Non-Controlling Interests		133	(4)	243	128
Total Comprehensive income attributable to :		1,093	918	3,030	2,318
Total Comprehensive income attributable to :					
Owners of The Parent		960	922	2,787	2,190
Non-Controlling Interests		133	(4)	243	128
Total Comprehensive income attributable to :		1,093	918	3,030	2,318
Weighted average number of ordinary shares in issue ('000)	B11	96,000	96,000	96,000	96,000
Earnings per share attributable to owners of the parent :					
Basic (Sen)	B11	1.00	0.96	2.90	2.28
Diluted (Sen)	B11	1.00	0.96	2.90	2.28

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.)



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Condensed Consolidated Statement of Financial Position as at 30/09/2017

	Note	Unaudited As at 30/09/2017 RM'000	Audited As at 31/12/2016 RM'000
ASSETS			
Non-current assets:			
Property, plant and equipment		11,105	11,564
Investment in an associate		4,167	3,955
Deferred Tax Assets		1,268	403
		16,540	15,922
Current assets:			
Inventories		52,580	50,721
Trade and other receivables		47,121	46,520
Tax recoverable		1,340	1,517
Deposits, Cash and bank balances		12,444	12,430
		113,485	111,188
TOTAL ASSETS		130,025	127,110
EQUITY AND LIABILITIES			
Current Liabilities:			
Trade and Other payables		17,866	24,036
Provision for taxation		573	88
Hire purchase payable	B7	724	669
Loans and borrowings	B7	30,374	22,674
		49,537	47,467
Non-current liabilities			
Hire purchase payables	B7	1,369	1,499
Deferred tax liabilities		16	146
		1,385	1,645
TOTAL LIABILITIES		50,922	49,112
Equity:			
Share capital		48,515	48,000
Share premium		-	515
Retained profits		29,369	27,751
Equity attributable to owners of the parent		77,884	76,266
Non-controlling Interests		1,219	1,732
TOTAL EQUITY		79,103	77,998
TOTAL EQUITY AND LIABILITIES		130,025	127,110
Net assets per share attributable to owners of the parent (RM)		0.81	0.79

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.)



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Unaudited Condensed Statement of Changes in Equity for the 9 months ended 30/09/2017

<----- Attributable to Owners of Parent ----->

Note	Share Capital	Share Premium	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 01/01/2016	48,000	515	24,712	73,227	1,500	74,727
Total comprehensive income for the period	-	-	2,190	2,190	128	2,318
Dividends paid	-	-	(768)	(768)	-	(768)
Balance at 30/09/2016	48,000	515	26,134	74,649	1,628	76,277
Balance at 01/01/2017	48,000	515	27,751	76,266	1,732	77,998
Transition to no par value regime **	515	(515)				
Changes of ownership interest in a subsidiary A9	-	-	271	271	(756)	(485)
Total comprehensive income for the period	-	-	2,787	2,787	243	3,030
Dividends paid A6	-	-	(1,440)	(1,440)	-	(1,440)
Balance at 30/09/2017	48,515	-	29,369	77,884	1,219	79,103

** Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium become part of the Company's share capital pursuant to the transitional provision set out in the Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.)



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K. SENG SENG CORPORATION BERHAD

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Unaudited Condensed Statement of Cash Flows for the 9 months ended 30/09/2017

	9 months ended	
	30/09/2017	30/09/2016
	RM'000	RM'000
Cash Flows From Operating Activities:		
Profit before tax	3,852	3,089
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	1,320	1,305
Gain on disposal property, plant and equipment	(81)	-
Interest expense	1,065	990
Interest income	(117)	(65)
Share of profits of Associate	(212)	(323)
Operating profit before changes in working capital	5,827	4,996
Working Capital Changes		
Decrease/(Increase) in trade and other receivables	336	(3,110)
(Increase)/Decrease in inventories	(1,859)	(4,492)
(Decrease)/Increase in trade and other payables	(7,467)	5,663
Increase/(Decrease) in Short term Trade Banker Acceptance	7,700	8,036
	(1,290)	6,097
Cash generated from operations	4,537	11,093
Interest received	117	65
Interest paid	(1,065)	(990)
Income tax refunded	205	53
Income tax paid	(1,360)	(1,236)
	(2,103)	(2,108)
Net Cash generated from operating activities	2,434	8,985
Cash Flows From Investing Activities:		
Proceeds from sale of property, plant and equipment	448	15
Purchase of property, plant and equipment	(715)	(248)
Acquisition of non-controlling interest	(125)	-
Net cash used in Investing Activities	(392)	(233)
Cash Flows From Financing Activities:		
Dividends paid on shares	(1,440)	(768)
Payment for hire purchase obligations	(588)	(776)
Net cash flow used in Financing Activities	(2,028)	(1,544)
Net changes in Cash and Cash Equivalents	14	7,208
Cash and Cash Equivalents at Beginning of The Period	12,430	5,046
Cash and Cash Equivalents at End of The Period	12,444	12,254

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.)



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Notes of the Interim Financial Report for the 9 months ended 30/09/2017

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

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB), International Accounting Standard (IAS) 34: Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) and Chapter 9 Part K of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities). The figures for the cumulative period 9 months ended 30/09/2017 have not been audited.

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31/12/2016, which were prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) and International Financial Reporting Standards (IFRSs). The 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 31/12/2016.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31/12/2016 except for the adoption of the following Amendments/Improvement to MFRSs which are applicable to its financial statements and are relevant to its operations:-

Amendments/Improvement to MFRSs:

MFRS 12	Disclosure of Interest in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

The adoption of the above Amendments/Improvements to MFRSs did not have any material effect on the financial statements of the Group.

The following new MFRSs and Amendments/Improvements to MFRSs were issued but not yet effective and have not been applied by the Group:

MFRS 9	Financial Instruments *
MFRS 15	Revenue from Contract Customer *
MFRS 16	Leases **
MFRS 17	Insurance Contracts***

Amendments/Improvements to MFRSs

MFRS 1	First-time adoption of MFRSs *
MFRS 2	Share-based Payment *
MFRS 4	Insurance Contracts *
MFRS 10	Consolidated Financial Statements (1)
MFRS 128	Investments in associates and Joint Ventures * (1)
MFRS 140	Investment Property *

New IC Interpretation

IC Int 22	Foreign Currency Transactions and Advance Consideration *
IC Int 23	Uncertainty over Income Tax Treatments**

* Effective for the period beginning on or after 1 January 2018

** Effective for the period beginning on or after 1 January 2019

*** Effective for the period beginning on or after 1 January 2021

(1) Deferred*

The Group will adopt the above new MFRSs and Amendments/Improvements to MFRSs when it becomes effective in the respective financial periods. The adoption of the above mentioned amendments to MFRSs are not expected to have any material effect to the financial statements of the Group upon initial recognition, except for MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers described below, for which the financial effects are still being assessed by the Group.



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Notes of the Interim Financial Report for the 9 months ended 30/09/2017

(i) MFRS 9 Financial Instruments

This final version of MFRS 9 replacing MFRS 139. MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held with two measurement at amortised cost or fair value. For impairment, MFRS 9 introduces expected-loss impairment model that will require more timely recognition of expected credit losses to reflect changes of credit risk of financial instruments. For hedge accounting, MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity.

(ii) MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. MFRS 15 Revenue from Contracts with Customers established a new five-step model which will apply to recognition of revenue arising from contracts with customers.

A2. Seasonality or cyclicity of interim operations

Other than lower demand for our products during the festive period particularly in the first quarter of the year, our Group does not experience any material seasonality or cyclicity in our business operations.

A3. Unusual Items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and cumulative 9 months period ended 30/09/2017.

A4. Material Changes in estimates

There were no changes in estimates that had materially affected the Group during the current quarter under review and financial year to date.

A5. Issuances, repurchases and repayments of debts and equity instruments

There were no issuance and repayment of debts and equity securities, shares buy-back, shares cancellation, shares held as treasury shares or resale of treasury shares during the current quarter under review and financial year to date.

A6. Dividends paid

There were no dividends paid by the Group during the current quarter ended 30/09/2017.



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Notes of the Interim Financial Report for the 9 months ended 30/09/2017

A7. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

a) The stainless steel products segment is in the business of manufacture and sales of stainless steel tubes and pipes, and processing of stainless steel sheets products;

b) The marine hardware & consumable segment is in the business of trading of marine hardware includes, amongst others, PP and PE ropes, stainless steel bars, stainless steel fasteners, GI wire, wire ropes and wire netting, nylon trammel and PE nets, copper tubes, chain, brass stern gland and propellers, square boat and shank spikes, packing and asbestos sheets, stainless steel electrode and rigging hardware such as zincked block, pulley, pin shaft, hooks and chain block;

c) The other industrial hardware segment is in the business of trading of industrial hardware including, amongst others, bronze shaft, brass tubes, other steel industrial fasteners such as HT, MS and GI bolts and nuts, screws, washers and shackles, ductile iron pipe and fittings such as flange, valves, tapers, hose clips and clamps, industrial hoses such as spring hose, PVC hose, black rubber suction and water hose and PVC reinforced air hose, alloy chain, stainless steel wire mesh, colour cotton rag, rubber conveyor belt, industrial wipes, safety absorbent and fibre ceramic blanket.

d) The engineering works segment is in the business of manufacturing and installation of Double or Single former on-line chlorination nitrile glove dipping lines and Double or Single former rubber glove dipping lines, trading of dipping lines parts and consumable including, amongst others, conveyor chain and conveyor chain parts, former holder set, worm gear and motor, and engineering services including machining, cutting, dismantle and cleaning of conveyor chain.

	Stainless steel products	Marine hardware & consumable	Other industrial hardware	Engineering Works	Total
<i>3 months ended 30/09/2017</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	10,056	8,537	7,407	5,574	31,574
Reportable segment gross profit	936	2,372	1,857	640	5,805
<i>3 months ended 30/09/2016</i>					
Revenues from external customers	7,368	6,971	7,133	3,348	24,820
Reportable segment gross profit	869	1,935	1,770	280	4,854

	Stainless steel products	Marine hardware & consumable	Other industrial hardware	Engineering Works	Total
<i>9 months ended 30/09/2017</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	28,760	23,721	20,874	10,099	83,454
Reportable segment gross profit	2,724	6,452	5,113	1,075	15,364
<i>9 months ended 30/09/2016</i>					
Revenues from external customers	23,823	20,180	18,021	13,330	75,354
Reportable segment gross profit	2,077	5,120	4,466	1,814	13,477

A8. Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial quarter ended 30/09/2017 up to the date of this interim financial report which may substantially affect the results of the operations of the Group.

A9. Effects of changes in the composition of the Group and financial year-to-date

There have no changes in composition of the Group during the current quarter ended 30/09/2017, on 20/04/2017 KSSC has acquired the remaining 25% equity stake in KSG Engineering Sdn Bhd, consequently KSG Engineering becomes the wholly-owned subsidiary of the Group.



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Notes of the Interim Financial Report for the 9 months ended 30/09/2017

A10. Changes in contingent liabilities & assets since the last annual financial statements date

There were no changes in the contingent liabilities and assets of the Group since the last audited date of the financial statements.

A11. Capital commitment

There were no capital commitments either contracted upon or otherwise that had affected the Group as at the current quarter ended 30/09/2017.

A12. Related party transactions

The Group's related party transactions in the current quarter and the cumulative period to date ended 30/09/2017 are as follows:

Nature of Relationship	Sales of goods RM'000	Purchases of goods RM'000	Overdue Charges RM'000	Total for nature of relationship RM'000
<i>Current quarter:</i>				
Associate	405	3	-	408
Total for type of transaction	405	3	-	408
<i>Cumulative 9 months Period:</i>				
Associate	2,779	3	-	2,782
Total for type of transaction	2,779	3	-	2,782

Notes of the Interim Financial Report for the 9 months ended 30/09/2017

B. Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Bhd

B1. Review of performance

	3rd quarter ended			Cumulative period 9 months ended		
	30/09/2017 RM'000	30/09/2016 RM'000	Changes %	30/09/2017 RM'000	30/09/2016 RM'000	Changes %
Revenue	31,574	24,820	27.21	83,454	75,354	10.75
Operating Profit	2,045	1,628	25.61	4,607	3,701	24.48
Profit Before Interest and Tax	2,124	1,578	34.60	4,936	4,089	20.71
Profit Before Tax	1,749	1,226	42.66	3,852	3,089	24.70
Profit After Tax	1,093	918	19.06	3,030	2,318	30.72
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	960	922	4.12	2,787	2,190	27.26

The Group revenue for the 9 months cumulative period had increased by 10.75% from RM75.35 million as reported in the corresponding preceding period in the prior financial year to RM83.45 million.

Sales of Stainless Steel Products segment and Marine Hardware & Consumable segment accounted for approximately 62.89% of total revenue. Revenue from Other Industrial Hardware segment and Engineering Works segment constituted approximately 25.01% and 12.10% respectively of total revenue.

During the quarter under review, we recorded revenue of RM5.57 million or increased by 166.49% for Engineering Works segment as compared to RM3.35 million as reported in corresponding preceding period in prior financial year. The increased in revenue was principally attributable to new fabrication & installation of Double Former Glove Dipping Lines under work in progress recognised partial in the current quarter and the balance will recognise in the forth quarter, which resulted gross profit margin RM0.64 million as compared to RM0.32 million recorded to the previous corresponding period.

Revenue from Other Industrial Hardware segment recorded almost consistent as previous corresponding preceding period from RM7.13 million to RM7.41 million. However Other Industrial Hardware Segment contributed gross profit margin RM1.86 million as compared to 1.77 million.

The Group profit before tax for the 9 months cumulative period had improved from RM3.09 million achieved in the corresponding preceding period in prior financial year to RM3.85 million, representing an increase of 24.7% in profit before tax. This was mainly attributable to the higher profit margin due to lower cost of sales for Marine hardware & consumable and Stainless Steel Products Segments.

B2. Comparison with immediate preceding quarter's results

	Individual quarter ended		
	30/09/2017 RM'000	30/06/2017 RM'000	Changes %
Revenue	31,574	27,124	16.41
Operating Profit	2,045	488	319.06
Profit Before Interest and Tax	2,124	649	227.27
Profit Before Tax	1,749	320	446.56
Profit After Tax	1,093	242	351.65
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	960	177	442.37

The Group profit before tax of RM1.75 million for the current quarter under review was 446.56% lower compared with the profit before tax amounting to RM0.32 million of the immediate preceding quarter. This was mainly due to the lower profit margin in the current period as described in B1 above.

Notes of the Interim Financial Report for the 9 months ended 30/09/2017

B3. Commentary on prospects

The Board will continue to enhance the Group marketing strategy through expansion of the Engineering Works Segment and increase the Group products offering to increase revenue. Barring the economic uncertainty, the Board strives for the betterment.

B4. Profit forecast or profit guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee in a public document.

B5. Breakdown of tax changes

Tax charges comprise:	Current Quarter RM'000	Current Year-to-Date RM'000
Malaysian taxation based on profit for the period:		
Current tax expense	693	1,610
Adjustment for under provision	208	208
Deferred tax expense	(245)	(996)
Net tax charge	656	822

Reconciliation of Effective Tax Rate:

	Current Year-to-Date RM'000	%
Accounting Profit before tax	3,852	-
Statutory tax amount / rate	924	24.0%
<i>Tax Effects of Expenses Disallowed:</i>		
Depreciation of non-qualifying property, plant & equipment	18	0.5%
Other Expenses not deductible for tax purposes	19	0.5%
Other professional fee	43	1.1%
Share of results of an associate	(51)	-1.3%
Under provision of deferred tax in prior years	(339)	-9.0%
Over provision of tax expense in prior years	208	5.0%
Effective tax amount / rate	822	21.3%

B6. Status of corporate proposals and utilisation of proceeds

(a) Corporate proposals

There were no corporate proposals not completed as at the date of this report.

(b) Utilisation of proceeds

The total gross proceeds raised from the public issue of RM11.47 million based on the issue price of RM0.57 will be utilised in the following manner:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Non- utilisation RM'000	Intended timeframe for utilisation (Listed on 19/01/2011)
(i) Business Expansion and capital expenditures	3,310	251	3,059	Extended to 18/01/2018
(ii) Working Capital	6,260	6,260	-	
(iii) Listing Expenses	1,900	1,900	-	
	11,470	8,411	3,059	

Notes of the Interim Financial Report for the 9 months ended 30/09/2017

B7. Details of Group borrowings and debts securities

The Group's borrowings securities denominated in Malaysian Ringgit as at 30/09/2017 are as follows:

	Total RM'000	Secured RM'000
Long-term:		
Hire purchase liabilities	1,369	1,369
	<u>1,369</u>	<u>1,369</u>
Short-term:		
Bills and other trade financing liabilities	30,374	30,374
Hire purchase liabilities	724	724
	<u>31,098</u>	<u>31,098</u>

B8. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Individual quarter ended		Cumulative period 9 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	RM'000	RM'000	RM'000	RM'000
1) <i>Other operating income:</i>				
Interest income	(34)	(29)	(117)	(64)
Other income	-	187	-	-
Loss/(Gain) on disposal of property, plant and equipment	-	-	(81)	-
2) <i>Administration expenses & Cost of sales:</i>				
Depreciation of properties, plant & equipment	452	446	1,320	1,305
Employee benefit expenses	3,098	2,947	9,058	8,639
3) <i>Other expenses:</i>				
Realised Forex (gains)/losses	(7)	(120)	(135)	(66)
4) <i>Finance costs:</i>				
Bank overdrafts	5	7	15	18
Bankers acceptance	331	310	949	866
Hire Purchase	34	31	102	106

Save as disclosed above, the other items as required under Appendix 9B Part A(16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

B9. Changes in Material Litigations

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending which might materially and adversely affect the financial position or business of the Group.

B10. Proposed Dividends

The Directors do not recommend any dividend for the current quarter ended 30/09/2017.

Notes of the Interim Financial Report for the 9 months ended 30/09/2017

B11. Earnings per share

(a) The earnings used as the numerator in calculating Basic and Diluted earnings per share (EPS) for the current quarter ended 30/09/2017 are as follows:

	Current Quarter RM'000	Current Year-to-Date RM'000
Profit for the financial period attributable to owners of the Parent (used as numerator for the Basic EPS)	<u>960</u>	<u>2,787</u>

(b) The weighted average number of ordinary shares used in the denominator in calculating Basic and Diluted earnings per share for the current quarter and cumulative period ended 30/09/2017 are as follows:

	Current Quarter '000	Current Year-to-Date '000
Weighted average number of ordinary shares in issue (used as denominator for the Basic EPS)	<u>96,000</u>	<u>96,000</u>
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>96,000</u>	<u>96,000</u>

Diluted earnings per share is equivalent to Basic EPS as the Group does not have any dilutive potential ordinary shares in issue during the financial quarter under review and financial year to date.

B12. Realised and unrealised profits

	30/09/2017 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	24,899
- Unrealised	<u>1,252</u>
	26,151
Total share of retained profits from associate:	
- Realised	3,339
- Unrealised	<u>8</u>
	29,498
Consolidation adjustments	<u>(129)</u>
Total Group retained profits as per consolidated financial statements	<u>29,369</u>

B13. Audit report qualification and status of matters raised

The audit report of the Group's annual financial statements for the year ended 31/12/2016 did not contain any qualification.

B14. Authorisation for issue

The interim financial report was duly reviewed by Audit Committee and approved by the Board of Directors on 21/11/2017.