

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **A1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016. 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 December 2016.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2016, as well as the new/revised standards mandatory for annual periods beginning on or after 1 January 2017.

The Group has also adopted all the new and revised MFRS and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2017. The adoption of these standards, amendments and interpretations has not resulted in any material impact to these interim financial statements.

### **A2 Audit report**

The audit report of the Company’s preceding Annual Financial Statements was not qualified.

### **A3 Seasonal or cyclical factors**

The Group’s operations were not significantly affected by any seasonal or cyclical factors during the quarter under review.

### **A4 Unusual items**

There were no unusual items during this quarter affecting assets, liabilities, equity, net income or cash flow.

### **A5 Changes in estimates of amount reported previously with a material effect in current financial year**

There were no estimations of amount used in our previous reporting which have a material impact in the current financial year.

### **A6 Debt and equity securities**

There were no issuance and repayment of debts and equity securities during the current quarter under review.

### **A7 Dividends Paid**

No dividend was paid during the current quarter under review.

**A8 Segmental information**

Business segments information for the quarter ended 31 March 2017:-

	<b>Building Materials RM'000</b>	<b>Bedding Products RM'000</b>	<b>Consumer Foods RM'000</b>	<b>Investments RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External revenue/(Loss)	24,191	11,358	34,993	330	(345)	70,527
<b>Result</b>						
Profit/(Loss) from Operations	3,590	294	(1,156)	(165)	-	2,563
Finance costs						(713)
Investing results						-
Profit before taxation						1,850
Taxation						(854)
Net profit for the period						<b>996</b>
<b>Other information</b>						
Segment assets	70,341	99,910	104,957	65,020	-	340,228
Segment liabilities	(20,953)	(32,846)	(44,418)	(163)	-	(98,380)
Capital expenditure on property, plant and equipment	29	1,035	10,886	-	-	11,950
Depreciation	279	543	854	-	-	1,676

**A9 Revaluations**

There were no amendments in the valuation amount of revalued assets brought forward to the current quarter under review.

**A10 Material events subsequent to the end of the reporting period**

There were no materials events subsequent to the end of the quarter reported as at the date of issuance of this report.

**A11 Changes in composition of the Group**

There were no changes in the composition of the Group during the quarter under review.

**A12 Contingent liabilities or assets**

There were no third party contingent liabilities entered into by the Company during the quarter under review.

**B1 Review of performance**

For the current first quarter ended 31 March 2017

The Group recorded revenue of RM70.5 million and pre-tax profit of RM1.8 million in the current quarter ended 31 March 2017 as compared to revenue of RM67.2 million and a pre-tax profit of RM0.7 million reported in the preceding year corresponding quarter.

The increase in revenue was mainly due to higher sales contribution from the building materials division which reported an increase in sales of 46% quarter-on-quarter due to higher completion of project sales. However, consumer foods and bedding products divisions reported a decrease of 6% and 17% respectively attributable to lower demand for its products.

The increase in the Group's pre-tax profit was mainly attributable to higher profits contribution from the building materials division. Building materials division registered a pre-tax profit of RM3.4 million for the current quarter under review as opposed to a pre-tax profit of RM0.7 million in the preceding year corresponding quarter mainly due to better profit margin on certain projects.

Bedding products division reported a lower pre-tax profit of RM45,000 for the current quarter under review as compared to RM1.2 million achieved during the preceding year corresponding quarter due to lower sales and higher operating expenses.

Similarly, consumer foods division reported a higher loss before tax of RM1.5 million as compared to RM1.1 million in the preceding year corresponding quarter due to lower margin.

In the opinion of the Board of Directors of the Company, the results of the financial year ended 31 March 2017 have not been affected by any transaction or event of a material or unusual nature other than that mentioned above.

**B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter**

The Group recorded revenue of RM70.5 million and pre-tax profit of RM1.8 million in the current quarter ended 31 March 2017 as compared to revenue of RM83.3 million and a pre-tax profit of RM4.4 million reported in the immediate preceding quarter.

The lower revenue was attributable to lower sales of 12%, 13% and 30% registered by the consumer foods, building materials and bedding products divisions respectively.

The building materials division posted a higher pre-tax profit of RM3.4 million for the quarter ended 31 March 2017 as compared to a pre-tax profit of RM0.9 million in the immediate preceding quarter.

However, bedding products division reported a lower pre-tax profit of RM45,000 as compared to RM1.5 million in the immediate preceding quarter.

Similarly, consumer foods division registered a pre-tax loss of RM1.5 million as opposed to a pre-tax profit of RM2.8 million in the immediate preceding quarter.

**B3 Future prospects**

The Board of Directors of the Company expects the performance of the Group for the financial year ending 31 December 2017 to be challenging in view of the weak domestic outlook and foreign exchange rate fluctuations. The performance of the Group will depend substantially on the market demands, fluctuation of raw materials prices, operating efficiencies and cost control measures of the three (3) divisions.

**B4 Explanation on variances of actual results compared with forecast and shortfall in profit guarantee.**

No profit forecast or profit guarantee was issued by the Company.

**B5 Taxation**

	<b>Current quarter ended 31/03/17 RM'000</b>	<b>Current financial year ended 31/03/17 RM'000</b>
Current Taxation	854	854
(Over)/Under Taxation	-	-
Deferred Taxation – Current	-	-
Deferred Taxation – Prior	-	-
	<b>854</b>	<b>854</b>

The effective tax rate on the Group's profit was higher than the statutory rate due to certain expenses disallowed by the Inland Revenue Board and there was no group relief on losses incurred within the group of companies.

**B6 Status of corporate proposal**

There was no corporate proposal announced which has not been completed as at the date of this report.

**B7 Group borrowings and debts securities**

Bank borrowings as at the end of the quarter:-

	<b>Secured RM'000</b>
<b>Short Term Borrowings</b>	
Hire purchase creditors	598
Bank overdrafts	1,171
Banker acceptances/trust receipts	24,257
Term loans	3,229
	<u><u>29,255</u></u>
<b>Long Term Borrowings</b>	
Hire purchase creditors	521
Term loans	18,249
	<u><u>18,770</u></u>

**B8 Material litigation**

There was no material litigation nor pending material litigation against the Group as at the date of this report.

**B9 Dividend**

No dividend has been declared for the current quarter under review.

The first and final single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 December 2016 on 102,850,000 ordinary shares, amounting to RM1,028,500 (2015: 1.0 sen per share) which has been approved by shareholders at the Company's Fifty-Eighth Annual General Meeting on 23 May 2017, will be paid to shareholders on 23 June 2017.

**B10 Earnings per share**

**(I) Basic earnings per share**

The basic earnings per share are calculated by dividing the Group's net profit for the current quarter by the weighted number of ordinary shares in issue during the said quarter.

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current year quarter</b>	<b>Preceding year corresponding quarter</b>	<b>Current year ended</b>	<b>Preceding year ended</b>
	<b>31/03/17 RM'000</b>	<b>31/03/16 RM'000</b>	<b>31/03/17 RM'000</b>	<b>31/03/16 RM'000</b>
Net profit attributable to equity holders of the parent	996	279	996	279
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	0.97	0.27	0.97	0.27

**(II) Diluted earnings per share**

Not applicable.

**B 11 Notes to the Statement of Comprehensive Income**

Profit/(loss) of the period/year is arrived at after charging/(crediting):-

	<b>Current year quarter 31/03/2017 RM'000</b>	<b>Current year ended 31/03/2017 RM'000</b>
Interest income	(15)	(15)
Depreciation and amortisation	1,676	1,676
Provision for and write-off of receivables	279	279
Provision for and write-off of inventories	98	98
(Gain)/Loss on disposal of quoted investment or properties	-	-
Property, plant & equipment written-off	-	-
Provision for fire insurance compensation	-	-
Foreign exchange (gain)/loss	-	-
(Gain)/Loss on derivatives	-	-
Exceptional items	-	-

**B12 Retained earnings**

The retained earnings as at reporting date may be analysed as follows:-

	<b>Group 31/03/2017 RM'000</b>	<b>Group 31/03/2016 RM'000</b>
Realised	140,473	135,252
Unrealised	(1,985)	(1,445)
<b>Total</b>	<b>138,488</b>	<b>133,807</b>

Date: 23 May 2017  
Petaling Jaya  
Selangor Darul Ehsan