

## Interim Financial Statements for the First Quarter Ended 31 March 2017

## Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

for the First Quarter Ended 31 March 2017

(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter <u>31/03/2017</u> RM'000	Preceding Year Corresponding Quarter <u>31/03/2016</u> RM'000	Current Year To-Date <u>31/03/2017</u> RM'000	Preceding Year Corresponding Period <u>31/03/2016</u> RM'000
Revenue	98,012	121,777	98,012	121,777
Operating expenses	(100,755)	(122,139)	(100,755)	(122,139)
Other operating income	1,562	1,763	1,562	1,763
(Loss)/Profit from operations	(1,181)	1,401	(1,181)	1,401
Finance costs	(1,422)	(1,352)	(1,422)	(1,352)
(Loss)/Profit before taxation	(2,603)	49	(2,603)	49
Taxation	(159)	(675)	(159)	(675)
<b>Loss after taxation</b>	<b>(2,762)</b>	<b>(626)</b>	<b>(2,762)</b>	<b>(626)</b>
Other comprehensive income/(expense)				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Available-for-sale financial assets	66	(39)	66	(39)
Currency translation differences	29	(53)	29	(53)
Other comprehensive income/(expense), net of tax	95	(92)	95	(92)
<b>Total comprehensive expenses</b>	<b>(2,667)</b>	<b>(718)</b>	<b>(2,667)</b>	<b>(718)</b>
(Loss)/Profit for the period attributable to:				
Owners of the parent	(2,719)	(764)	(2,719)	(764)
Non-controlling interests	(43)	138	(43)	138
	<b>(2,762)</b>	<b>(626)</b>	<b>(2,762)</b>	<b>(626)</b>
Total comprehensive (expense)/income for the period attributable to:				
Owners of the parent	(2,624)	(856)	(2,624)	(856)
Non-controlling interests	(43)	138	(43)	138
	<b>(2,667)</b>	<b>(718)</b>	<b>(2,667)</b>	<b>(718)</b>
Loss per share attributable to owners of the parent				
- Basic (sen)	(3.75)	(1.05)	(3.75)	(1.05)
- Diluted, sen	(3.75)	(1.05)	(3.75)	(1.05)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016.

## Interim Financial Statements for the First Quarter Ended 31 March 2017

## Condensed Consolidated Statements of Financial Position as at 31 March 2017

	AS AT END OF CURRENT QUARTER <u>31/03/2017</u> Unaudited RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>31/12/2016</u> Audited RM'000
<b>Non-current Assets</b>		
Property, plant and equipment	42,898	41,019
Investment properties	57,951	57,951
Land held for property development	7,178	7,178
Investments in associated companies	7	7
Other investments	765	699
Goodwill	99	99
Deferred tax assets	114	114
	<u>109,012</u>	<u>107,067</u>
<b>Current Assets</b>		
Inventories	34,599	34,244
Trade and other receivables	196,747	208,853
Taxation recoverable	2,472	2,040
Cash and cash equivalents	9,569	12,683
Asset classified as held for sale	-	174
	<u>243,387</u>	<u>257,994</u>
<b>Current Liabilities</b>		
Trade and other payables	78,915	93,036
Overdraft and short term borrowings	81,620	80,787
Taxation	20	48
	<u>160,555</u>	<u>173,871</u>
<b>NET CURRENT ASSETS</b>	<u>82,832</u>	<u>84,123</u>
	<u>191,844</u>	<u>191,190</u>
<b>FINANCED BY:</b>		
<b>Total Equity</b>		
Share capital	75,926	72,469
Share premium	-	3,457
Reserves	81,807	84,431
Equity attributable to owners of the parent	157,733	160,357
Non-controlling interests	8,315	8,358
	<u>166,048</u>	<u>168,715</u>
<b>Non-current Liabilities</b>		
Term Financing/Loan	23,168	19,865
Other deferred liabilities	1,200	1,170
Deferred tax liabilities	1,428	1,440
	<u>25,796</u>	<u>22,475</u>
	<u>191,844</u>	<u>191,190</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016.

## Interim Financial Statements for the First Quarter Ended 31 March 2017

## Condensed Consolidated Statements of Changes in Equity for the First Quarter Ended 31 March 2017

(Unaudited)

	← Attributable to Owners of the Parent →				Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended							
<u>31 March 2017</u>							
At 1 January 2017	72,469	3,457	760	83,671	160,357	8,358	168,715
Loss after taxation for the financial period	-	-	-	(2,719)	(2,719)	(43)	(2,762)
Other comprehensive income for the financial period, net of tax							
- Fair value changes of available-for-sale financial assets	-	-	66	-	66	-	66
- Foreign currency translation	-	-	29	-	29	-	29
Total comprehensive expenses for the financial period	-	-	95	(2,719)	(2,624)	(43)	(2,667)
Transfer pursuant to Section 618 (2) of the Companies Act 2016 (*)	3,457	(3,457)	-	-	-	-	-
At end of the financial period	75,926	-	855	80,952	157,733	8,315	166,048
3 months ended							
<u>31 March 2016</u>							
At 1 January 2016	72,469	3,457	786	89,613	166,325	8,060	174,385
Loss after taxation for the financial period	-	-	-	(764)	(764)	138	(626)
Other comprehensive expense for the financial period, net of							
- Fair value changes of available-for-sale financial assets	-	-	(39)	-	(39)	-	(39)
- Foreign currency translation	-	-	(53)	-	(53)	-	(53)
Total comprehensive expenses for the financial period	-	-	(92)	(764)	(856)	138	(718)
At end of the financial period	72,469	3,457	694	88,849	165,469	8,198	173,667

## Note \*

The Company has transferred the amount standing to the credit of the share premium account of RM3,456,500 to be part of the Company's share capital pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"). Notwithstanding this provision, the Company may within 24 months from the commencement of the CA 2016, use this amount for purposes as set out in Section 618(3) of the CA 2016. The Board of Directors will make a decision thereon by 31 January 2019.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016.

**Interim Financial Statements for the First Quarter Ended 31 March 2017**

**Condensed Consolidated Statements of Cash Flows for the First Quarter Ended 31 March 2017**

(Unaudited)

	1.1.2017 to <u>31.03.2017</u> RM'000	1.1.2016 to <u>31.03.2016</u> RM'000
Cash flows for operating activities		
(Loss)/Profit before taxation	(2,603)	49
Adjustments for:-		
Non-cash items	523	659
Non-operating items	<u>(206)</u>	<u>(179)</u>
Operating (loss)/profit before working capital changes	(2,286)	529
Net change in current assets	11,751	(13,531)
Net change in current liabilities	<u>(14,115)</u>	<u>9,625</u>
Cash flows for operations	(4,650)	(3,377)
Taxation paid	<u>(633)</u>	<u>(899)</u>
Net cash for operating activities	<u>(5,283)</u>	<u>(4,276)</u>
Cash flows for investing activities		
Equity investments	-	1
Other investments	<u>(1,763)</u>	<u>56</u>
Net cash (for)/from investing activities	<u>(1,763)</u>	<u>57</u>
Cash flows from financing activities		
Deposits pledged with a licensed bank	(362)	-
Term financing/loan	5,171	(1,297)
Hire purchase financing	(205)	(152)
Short term bank borrowings	<u>(1,064)</u>	<u>(1,501)</u>
Net cash from/(for) financing activities	<u>3,540</u>	<u>(2,950)</u>
Net decrease in cash and cash equivalents	(3,506)	(7,169)
Cash and cash equivalents at beginning of financial period	(4,913)	3,580
Cash and cash equivalents at end of financial period	<u>(8,419)</u>	<u>(3,589)</u>

Cash and cash equivalent at the end of the financial period comprise of:

	<u>31.03.2017</u> RM'000	<u>31.03.2016</u> RM'000
Cash and bank balances	7,573	11,973
Bank overdrafts	<u>(15,992)</u>	<u>(15,562)</u>
	<u>(8,419)</u>	<u>(3,589)</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016.

**A EXPLANATORY NOTES AS PER FRS 134**

**A1. Accounting Policies**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

The accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent annual financial statements except for the adoption of the following accounting standards and amendments issued by the Malaysian Accounting Standards Board (“MASB”) effective for the Group’s current financial period. The adoption of these standards and amendments has no material impacts on the financial statements of the Group upon their initial application.

- Amendments to FRS 107 : Disclosure Initiative
- Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to FRS Standards 2014 – 2016 Cycles:
  - Amendments to FRS 12: Clarification of the Scope of Standard

The Group has not applied in advance the following accounting standards and consequential amendments that have been issued by the MASB but are not yet effective for the Group’s current financial period:

- FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions.
- Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to FRS 140 – Transfers of Investment Property
- Annual Improvements to FRS Standards 2014 – 2016 Cycles:
  - Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters
  - Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the financial statements of the Group upon their initial application.

**A3. Audit Report**

The audit report of the most recent annual financial statements was not subject to any qualification.

**A4. Seasonal Or Cyclical Factors**

There is no major seasonality or cyclicity in the Group's operations.

**A5. Unusual Items**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current interim period.

**A6. Changes In Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

**A7. Debt And Equity Securities**

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim period.

**A8. Payment Of Dividend**

There was no payment of dividend for the quarter under review.

**A9. Segmental Reporting**

As at 31 March 2017

	Trading	Contract	Manufacture	Property Development	Property and Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	88,373	8,951	-	567	121	-	98,012
(Loss)/Profit from Operations	(839)	(66)	(90)	(218)	45	(13)	(1,181)
Finance costs							(1,422)
Loss before taxation							(2,603)
Income tax expenses							(159)
Loss after taxation							(2,762)

**A10. Property, Plant And Equipment**

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses and is not depreciated.

**A11. Material Subsequent Events**

There are no material events subsequent to the end of the current interim period that have not been reflected in these interim financial statements.

**A12. Changes In Composition Of The Group**

There were no changes in the composition of the Group for the current interim period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

**A13. Contingent Liabilities**

There are no material changes in contingent liabilities and contingent assets since the last annual balance sheet date.

**B. ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS****B1. Review Of Performance**

The Group recorded a turnover of RM98 million with a pre-tax loss of RM2.6 million. The recent slower than expected festive Lunar New Year season resulted in a decline in turnover by 19.5% compared to the corresponding period of last year. Despite some savings in operating expenses, the decline in turnover, lower other income and drop in average gross margin lead the Group to incurred a pre-tax loss for the quarter under review.

**B2. Comparison With Preceding Quarter's Result**

Compare to the preceding quarter's turnover of RM113 million, current quarter's result is lower by 13.5%. Coupled with lower aggregate gross profit margin and lesser other income, the pre-tax loss for the quarter is higher by RM1.2 million.

**B3. Current Year Prospects**

Barring any unforeseen circumstances the Group expects its operations to remain stable.

**B4. Variances From Profit Forecast And Profit Guarantee**

The Company did not make a profit forecast and therefore comments on variances with forecast profit are not applicable.

**B5. Taxation**

Taxation comprises the following:

	Individual Quarter <u>31/03/2017</u> RM'000	Cumulative Quarter <u>31/03/2017</u> RM'000
Malaysian income tax:		
Current year tax	171	171
Deferred taxation	(12)	(12)
Total income tax expense	<u>159</u>	<u>159</u>



**B6. Sale Of Investments And Properties**

There is no material gain or loss from disposal of investments or properties for the period under review.

**B7. Purchase Or Disposal Of Quoted Securities**

- a) There is no purchase or disposal of quoted securities for the current interim period.
- b) Total investments in quoted shares as at 31 March 2017 are as below:

	<u>RM'000</u>
(i) At cost	2,699
(ii) At carrying value	298
(iii) At market value	298

**B8. Status Of Corporate Proposals**

On 4 June 2015, the Company announced that it proposed to undertake a Private Placement of up to 7,246,950 new ordinary shares of RM1.00 each in the Company representing up to 10.0% of the issued and paid up share capital of the Company ("Proposed Private Placement"). Bursa Malaysia Securities Berhad ("Bursa Securities") had on 15 June 2015 approved the listing and quotation of up to 7,246,950 Placement Shares to be issued pursuant to the Proposed Private Placement subject to certain conditions ("Private Placement").

On 30 November 2015, the Company applied to Bursa Securities for an extension of time to implement the Private Placement and Bursa Securities, vide its letter dated 9 December 2015, approved the application for an extension of time for another six (6) months from 15 December 2015 until 14 June 2016 for the Company to complete the Private Placement.

The Company applied for another extension of time to implement the Private Placement on 31 May 2016 and Bursa Securities on 7 June 2016 further grant the Company an extension of time for another six (6) months from 15 June 2016 until 14 December 2016 to complete the Private Placement.

The Company further applied to Bursa Securities on 30 November 2016 to extend another six (6) months from 15 December 2016 until 14 June 2017 to complete the Private Placement and Bursa Securities on 19 January 2017 approved the application accordingly.

As to date, the Private Placement has not been completed.

**B9. Group Borrowings And Debt Securities**

The Group borrowings and debt securities which are denominated in Ringgit Malaysia as at 31 March 2017 are as below:

	<u>RM'000</u>
Secured	24,894
Unsecured	<u>56,726</u>
Total short term borrowings	81,620
Secured long term borrowings	<u>23,168</u>
Total borrowings	<u><u>104,788</u></u>

**B10. Off Balance Sheet Financial Instruments**

There are no financial instruments with off balance sheet risk as at the date of this report.

**B11. Material Litigation**

There is no pending material litigation as at the date of this report.

**B12. Dividend**

No dividend has been recommended by the Board of Directors.

**B13. Losses Per Share**

The basic losses per share for the financial period have been calculated by dividing the Group's losses by the weighted average number of ordinary shares issued.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>31/03/2017</u>	<u>31/03/2016</u>	<u>31/03/2017</u>	<u>31/03/2016</u>
Loss attributable to owners of the parent (RM'000)	(2,719)	(764)	(2,719)	(764)
Weighted average number of shares outstanding ('000)	72,469	72,469	72,469	72,469
Basic losses per share (sen)	(3.75)	(1.05)	(3.75)	(1.05)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted losses per share is equal to the basic losses per share.

**B14. Realised and Unrealised Profits Disclosures**

The breakdown of the retained profits of the Group as at the end of the reporting period into realised and unrealised profits/(losses) are as below:

	As at <u>31/03/2017</u> RM'000	As at <u>31/12/2016</u> RM'000
Total retained profits		
- realised	52,870	55,594
- unrealised	<u>28,124</u>	<u>28,119</u>
	80,994	83,713
Total share of accumulated losses of associate		
- realised	(42)	(42)
- unrealised	<u>-</u>	<u>-</u>
	<u>80,952</u>	<u>83,671</u>

BY ORDER OF THE BOARD

Chan Lai Choon

Secretary

Kuala Lumpur

30 May 2017