



PCCS Group Berhad

Company No. 280929-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Revenue	111,933	122,632	320,685	407,734
Cost of sales	(91,601)	(92,608)	(264,098)	(334,375)
Gross Profit	20,332	30,024	56,587	73,359
Other Income	907	525	11,130	1,429
Interest Income	109	19	284	78
Administrative expenses	(11,349)	(17,864)	(40,767)	(45,356)
Selling and marketing expenses	(2,645)	(8,709)	(6,448)	(14,236)
Finance costs	(837)	(1,193)	(2,516)	(3,798)
Profit before tax	6,517	2,802	18,270	11,476
Income tax expense	(1,963)	(2,441)	(4,801)	(6,209)
Profit for the period	4,554	361	13,469	5,267
Attributable to:				
Equity holders of the parent	4,553	(18)	13,761	4,888
Non-controlling interest	1	379	(292)	379
	4,554	361	13,469	5,267
Earnings per share attributable to equity holders of the parent (sen):				
Basic	2.17	(0.03)	6.55	8.15
Diluted	Not applicable		Not applicable	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Profit for the period	4,554	361	13,469	5,267
Other comprehensive profit/(loss) net of tax				
Foreign currency translation	82	635	(6,054)	1,867
Total comprehensive profit for the period	4,636	996	7,415	7,134
Total comprehensive profit/(loss) attributable to:				
Owners of the Parent	4,630	859	7,821	7,073
Non-controlling interest	6	137	(406)	61
	4,636	996	7,415	7,134

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



PCCS Group Berhad

Company No. 280929-K
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 (UNAUDITED)

	31.12.2018 RM'000 (Unaudited)	31.03.2018 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	58,445	58,976
Investment Properties	9,917	10,410
Prepaid lease payments	<u>2,358</u>	<u>2,250</u>
	<u>70,720</u>	<u>71,636</u>
Current assets		
Inventories	45,988	49,193
Trade receivables	63,423	90,849
Other receivables	7,018	11,261
Other current assets	20,149	8,021
Cash and bank balances	<u>70,367</u>	<u>51,160</u>
	206,945	210,484
Non-current asset classified as held for sale	<u>-</u>	<u>3,933</u>
	<u>206,945</u>	<u>214,417</u>
TOTAL ASSETS	<u>277,665</u>	<u>286,053</u>
EQUITY AND LIABILITIES		
Equity attributable to equity owners of the parent		
Share capital	83,638	83,638
Other reserves	14,899	18,738
Retained earnings	<u>34,494</u>	<u>22,834</u>
	133,031	125,210
Non-controlling interest	<u>1,830</u>	<u>2,236</u>
Total Equity	<u>134,861</u>	<u>127,446</u>
Non-Current liabilities		
Borrowings	1,494	2,382
Deferred tax liabilities	<u>16</u>	<u>109</u>
	<u>1,510</u>	<u>2,491</u>
Current liabilities		
Borrowings	44,353	58,391
Trade payables	55,015	47,982
Other payables	27,952	37,686
Tax payables	<u>13,974</u>	<u>12,057</u>
	141,294	156,116
Total liabilities	<u>142,804</u>	<u>158,607</u>
TOTAL EQUITY AND LIABILITIES	<u>277,665</u>	<u>286,053</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.6334	0.5961

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

	Attributable to Equity Holders of the parent						Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	Share Capital RM'000	Share premium RM'000	Foreign Exchange Reserve RM'000	Warrants Reserve RM'000	Legal Reserves RM'000	Retained Earnings RM'000			
As at 1 April 2017	60,012	4	6,430	-	326	19,741	86,513	1,999	88,512
Total comprehensive income/(loss) for the period	4	(4)	2,185	-	-	4,888	7,073	61	7,134
						-	-		-
As at 31 December 2017	<u>60,016</u>	<u>-</u>	<u>8,615</u>	<u>-</u>	<u>326</u>	<u>24,629</u>	<u>93,586</u>	<u>2,060</u>	<u>95,646</u>
As at 1 April 2018	83,638	-	10,598	6,383	1,757	22,834	125,210	2,236	127,446
Total comprehensive (loss)/income for the period	-	-	(3,839)	-	-	11,660	7,821	(406)	7,415
As at 31 December 2018	<u>83,638</u>	<u>-</u>	<u>6,759</u>	<u>6,383</u>	<u>1,757</u>	<u>34,494</u>	<u>133,031</u>	<u>1,830</u>	<u>134,861</u>

The Condensed Consolidated Statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

	9 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation from:		
- Continuing operations	18,270	11,476
Adjustment for:-		
Non-cash items	(3,519)	4,109
Non-operating items (which are investing/financing)	1,135	5,806
Interest expense	2,516	3,798
Interest income	(284)	(78)
Operating profit before changes in working capital	<u>18,118</u>	<u>25,111</u>
Changes in working capital		
Net change in current assets	26,265	6,411
Net change in current liabilities	(2,701)	(5,901)
Interest paid	(2,516)	(3,798)
Tax refund/(paid)	(2,976)	(2,645)
Net cash flows from operating activities	<u>36,190</u>	<u>19,178</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(5,190)	(4,217)
- Proceeds from disposal of non-current asset classified as held for sale	8,500	-
- Proceeds from issuance of shares of subsidiary	-	23
- Proceeds from disposal of property, plant and equipment	1,045	996
- Interest received	284	78
Net cash flows generated from/(used in) investing activities	<u>4,639</u>	<u>(3,120)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
- Repayment of hire purchase & lease financing	(794)	(861)
- Repayment of term loans	(215)	(154)
- Decrease in short term borrowings	(13,830)	(36,045)
- Drawdown/(Repayment) of HP & lease financing	111	398
- Dividend paid	(2,100)	-
- Proceeds from proposed corporate exercised	-	37,349
Net cash flows used in financing activities	<u>(16,828)</u>	<u>687</u>
Net increase in cash and cash equivalents	24,001	16,745
Effects of exchange rate changes	(4,595)	4,710
Cash and cash equivalents at beginning of financial period	50,961	34,841
Cash and cash equivalents at end of financial period	<u>70,367</u>	<u>56,296</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	70,367	56,746
Bank overdrafts	-	(450)
	<u>70,367</u>	<u>56,296</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the period ended 31 December 2018, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2018. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2018, except for the adoption of the following Amendments:-

Effective for annual periods beginning on or after 1 January 2018

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

The adoption of the above mentioned Amendments to MFRSs did not have any material impact on the financial statements of the Group except MFRS 15.

Standards issued but not yet effective

At the date of authorization of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group.

MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	Effective 1 January 2019
MFRS 16 Leases	Effective 1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments of MFRS 128)	Effective 1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	Effective 1 January 2019
1. Amendments to MFRS 3 Business Combinations	Effective 1 January 2019
2. Amendments to MFRS 11 Joint Arrangements	Effective 1 January 2019
3. Amendments to MFRS 112 Income Taxes	Effective 1 January 2019
4. Amendments to MFRS 123 Borrowing Costs	Effective 1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	Effective 1 January 2019

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related interpretations and it applied to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.



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The Group elected to adopt the modified retrospective method. The Group's revenue and cost of goods sold are shown below:-

(1) Revenue

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Goods transferred at a point in time	111,431	122,632	318,715	407,734
Services transferred over time	502	-	1,970	-
Total revenue from contracts with customers	111,933	122,632	320,685	407,734

(2) Cost of Goods Sold

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Cost of goods sold	91,099	92,608	262,128	334,375
Carriage outward	502	-	1,970	-
Effect of MFRS 15	91,601	92,608	264,098	334,375

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 March 2018 was not qualified.

3. SEGMENTAL INFORMATION

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Segment Revenue				
Revenue from operations:				
Apparels	143,641	113,320	351,698	420,562
Labellings	19,778	16,673	57,041	46,703
Others	6,957	11,173	34,161	20,655
Total revenue before eliminations	170,376	141,166	442,900	487,920
Eliminations	(58,443)	(18,534)	(122,215)	(80,186)
Total	111,933	122,632	320,685	407,734
Segment Result				
Result from operations:				
Apparels	5,442	3,599	16,930	16,012
Labellings	1,245	1,299	4,183	1,800
Others	(2,083)	1,673	13,871	(636)
	4,604	6,571	34,984	17,176
Eliminations	1,913	(3,768)	(16,714)	(5,699)
Total	6,517	2,802	18,270	11,476



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4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

5. CHANGES IN ESTIMATES

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

6. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not affected by any major seasonal or cyclical factors.

7. DIVIDENDS PAID

Details of the single tier interim dividend declared is as follows:

Interim dividend for the financial year	31 March 2019
Payment date	7 September 2018
Dividend per share (single tier)	1.00 sen
Entitlement to dividend based on Record of Depositors as at	23 August 2018
Number of ordinary shares	210,042,007
Dividend paid	RM2,100,420.07

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 March 2018.

9. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year to date.

10. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the group during the current quarter except for the following:

The Company had on 19 October 2018 submitted an application to the Companies Commission of Malaysia ("CCM") to strike off its dormant company subsidiary, namely Jusca Garments Sdn. Bhd. ("Jusca") from the register pursuant to Section 308 of the Companies Act, 2016. Jusca has been officially struck off and dissolved following the publication of the notice of striking off pursuant to Section 308 (4) of the Companies Act, 2016, dated 14 January 2019 by the CCM.



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11. CAPITAL COMMITMENTS

The capital commitments of the Group as at 31 December 2018 are RM5.7million for purchase of machinery, equipment and renovation.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no other contingent liabilities or contingent assets, except for corporate guarantee amounting RM46 million given to licensed banks in respect of bank facilities granted to subsidiaries during the nine months financial period ended 31 December 2018.

13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the period that have not been reflected in this quarterly report.



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

14. PERFORMANCE REVIEW

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding Year Corresponding Period	Changes
	31.12.2018	31.12.2017		31.12.2018	31.12.2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	111,933	122,632	(10,699)	320,685	407,734	(87,049)
Profit before tax	6,517	2,802	3,715	18,270	11,476	6,794

During the current quarter ended 31 December 2018, the Group recorded lower revenue of RM111.9 million as compared to RM122.6 million in the previous corresponding quarter. Whereas, the pre-tax profit of the Group for the quarter under review is higher at RM6.5 million, compared with RM2.8 million in the previous corresponding quarter. The higher profit was mainly due to increase of profits from Cambodia printing and embroidering which has eliminated the impact of lower profits achieved in China Apparel segment and a better cost management strategy implemented by Cambodia Apparel segment.

On a year-to-year basis, the Group recorded lower revenue of RM320.7 million as compared to RM407.7 million achieved in the previous corresponding period as China Apparel Division's operation has slowed down. The pre-tax profit of the Group for the period under review recorded at RM18.3 million as compared to pre-tax profit of RM11.5 million recorded for the corresponding period. This was mainly due to the better results achieved by Apparel Business in Cambodia and Labelling Business in Malaysia. Other than that was the gains derived from disposals of assets.

15. COMMENT ON MATERIAL CHANGE IN THE QUARTERLY RESULTS

Total revenue increased from RM84.4 million recorded in the preceding quarter to RM111.9 million achieved in the current quarter. The pre-tax profit of the Group recorded at RM6.5 million as compared with a pre-tax profit of RM3.2 million recorded for the preceding quarter, due to the improvement in sales orders and cost management in Cambodia Apparel segment.

16. COMMENTARY ON PROSPECTS

Apparel segment

The Board is sounding a cautious note about the impact of global trade tensions, the China Apparel's sales will be milder than last year but remaining profitable business model, while remaining positive about the long-term outlook of the business.

Labelling segment

The Board is cautiously optimistic the Labelling segment will maintain their positive financial performance in the financial year ending 31 March 2019 whereas the labelling business in Cambodia remains challenging.

Others segment

The Board is of the view that the printing and embroidering will record a healthy sales growth in the next quarter.

Management will continue seeking opportunities to capture future growth, unlocking new markets, and focusing on improving operational efficiencies to remain competitive in this challenging environment.

Barring unforeseen circumstances, the management will endeavour to achieve a satisfactory result for the financial year ending 31 March 2019.



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17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group as no profit forecast or profit guarantee was published.

18. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Included in the profit before tax are the following items:				
Interest income	(109)	(19)	(284)	(78)
Interest expenses	837	1,193	2,516	3,798
Depreciation	1,674	1,824	5,077	5,992
Provision for doubtful debts	2	10	223	15
Fixed assets written off	-	(14)	79	-
Bad debts written off	12	56	12	56
(Gain)/Loss on disposal of property, plant and equipment	(242)	(203)	(4,210)	(196)
Realised foreign exchange loss/(gain)	(148)	(15)	(1,371)	836
Unrealised foreign exchange loss/(gain)	(43)	2,637	(3,754)	4,038

19. INCOME TAX EXPENSE

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Malaysian income tax	433	1,472	1,775	1,974
Foreign income tax	1,530	969	3,026	4,235
Total income tax expense	<u>1,963</u>	<u>2,441</u>	<u>4,801</u>	<u>6,209</u>

The tax provided in the current period is mainly in respect of certain subsidiaries reporting taxable profit.

20. CORPORATE PROPOSALS

a) Status of Corporate Proposals

The Group does not have any corporate proposal which have not been completed as at the date of this announcement.



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b) Status of Utilisation of Proceeds

The Rights Issue of Shares with Warrants had been completed with the listing of 150,030,005 Rights Shares together with 90,017,957 Warrants on the Main Market of Bursa Securities on 3 January 2018. The total proceeds raised was RM30,006,001.

The status of the utilization of the proceeds as at 31 December 2018 is as follows:-

No.	Purpose	Proposed Utilization (RM'000)	Actual Utilization (RM'000)	Timeframe for Utilization
1	Expansion of labelling business	7,100	7,100	Within 12 months
2	Working capital	21,956	15,784	Within 12 months
3	Estimated expenses in relation to the Corporate Exercises	950	977	Upon completion of the Corporate Exercises
	Total	30,006	23,861	

21. GROUP BORROWINGS

	As at 31.12.2018					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000
Secured						
Term loan	-	2	-	297	-	299
Hire purchase & leasing	-	1,492	-	1,191	-	2,683
Unsecured						
Trust receipt or trade loan						
- RM	-	-	-	-	-	-
- USD	-	-	5,475	22,665	5,475	22,665
- RMB	-	-	17,190	10,314	17,190	10,314
Sales invoice financing						
- USD	-	-	311	1,286	311	1,286
Revolving credit						
- USD	-	-	500	2,070	500	2,070
- RMB	-	-	-	-	-	-
Banker's acceptance						
- RM	-	-	-	6,530	-	6,530
Total	-	1,494	-	44,353	-	45,847



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	As at 31.03.2018					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000
Secured						
Term loan	-	198	-	316	-	514
Hire purchase & leasing	-	2,184	-	1,181	-	3,365
Unsecured						
Overdraft						
- RM	-	-	-	199	-	199
Trust receipt or trade loan						
- RM	-	-	-	3,434	-	3,434
- USD	-	-	3,196	12,336	3,196	12,336
- RMB	-	-	30,535	18,932	30,535	18,932
Revolving credit						
- USD	-	-	498	1,923	498	1,923
- RMB	-	-	21,763	13,493	21,763	13,493
Export Bill Purchase						
- USD	-	-	455	1,757	455	1,757
Banker's acceptance						
- RM	-	-	-	4,820	-	4,820
Total	-	2,382	-	58,391	-	60,773

22. CHANGES IN MATERIAL LITIGATION

There was no pending material litigation as at the date of this announcement.

23. DIVIDEND PAYABLE

No dividend was proposed during the current and previous corresponding quarter



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24. EARNINGS PER SHARE

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
a Basic earnings per share				
Profit for the period attributable to equity holders (continuing operation) (RM'000)	4,553	(18)	13,761	4,888
Weighted average number of ordinary shares in issue ('000)	<u>210,042</u>	<u>60,012</u>	<u>210,042</u>	<u>60,012</u>
Basic (discontinuing operation) (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Basic, for profit for the period (sen)	<u>2.17</u>	<u>(0.03)</u>	<u>6.55</u>	<u>8.15</u>

b Diluted

Diluted earnings per share are equal to basic earnings per share as there are no potential dilutive ordinary shares as at 31 December 2018. As at reporting date, the warrants were at the out-of-the-money position.

25. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors on the date set forth below.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)

Company Secretary

27 February 2019