

SMIS Corporation Berhad

Company No. 491857 – V
(Incorporated in Malaysia)

Interim Financial Report
31 December 2017

Interim Report
SMIS Corporation Berhad
(Company No. 491857-V)
(Incorporated in Malaysia)
and its subsidiaries

Condensed Consolidated Statement of Financial Position as at 31 December 2017
(unaudited)

| | Note | As at 31 December 2017 RM'000 | As at 31 December 2016 RM'000 |
|--|------|--|--|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant and equipment | | 44,769 | 49,333 |
| Land use rights | | 15,337 | 1,621 |
| Investment properties | | 389 | 411 |
| Deferred tax assets | | 566 | 680 |
| Total non-current assets | | <u>61,061</u> | <u>52,045</u> |
| Current Assets | | | |
| Inventories | | 15,066 | 19,133 |
| Trade and other receivables | | 35,431 | 33,756 |
| Tax recoverable | | 5,112 | 4,962 |
| Non current assets held for sales | | 493 | - |
| Short term investment | | 4,320 | 4,344 |
| Cash and bank balances | | 8,256 | 14,540 |
| Total current assets | | <u>68,678</u> | <u>76,735</u> |
| TOTAL ASSETS | | <u>129,739</u> | <u>128,780</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital* | | 49,691 | 44,800 |
| Reserves | | 20,516 | 29,683 |
| Less: 2,637,000 treasury shares, at cost | | (1,192) | (1,188) |
| Total equity attributable to the shareholders of the Company | | <u>69,015</u> | <u>73,295</u> |
| Non-controlling interest | | 10,340 | 10,608 |
| Total equity | | <u>79,355</u> | <u>83,903</u> |
| Non-current liabilities | | | |
| Loan and borrowings | B8 | 10,394 | 12,123 |
| Deferred tax liabilities | | 191 | 198 |
| Total non-current liabilities | | <u>10,585</u> | <u>12,321</u> |
| Current liabilities | | | |
| Trade and other payables | | 23,551 | 26,333 |
| Amount owing to related company | | - | 614 |
| Loan and borrowings | B8 | 16,216 | 5,589 |
| Tax payable | | 32 | 20 |
| Total current liabilities | | <u>39,799</u> | <u>32,556</u> |
| Total liabilities | | <u>50,384</u> | <u>44,877</u> |
| Total equity and liabilities | | <u>129,739</u> | <u>128,780</u> |
| Net assets per share (RM) | | 1.39 | 1.64 |

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 use the amount standing to the credit of the share premium account of RM 4,891,000 for the purposes set out in Section 618(3) of the CA 2016. The Board of Directors will make a decision thereon by 31 January 2019.

Note:-

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

Interim Report
SMIS Corporation Berhad
(Company No. 491857-V)
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and its subsidiaries

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 12 months period ended 31 December 2017 (unaudited)

| | Note | 3 months period ended 31 December | | 12 months period ended 31 December | |
|---|------------|--------------------------------------|----------------------------|---------------------------------------|----------------------------|
| | | 2017 RM'000 | 2016 RM'000 Restated | 2017 RM'000 | 2016 RM'000 Restated |
| Continuing operations | | | | | |
| Revenue | | 31,604 | 35,546 | 124,676 | 133,604 |
| Cost of sale | | (25,970) | (32,386) | (108,939) | (113,335) |
| Gross profit | | <u>5,634</u> | <u>3,160</u> | <u>15,737</u> | <u>20,269</u> |
| Operating expenses | | (5,634) | (5,429) | (19,151) | (20,580) |
| Other operating income | | 557 | 516 | 1,058 | 893 |
| Operating (loss)/profit | | <u>557</u> | <u>(1,753)</u> | <u>(2,356)</u> | <u>582</u> |
| Finance costs | | (537) | (142) | (924) | (350) |
| Interest income | | 61 | 78 | 169 | 203 |
| (Loss)/profit before taxation | | <u>81</u> | <u>(1,817)</u> | <u>(3,111)</u> | <u>435</u> |
| Tax (expense)/income | B5 | (395) | 87 | (255) | (211) |
| (Loss)/profit after taxation from continuing operations, net of tax | | <u>(314)</u> | <u>(1,730)</u> | <u>(3,366)</u> | <u>224</u> |
| (Loss)/profit from discontinued operation, net of tax | | (974) | (555) | (1,804) | (3,204) |
| (Loss)/profit for the period | | <u>(1,288)</u> | <u>(2,285)</u> | <u>(5,170)</u> | <u>(2,980)</u> |
| Other comprehensive income/(expense), net of tax item that will not be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translation differences for foreign operations | | 472 | 108 | 626 | (13) |
| Other comprehensive (expense)/income for the period, net of tax | | <u>472</u> | <u>108</u> | <u>626</u> | <u>(13)</u> |
| Total comprehensive (expense)/income for the period | | <u>(816)</u> | <u>(2,177)</u> | <u>(4,544)</u> | <u>(2,993)</u> |
| (Loss)/profit attributable to: | | | | | |
| Owners of the Company | | | | | |
| - From continuing operations | | (879) | (1,581) | (3,021) | 12 |
| - From discontinued operation | | (957) | (552) | (1,810) | (3,172) |
| Non-controlling interests | | (1,836) | (2,133) | (4,831) | (3,160) |
| (Loss)/profit for the period | | <u>(1,288)</u> | <u>(2,285)</u> | <u>(5,170)</u> | <u>(2,980)</u> |
| Total comprehensive (expense)/income attributable to: | | | | | |
| Owners of the Company | | | | | |
| - From continuing operations | | (456) | (1,476) | (2,466) | 8 |
| - From discontinued operation | | (957) | (552) | (1,810) | (3,172) |
| Non-controlling interests | | (1,413) | (2,028) | (4,276) | (3,164) |
| Total comprehensive (expense)/income for the period | | <u>(816)</u> | <u>(2,177)</u> | <u>(4,544)</u> | <u>(2,993)</u> |
| Basic earnings per ordinary share (sen) | | | | | |
| - From continuing operations | | (2.08) | (3.75) | (7.20) | 0.03 |
| - From discontinued operation | | (2.27) | (1.31) | (4.32) | (7.52) |
| Basic earnings per ordinary share (sen) | B11 | <u>(4.35)</u> | <u>(5.06)</u> | <u>(11.52)</u> | <u>(7.49)</u> |
| Diluted earnings per ordinary share (sen) | | N/A | N/A | N/A | N/A |

Notes:-

N/A = Not applicable

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity for the 12 months period ended 31 December 2017
(unaudited)

| | ← Attributable to the owners of the Company → | | | | | | | Total equity RM'000 |
|--|---|--------------------------|-------------------------|--|----------------------------|-----------------|------------------------------------|------------------------|
| | ← Non-distributable → | | | Distributable | | | | |
| | Share capital RM'000 | Treasury share RM'000 | Share premium RM'000 | Foreign currency translation reserve RM'000 | Retained profits RM'000 | Total RM'000 | Non-controlling interest RM'000 | |
| At 1 January 2017 | 44,800 | (1,188) | 4,891 | 325 | 24,467 | 73,295 | 10,608 | 83,903 |
| Adjustment for effects of Companies Act 2016 (Note a) | 4,891 | - | (4,891) | - | - | - | - | - |
| Foreign exchange translation reserve | - | - | - | 555 | - | 555 | 71 | 626 |
| Total comprehensive (expense)/income for the financial period | - | - | - | 555 | - | 555 | 71 | 626 |
| (Loss)/profit from discontinued operation, net of tax | - | - | - | - | (1,810) | (1,810) | 6 | (1,804) |
| Loss net of tax for the period from continuing operations | - | - | - | - | (3,021) | (3,021) | (345) | (3,366) |
| Total comprehensive (expense)/income for the financial period | - | - | - | 555 | (4,831) | (4,276) | (268) | (4,544) |
| Contributions by and distribution to owners of the Company | | | | | | | | |
| - Purchase of own shares | - | (4) | - | - | - | (4) | - | (4) |
| Total transaction with owners of the Company | - | (4) | - | - | - | (4) | - | (4) |
| At 31 December 2017 | 49,691 | (1,192) | - | 880 | 19,636 | 69,015 | 10,340 | 79,355 |
| At 1 January 2016 | 44,800 | (1,182) | 4,891 | 352 | 28,659 | 77,520 | 7,962 | 85,482 |
| Remeasurement of their financial liability | - | - | - | - | 23 | 23 | - | 23 |
| Foreign currency translation reserve | - | - | - | (27) | - | (27) | (9) | (36) |
| Total other comprehensive (expense)/income for the financial year | - | - | - | 27 | 23 | (4) | (9) | (13) |
| Loss net of tax for the year | - | - | - | - | (3,160) | (3,160) | 180 | (2,980) |
| Total other comprehensive (expense)/income for the financial year | - | - | - | (27) | (3,137) | (3,164) | 171 | (2,993) |
| Contributions by and distribution to owners of the Company | | | | | | | | |
| - Purchase of own shares | - | (6) | - | - | - | (6) | - | (6) |
| - Subscription of additional shares in a subsidiary | - | - | - | - | - | - | 2,475 | 2,475 |
| - Dividends to owners of the Company | - | - | - | - | (1,055) | (1,055) | - | (1,055) |
| Total transaction with owners of the Company | - | (6) | - | - | (1,055) | (1,061) | 2,475 | 1,414 |
| At 31 December 2016 | 44,800 | (1,188) | 4,891 | 325 | 24,467 | 73,295 | 10,608 | 83,903 |

Note a : Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 use the amount standing to the credit of the share premium account of RM 4,891,000 for the purposes 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 Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Interim Report
SMIS Corporation Berhad
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Condensed Consolidated Statement of Cash Flows for the 12 months period ended 31 December 2017
(unaudited)

| | 12 months period ended 31 December 2017 RM'000 | 12 months period ended 31 December 2016 RM'000 |
|--|---|---|
| Cash Flows From Operating Activities | | |
| Loss before tax | (4,886) | (2,769) |
| Adjustment for non-cash items:- | | |
| Non cash item arising from property, plant and equipment | 7,453 | 7,948 |
| Inventory written down | 254 | 142 |
| Reversal of doubtful debts | (94) | - |
| Impairment of trade receivables | 39 | 159 |
| Impairment of other receivables | - | (35) |
| Income from short term investment | (59) | (127) |
| Unrealised currency exchange loss | 1,936 | (57) |
| Interest income | (169) | (203) |
| Interest expense | 1,176 | 683 |
| Operating profit before working capital changes | 5,650 | 5,741 |
| Changes in working capital:- | | |
| Inventories | 3,814 | (1,235) |
| Trade and other receivables | (2,912) | (222) |
| Trade and other payables | (3,759) | 2,206 |
| Cash generated from/(used in) operations | 2,793 | 6,490 |
| Interest paid | (168) | (317) |
| Tax refund | 425 | 293 |
| Tax paid | (727) | (2,851) |
| Net cash generated from/(used in) operating activities | 2,323 | 3,615 |
| Cash Flows From Investing Activities | | |
| Acquisition of property, plant and equipment (i) | (17,959) | (24,149) |
| Income from short term investment | 59 | 127 |
| Interest received | 169 | 203 |
| Proceeds from disposal of property, plant and equipment | 614 | 101 |
| Disposal of short term investment | - | 3,647 |
| Net cash used in investing activities | (17,117) | (20,071) |
| Cash Flows From Financing Activities | | |
| Purchase of treasury shares | (5) | (6) |
| Proceeds from issuance of shares to MI | - | 2,475 |
| Net drawdown/(repayment) of Term Loans | 10,963 | 11,536 |
| Net drawdown/(repayment) of other borrowings | - | 87 |
| Interest paid | (1,008) | (366) |
| Dividend paid | - | (1,055) |
| Net cash generated from financing activities | 9,950 | 12,671 |
| Exchange rate fluctuation reserve | 602 | (112) |
| Net decrease in cash and cash equivalents | (4,242) | (3,897) |
| Cash and cash equivalents at 1 January | 16,265 | 20,162 |
| Cash and cash equivalents at 31 December @ | 12,023 | 16,265 |
| @ Cash and cash equivalents comprise the following balance sheet amounts:- | | |
| Short term investments | 4,320 | 4,344 |
| Deposits placed with licensed banks | 1,264 | 1,205 |
| Cash and bank balances | 6,992 | 13,335 |
| Bank overdrafts | (553) | (2,619) |
| | 12,023 | 16,265 |

(i) For the 12 months period ended 31 December 2017, the Group acquired property, plant and equipment amounting to RM 17,718,862 of which RM 210,511 was accrued for. There was payment for assets capitalised in year ended 31 December 2016 amounting to RM 450,183

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

A Notes to Interim Financial Report on Consolidated Results for the Period Ended 31 December 2017

A1 Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 December 2017 and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

A2 Changes in Accounting Policies

The significant policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016.

A3 Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2016 was not subject to any qualifications.

A4 Seasonal or cyclical factors

The Malaysian Automotive Association (“MAA”), reported that passenger vehicles recorded 132,897 new registrations for the quarter ended 31 December 2017, which represents an 7.47% decrease as compared to 143,620 units for the corresponding period in the previous year.

A5 Unusual nature and amount of items affecting assets, liabilities, equity, net income and cash flows

There were no unusual nature and amount of items, which affected the assets, liabilities, equity, net income and cash flows of the Group during the quarter under review.

A6 Material changes in estimates of amounts reported in prior periods in current financial year or prior financial years which have material effect in the current interim period

There were no material changes in estimates during the quarter under review.

A7 Dividend

There were no dividends paid during the quarter under review.

A8 Debts and equity securities

During the quarter under review, the Company purchased a total of 900 Ordinary Shares from the open market for a total consideration of RM520.56. The buy-back transaction was financed by internally generated funds. The shares purchased are held as treasury shares.

| Month | No. of shares purchased and retained as treasury shares | Lowest price paid RM | Highest price paid RM | Average price paid RM | Total consideration paid RM |
|----------------|---|----------------------|-----------------------|-----------------------|-----------------------------|
| Oct - Dec 2017 | 900 | 0.53 | 0.53 | 0.53 | 520.56 |

Aside from the above, there were no new debts and equity securities issued during the quarter.

A Notes to Interim Financial Report on Consolidated Results for the Period Ended 31 December 2017

A9 Segmental reporting

Segmental analysis of the results and assets employed for the 12 months period ended 31 December 2017:

| Business Segments | Automotive Parts RM'000 | Machinery Parts RM'000 | Plastic RM'000 | Others RM'000 | Consolidated RM'000 |
|--|----------------------------|---------------------------|-------------------|------------------|------------------------|
| Revenue from external customers | 114,222 | 10,454 | - | - | 124,676 |
| Segment results | (821) | 724 | (763) | (1,496) | (2,356) |
| Interest income | | | | | 169 |
| Financing costs | | | | | (924) |
| Loss before taxation | | | | | (3,111) |
| Tax expenses | | | | | (255) |
| Loss from continuing operations, net of tax | | | | | (3,366) |
| Loss from discontinued operation, net of tax | | | | | (1,804) |
| Loss after taxation for the period | | | | | (5,170) |
| Translation reserve | | | | | 626 |
| Total comprehensive expense for the period | | | | | (4,544) |
| Segment assets | 88,406 | 16,308 | 8,703 | 15,829 | 129,246 |
| Non Current assets held for sales | | | 493 | | 493 |
| Total assets | | | | | 129,739 |
| Segment liabilities | 30,123 | 840 | 5,310 | 14,111 | 50,384 |
| Total liabilities | | | | | 50,384 |
| Capital expenditure | 3,432 | 162 | 99 | 14,025 | 17,718 |
| Depreciation and amortisation | 6,519 | 350 | - | - | 6,869 |
| Other than depreciation and amortisation | (7) | (47) | | | (54) |

There were no valuations of property, plant and equipment performed or brought forward from the previous financial year.

A10 Statement on the effect on interim results concerning valuation of property, plant and equipment brought forward without amendment from the previous annual financial statements.

There were no valuations of property, plant and equipment performed or brought forward from the previous financial year.

A11 Material events

Plaspoint Sdn. Bhd. ("PPSB"), a 99.86%-owned subsidiary of Exsilio Pte. Ltd., which in turn is a 96.67%-owned subsidiary of SMIS, had ceased its business operations of manufacturing, reproducing, developing and dealing in all kinds of plastics, resins and their wastes with effect from 21 February 2018 ("the Cessation"). The Cessation will involve closure of the plastic resins manufacturing plant and ceasing all business activities for trading of plastics, resins and their waste and the disposal of all assets of PPSB at a later stage. The Cessation is expected to reduce losses for the Group.

Other than the above, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2017 to the date of this announcement.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

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A Notes to Interim Financial Report on Consolidated Results for the Period Ended 31 December 2017

A13 Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities for the current quarter.

A14 Capital commitments

The capital commitments of the Group for the quarter under review are as follows:

| | As at 31.12.2017 RM'000 | As at 31.12.2016 RM'000 |
|--|-------------------------------|-------------------------------|
| Plant and equipment Contracted but not provided for the financial statements | 691 | 1,094 |

B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements

B1 Review of performance

| | Individual Period | | Changes | | Cumulative Period | | Changes | |
|--|----------------------|-------------------------------------|---------|---------|----------------------|-------------------------------------|---------|------------|
| | Current Year Quarter | Preceding Year Coresponding Quarter | | | Current Year Quarter | Preceding Year Coresponding Quarter | | |
| | 31.12.2017 RM'000 | 31.12.2016 RM'000 Restated | RM'000 | % | 31.12.2017 RM'000 | 31.12.2016 RM'000 Restated | RM'000 | % |
| Revenue | 31,604 | 35,546 | (3,942) | (11.1) | 124,676 | 133,604 | (8,928) | (6.7) |
| Gross profit | 5,634 | 3,160 | 2,474 | 78.3 | 15,737 | 20,269 | (4,532) | (22.4) |
| (Loss)/profit before interest and tax | 557 | (1,753) | 2,310 | (131.8) | (2,356) | 582 | (2,938) | (504.8) |
| (Loss)/profit before tax | 81 | (1,817) | 1,898 | (104.5) | (3,111) | 435 | (3,546) | (815.2) |
| (Loss)/profit after taxation from continuing operations | (314) | (1,730) | 1,416 | (81.8) | (3,366) | 224 | (3,590) | (1,602.7) |
| (Loss)/profit after taxation from discontinued operation | (974) | (555) | (419) | 75.5 | (1,804) | (3,204) | 1,400 | (43.7) |
| (Loss)/profit attributable to the owners of the company | (879) | (1,581) | 702 | (44.4) | (3,021) | 12 | (3,033) | (25,275.0) |

The Group reported revenue of MYR31.6m and profit before tax of MYR0.08m for the current quarter compared to revenue of MYR35.5m and loss before tax of MYR1.81m respectively achieved in the previous corresponding quarter.

The review of the Group's performance, analysed by its key operating segments were as follows:-

Automotive parts

Turnover for carpet products dropped by MYR2.68m or -12.24% against same quarter last year. Sales to Subaru dropping MYR1.55m due to discontinuation of Subaru XV and low take up of Forrester. Perodua also saw a dip in sales amounting to MYR1.32m in Q4'17 after the impressive sales launch of Axia and Bezza in 2016. Mitsubishi took a hit with no sales recorded in Q4'17 as compared to MYR0.81m in Q4'16. Losses in Q4'16 was partly due to a full year depreciation charge in that period for the new Sendayan plant amounting to MYR1.39m.

Sales of braking products was MYR0.84m lower against the same quarter last year, resulting in a loss of MYR0.39m. Phase out of previous Myvi in Q3'17 impacted sales to Perodua in Q4'17. Volumes to Proton and TRW Automotive were also lower against the same period in the preceding year.

Machinery parts

Revenue for the current quarter showed a decrease of 11.16% to MYR2.44m from MYR2.75m in the preceding corresponding year's quarter resulting in a loss of MYR15k.

B2 Variation of results against preceding quarter

| | Current Quarter | Immediate Preceding Quarter | Changes | |
|--|----------------------|-----------------------------|---------|---------|
| | 31.12.2017 RM'000 | 30.09.2017 RM'000 | RM'000 | % |
| Revenue | 31,604 | 27,441 | 4,163 | 15.2 |
| Gross profit | 5,634 | 3,712 | 1,922 | 51.8 |
| Loss before interest and tax | 557 | (680) | 1,237 | (181.9) |
| Loss before tax | 81 | (782) | 863 | (110.4) |
| (Loss)/profit after taxation from continuing operations | (314) | (882) | 568 | (64.4) |
| (Loss)/profit after taxation from discontinued operation | (974) | (886) | (88) | 9.9 |
| Loss attributable to the owners of the company | (879) | (806) | (73) | 9.0 |

The Group's revenue for the reporting period recorded a 15.2% increase in comparison to the immediate preceding quarter.

Automotive parts

Revenue from the carpet segment in Q4'17 increased by 10.45% or MYR1.82m from the preceding quarter with both Mazda and Toyota registering increased revenue of MYR1.04m and MYR0.52m respectively. Mazda introduced the new version of the CX5 while Toyota saw sales pickup in Q4'17. PBT improved to MYR2.16m from a loss of MYR0.60m as a result of improved sales and stringent cost control measures.

Revenue from the braking products segment improved marginally to MYR9.37m from MYR9.12m. Losses recorded for the period was MYR0.39m down from a loss of MYR1.00m. Cost reduction initiatives helped reduce the losses.

B Additional Information Required by Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements

B2 Variation of results against preceding quarter (cont'd)

Machinery parts

Machinery parts segment recorded reduced revenue to MYR2.44m from MYR2.77m. Loss for the period was MYR15k from a profit MYR0.24k due to product mix and increased administrative costs.

B3 Prospects for 2018

Automotive parts

MAA industry forecast for 2018 is as follows:

| Market segment | 2018 | 2017 | Variance | |
|---------------------|----------|---------|----------|-----|
| | Forecast | Actual | Units | % |
| Passenger vehicles | 526,500 | 514,679 | 11,821 | 2.3 |
| Commercial vehicles | 63,500 | 61,956 | 1,544 | 2.5 |
| Total vehicles | 590,000 | 576,635 | 13,365 | 2.3 |

Based on the above, the local automotive parts market is expected to be inline with the industry forecast.

Machinery parts

The is expected to be challenging due to the competition from overseas coupled with rising local operating cost. Management will continue its efforts in diversifying into different sectors and expansion of customer base.

B4 Profit estimate, forecast, projection or internal targets and profit guarantee

The Group did not announce or provide any profit estimate, forecast, projection, internal targets for the financial period ended 31 December 2017.

B5 Taxation

| | 3 months period ended | | Financial period ended | |
|---|-----------------------|------------|------------------------|------------|
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax (expenses)/income | | | | |
| - Current year | (264) | 413 | (226) | (314) |
| - Prior year | 92 | 64 | 92 | 42 |
| Deferred tax | | | | |
| - Origination and reversal of temporary differences | (223) | (390) | (121) | 61 |
| | (395) | 87 | (255) | (211) |

B6 Status of corporate proposals announced

On 28 April 2017, PT Grand Ventures Hartamas ("PT GVH"), an indirect wholly-owned subsidiary of the Company had entered into a Land Purchase and Sale Agreement (the "Agreement") with PT Kawasan Industri Terpadu Indonesia China having its business address at Jl. Kawasan Industri Terpadu Indonesia China Kavling 35, Desa Nagasari, Kecamatan Serang Baru, Kabupaten Bekasi, Indonesia ("PT KITIC") for the purchase of a parcel of land in Kawasan Industri Terpadu Indonesia China Lot 70, which is located in Kawasan Industri Terpadu Indonesia China, Kota Deltamas, Cikarang Pusat, Bekasi 17530, West Java, Indonesia (the "Land") measuring approximately 16,186 square meters at a total purchase consideration of IDR36,499,430,000 only (equivalent to approximately RM11,935,313) (IDR = Indonesia Rupiah) (the "Purchase Consideration"), inclusive of a value added tax of 10% (the "Proposed Acquisition"), subject to the terms and conditions as stipulated in the Agreement.

Other than the above, there are no corporate proposals announced or outstanding for the current quarter ended 31 December 2017.

B7 Notes to the Statement of Comprehensive Income

Loss for the period is arrived at after (charging) / crediting :

| | 3 months period ended | | Financial period ended | |
|--|-----------------------|------------|------------------------|------------|
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 61 | 78 | 169 | 203 |
| Other income including investment income | 595 | 179 | 1,015 | 444 |
| Interest expenses | (491) | (145) | (891) | (273) |
| Depreciation and amortisation | (1,840) | (3,290) | (6,869) | (7,284) |
| Development cost | (196) | (76) | (766) | (551) |
| Net foreign exchange loss | (1,336) | 843 | (1,718) | (205) |

Other than the above, there was no gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives and exceptional items included in the results for the current quarter ended 31 December 2017.

B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements

B8 Group’s borrowings and debt securities

| | As at 31 December 2017 | | |
|---------------------|------------------------|---------------|---------------|
| | Long term | Short term | Total |
| | RM'000 | RM'000 | RM'000 |
| Secured:- | | | |
| Bankers' acceptance | - | - | - |
| Bank overdraft | - | 553 | 553 |
| Revolving credit | - | 13,888 | 13,888 |
| Term loans | 10,394 | 1,775 | 12,169 |
| | <u>10,394</u> | <u>16,216</u> | <u>26,610</u> |
| | | | |
| | As at 31 December 2016 | | |
| | Long term | Short term | Total |
| | RM'000 | RM'000 | RM'000 |
| Secured:- | | | |
| Bankers' acceptance | - | 1,460 | 1,460 |
| Bank overdraft | - | 2,619 | 2,619 |
| Revolving credit | - | - | - |
| Term loans | 12,123 | 1,510 | 13,633 |
| | <u>12,123</u> | <u>5,589</u> | <u>17,712</u> |

All the above borrowings are denominated in Ringgit Malaysia and the Group does not have any foreign denominated borrowings or any unsecured borrowings. The banker acceptance and bank overdraft of the Group bears interest rates of 3.39% and 8.31% per annum respectively whilst both revolving credit and term loans bears interest rate of 5.39% per annum.

B9 Material litigation

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.

B10 Dividend

The Board of Directors does not recommend any dividend for the current period ended 31 December 2017.

B11 Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the quarter and for the cumulative quarter is based on the following:

| | For the | For the |
|---|----------------|----------------|
| | quarter | cumulative |
| | ended | ended |
| | 31.12.2017 | 31.12.2017 |
| | RM'000 | RM'000 |
| (Loss)/profit attributable to Owners of the Company : | | |
| From continuing operations | (879) | (3,021) |
| From discontinued operation | (957) | (1,810) |
| | <u>(1,836)</u> | <u>(4,831)</u> |
| Profit/(Loss) attributable to minority interest | 548 | (339) |
| Loss for the period | <u>(1,288)</u> | <u>(5,170)</u> |
| Weighted average number of ordinary shares | <u>42,163</u> | <u>41,934</u> |
| Basic earnings per share (sen) | <u>(2.08)</u> | <u>(7.20)</u> |