



JOHORE TIN BERHAD

JOHORE TIN BERHAD
(Company No. 532570-V)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2017

(UNAUDITED)

This Report is dated 24th August 2017.

**QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

CONTENTS	PAGES
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2 - 3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Financial Information	6 - 14

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

	NOTE	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Current Period Quarter 30-06-2017 RM'000	Preceding Period Corresponding Quarter 30-06-2016 RM'000	Current Year- To-Date 30-06-2017 RM'000	Preceding Year- To-Date 30-06-2016 RM'000
REVENUE		123,410	115,357	225,976	206,936
Cost of Sales		(105,168)	(98,721)	(191,828)	(176,868)
GROSS PROFIT		18,242	16,636	34,148	30,068
Other income		1,306	417	4,526	848
Administrative expenses		(7,258)	(3,798)	(10,986)	(7,561)
Distribution expenses		(3,199)	(2,979)	(5,689)	(6,812)
Gain on foreign exchange		135	3,050	1,034	3,289
Finance costs		(487)	(797)	(830)	(1,367)
PROFIT BEFORE TAX		8,739	12,529	22,203	18,465
Income tax expense	B6	(1,877)	(2,562)	(4,502)	(3,332)
PROFIT FOR THE PERIOD		6,862	9,967	17,701	15,133
Non-controlling interest		22	(602)	(498)	(1,268)
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY		6,884	9,365	17,203	13,865
OTHER COMPREHENSIVE INCOME					
Foreign currency translation		(9)	27	(11)	(18)
Total other comprehensive income for the period		(9)	27	(11)	(18)
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	B8	6,875	9,392	17,192	13,847
Profit after tax attributable to:					
Owners of the Company		6,884	9,365	17,203	13,865
Non-controlling interest		(22)	602	498	1,268
		6,862	9,967	17,701	15,133
Total comprehensive income attributable to:					
Owners of the Company		6,875	9,392	17,192	13,847
Non-controlling interest		(22)	602	498	1,268
		6,853	9,994	17,690	15,115
Earnings per share (sen):					
- Basic	B9	2.50	10.04	6.24	14.86
- Diluted	B9	2.38	-	5.96	-

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes to the quarterly report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (UNAUDITED)**

	NOTE	As at 30 June 2017 (Unaudited) RM'000	As at 31 December 2016 (Audited) RM'000
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment		114,770	102,953
Goodwill on consolidation		10,650	10,650
Other investment		17	17
		125,437	113,620
Current Assets			
Inventories		104,349	80,453
Trade receivables		81,505	81,689
Other receivables		2,901	4,553
Amount owing from related companies		3,708	1,846
Derivative financial assets	B10	149	-
Tax recoverable		1,671	3,072
Cash and cash equivalents		79,250	61,596
		273,533	233,209
TOTAL ASSETS		398,970	346,829
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Share capital		147,208	124,407
Retained earnings		104,448	95,444
Other components of equity		4,763	4,774
Equity Attributable to Owners of the Company		256,419	224,625
Non-controlling interest		133	(365)
TOTAL EQUITY		256,552	224,260

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes to the quarterly report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (UNAUDITED) (cont'd)**

	NOTE	As at 30 June 2017 (Unaudited) RM'000	As at 31 December 2016 (Audited) RM'000
<u>EQUITY AND LIABILITIES (cont'd)</u>			
Non-Current Liabilities			
Long-term borrowings	B11	3,394	4,426
Retirement benefits		569	544
Deferred tax		8,979	8,860
Total Non-Current Liabilities		12,942	13,830
Current Liabilities			
Trade payables		45,398	25,554
Other payables		16,130	17,960
Amount owing to directors		95	147
Derivative financial liabilities	B10	-	651
Short-term borrowings	B11	65,350	62,316
Income tax		1,601	1,196
Bank overdraft		902	915
Total Current Liabilities		129,475	108,739
TOTAL LIABILITIES		142,418	122,569
TOTAL EQUITY AND LIABILITIES		398,970	346,829
Net Assets (NA) per share attributable to ordinary equity holders of the Company		RM 0.93	RM 0.90

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes to the quarterly report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

	Note	<u>Non-Distributable Reserves</u>			<u>Distributable</u>	Attributable to Owners of the Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000	
		Share Capital RM'000	Share Premium Reserve RM'000	Warrants Reserve RM'000	Foreign Translation Reserve RM'000				Retained Earnings RM'000
Balance at 1 January 2017		124,407	-	5,233	(459)	95,444	224,625	(365)	224,260
Total comprehensive income for the period		-	-	-	(11)	17,203	17,192	498	17,690
Issuance of shares upon exercise of warrants		22,801	-	-	-	-	22,801	-	22,801
Dividend paid		-	-	-	-	(8,199)	(8,199)	-	(8,199)
Balance at 30 June 2017		<u>147,208</u>	<u>-</u>	<u>5,233</u>	<u>(470)</u>	<u>104,448</u>	<u>256,419</u>	<u>133</u>	<u>256,552</u>
Balance at 1 January 2016		93,305	5,528	5,233	(601)	91,415	194,880	(2,473)	192,407
Total comprehensive income for the period		-	-	-	(18)	13,865	13,847	1,268	15,115
Balance at 30 June 2016		<u>93,305</u>	<u>5,528</u>	<u>5,233</u>	<u>(619)</u>	<u>105,280</u>	<u>208,727</u>	<u>(1,205)</u>	<u>207,522</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes to the quarterly report.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

	NOTE	Current Year-To-Date 30-06-2017 RM'000	Preceding Year-To-Date 30-06-2016 RM'000
Net cash from operating activities	B14	11,779	44,042
Net cash used in investing activities	B14	(12,846)	(2,910)
Net cash from/(used in) financing activities	B14	18,743	(30,350)
Net increase in cash and cash equivalents		17,676	10,782
Adjustment for foreign exchange differentials		(9)	371
Cash and cash equivalents as of beginning of period		60,681	34,246
Cash and cash equivalents as of end of period		78,348	45,399

Cash and cash equivalents at the end of the financial reporting period comprise the following:

	Current Year-To-Date 30-06-2017 RM'000	Preceding Year-To-Date 30-06-2016 RM'000
Cash and bank balances	79,250	47,178
Bank overdraft	(902)	(1,779)
	78,348	45,399

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes to the quarterly report.

NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

PART A

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134:
INTERIM FINANCIAL REPORTING (“MFRS 134”)

A1. Basis of Preparation

The unaudited condensed interim financial statements for the second quarter ended 30 June 2017 have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and with IAS 34 *Interim Financial Reporting*, and the applicable disclosure provisions on paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”), and should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 December 2016.

These condensed consolidated interim financial statements are prepared under historical cost convention, which are in compliance with MFRSs and the requirements of the Companies Act 2016 in Malaysia. These are the Group’s second set of condensed interim financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by International Accounting Standards Board.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group for these unaudited condensed interim financial statements are consistent with those in the audited financial statements for the financial year ended 31 December 2016.

a) The Group has adopted the following applicable new/revised accounting standards (“MFRSs”) and Issues Committee Interpretations (including consequential amendments) (“IC Int.”):

- Amendments to MFRS 10, MFRS 12 & MFRS 128 *Investment Entities - Applying Consolidation Exception*
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above MFRSs and IC Int. did not have any material impact on the Group’s financial statements.

b) The Group has not applied in advance the following applicable new/revised MFRS and IC Int that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial period:

MFRS and IC Interpretations	Effective Date
MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers & Amendments to MFRS 15 Effective Date of MFRS 15</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 15 <i>Effective Date of MFRS 15</i>	1 January 2018
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 12 <i>Clarification of the Scope of Standard</i>	1 January 2017

The above MFRSs and IC Int. is expected to have no material impact on the Group’s financial statements upon their initial application.

NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED) (cont'd)

A3. Audit Qualification

There was no qualification on the annual audited financial statements of the Group for the year ended 31 December 2016.

A4. Seasonal or Cyclical Factors

The Group's operations are not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial reporting period under review.

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debts and equity securities for the current financial reporting period.

A7. Changes in Estimates

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

A8. Dividend Paid

The final single-tier dividend of 1.5 sen in respect of the financial year ended 31 December 2016 and an interim dividend of 1.5 sen in respect of the financial year ending 31 December 2017, amounting to RM4,099,341 (31.12.2015: RM3,732,213) and RM4,099,341 (2016: Nil) respectively, had been paid on 27 June 2017 to the depositors registered in the Record of Depositors at the close of business on 15 June 2017.

A9. Subsequent Material Events

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

A10. Contingent Liabilities

	THE COMPANY	
	30-06-2017	31-12-2016
	RM'000	RM'000
Corporate guarantee given to licensed banks for banking facilities	39,846	53,697
Deed guarantee given to a customer for products sold	12,577	9,042
Deed guarantee given to suppliers for products purchased	19,120	2,634

A11. Changes in the Composition

There are no changes in the composition of the entity during the current interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations.

A12. Operating Segments

a) Business Segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations in each of the Group's reportable segments:

- 1) Investment Holding - *Investment holding and provision of management services.*
- 2) Tin Manufacturing - *Manufacturing of various tins, cans and other containers.*
- 3) Food and Beverage - *Manufacturing and selling of milk and related dairy products.*

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED) (cont'd)**

A12. Operating Segments (Cont'd)

a) Business Segments (Cont'd)

THE GROUP	Investment Holding	Tin Manufacturing	Food & Beverage	Group
	RM'000	RM'000	RM'000	RM'000
30 June 2017				
External revenue	-	48,758	177,218	225,976
Inter-segment revenue	-	8,488	701	9,189
Dividend income	5,500	-	-	5,500
Management income	-	-	-	-
Total revenue	5,500	57,246	177,919	240,665
Reportable segment (loss)/profit	(972)	7,579	11,094	17,701
Reportable segment assets	36,935	131,742	230,293	398,970
30 June 2016	RM'000	RM'000	RM'000	RM'000
External revenue	-	45,507	161,429	206,936
Inter-segment revenue	-	11,999	550	12,549
Dividend income	-	-	-	-
Management income	-	-	-	-
Total revenue	-	57,506	161,979	219,485
Reportable segment (loss)/profit	(736)	4,638	11,231	15,133
Reportable segment assets	9,408	110,746	218,694	338,848

b) Geographical Segments

The Group's principal business activities are manufacturing of various tins, cans and other containers, and are primarily carried out in Malaysia and Indonesia.

THE GROUP	Malaysia	Indonesia	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
30 June 2017				
Revenue				
External revenue	225,976	-	-	225,976
Inter-segment revenue	9,189	-	(9,189)	-
Dividend income	5,500	-	(5,500)	-
Management income	-	-	-	-
Total revenue	240,665	-	(14,689)	225,976
Segment results	28,490	(4)	(5,453)	23,033
Finance costs	(830)	-	-	(830)
Profit before tax	27,660	(4)	(5,453)	22,203
Tax expense	(4,502)	-	-	(4,502)
Net profit for the period	23,158	(4)	(5,453)	17,701
Other Information:				
Capital expenditure	16,482	-	-	16,482
Depreciation and amortisation	4,624	-	(11)	4,613
Segment assets	575,555	304	(176,889)	398,970
Segment liabilities	192,020	-	(49,602)	142,418

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED) (cont'd)**

A12. Segmental Reporting (Cont'd)

b) Geographical Segments (Cont'd)

THE GROUP 30 June 2016	Malaysia RM'000	Indonesia RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
External revenue	206,936	-	-	206,936
Inter-segment revenue	12,549	-	(12,549)	-
Dividend income	-	-	-	-
Management income	-	-	-	-
Total revenue	219,485	-	(12,549)	206,936
Segment results	19,820	10	2	19,832
Finance costs	(1,367)	-	-	(1,367)
Profit before tax	18,453	10	2	18,465
Tax expense	(3,332)	-	-	(3,332)
Net profit for the period	15,121	10	2	15,133
Other Information:				
Capital expenditure	3,185	-	-	3,185
Depreciation and amortisation	3,665	-	(2)	3,663
Segment assets	503,872	838	(165,862)	338,848
Segment liabilities	227,100	-	(95,774)	131,326

A13. Related Party Transactions

The amount owing to directors are unsecured, interest free advances and repayable on demand. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operation decisions. The related parties and their relationship with the Company are as follows:

	THE GROUP	
	Current Year-To-Date 30-06-2017	Preceding Year-To-Date 30-06-2016
	RM	RM
Directors of the Company		
- Rental of factory	8,400	8,400
- Rental of hostel	6,000	6,000
Related Company		
- Sales of goods	2,915,298	3,466,159
- Purchases/(Returned) of goods	-	(4,734)

A Director of a subsidiary has entered into a tenancy agreement with the Group's subsidiary. Both parties had mutually agreed to renew in every two (2) years at a renewed monthly rental of RM1,400 and shall expire on 14 November 2017. Another Director of the Group had entered into a hostel tenancy agreement with the Group's subsidiary and both parties had mutually agreed to renewed in every two (2) years at a renewed monthly rental of RM1,000 and shall expire on 31 March 2019.

The directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are not less favourable than those arranged with independent third parties.

[End of Part A]

NOTES TO THE FINANCIAL INFORMATION

FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED) (cont'd)

PART B

EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA SECURITIES

B1. Review of Group Performance

a) Current Year Quarter compared with Preceding Year Corresponding Quarter

The Group recorded a revenue of RM123.41 million and profit before tax of RM8.74 million for the second quarter as compared to preceding year corresponding quarter of RM115.36 million and profit before tax of RM12.53 million respectively. The revenue increased by RM8.05 million and the profit before tax decreased by RM3.79 million respectively as compared to the second quarter of the preceding year.

For the tin manufacturing segment, revenue increased by RM1.21 million from RM23.57 million to RM24.78 million mainly due to higher sales in the edible oil tin industry and printing services. Profit before tax increased by RM1.41 million to RM4.13 million for the current quarter as compared to RM2.72 million in the preceding year corresponding quarter, mainly due to higher sales and better margin from the printing services in the current quarter.

For the F&B segment, revenue increased by RM6.85 million from RM91.78 million to RM98.63 million mainly due to higher sales from both milk powder and dairy products segments. The profit before tax decreased by RM5.22 million from RM10.32 million to RM5.1 million for the current quarter under review mainly due to allowance for doubtful debts in the current quarter. Also, there was a higher foreign exchange gain on trade settlement that contributed to higher profit in the preceding year corresponding quarter.

b) Current Year-To-Date compared with Preceding Year-To-Date

The Group has recorded a revenue of RM225.98 million and profit before tax of RM22.2 million for the 6 months' ended 30 June 2017 as compared to preceding year-to-date of RM206.94 million and RM18.47 million respectively. The Group's revenue increased by RM19.04 million and the profit before tax increased by RM3.73 million respectively as compared to preceding year-to-date.

For the tin manufacturing segment, revenue increased by RM3.25 million from RM45.51 million to RM48.76 million mainly due to higher sales in the edible oil tin industry and printing services. Profit before tax increased by RM3.87 million from RM6.45 million to RM10.32 million mainly due to one-time gain on disposal of machinery in the current year under review.

For the F&B segment, revenue increased by RM15.79 million from RM161.43 million to RM177.22 million mainly due to higher sales from milk powder segment. The profit before tax decreased slightly by RM30 thousand from RM12.93 million to RM12.9 million mainly due to allowance for doubtful debts in the current year under review.

B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group's profits before tax decreased by RM4.72 million to RM8.74 million as compared to profit before tax of RM13.46 million in the preceding quarter ended 31 March 2017.

a) Tin Manufacturing Industry

Profit before tax decreased by RM2.14 million from RM6.27 million in the previous quarter as compared to the current quarter's profit before tax of RM4.13 million. The profit in previous quarter is higher mainly due to one-time gain on disposal of machinery as compared to current quarter under review.

b) F&B Industry

Profit before tax decreased by RM2.7 million from RM7.8 million in the previous quarter as compared to the current quarter's profit before tax of RM5.1 million mainly due to allowance for doubtful debts in the current quarter.

NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED) (cont'd)

B3. Prospects of the Group

a) Tin Manufacturing Industry

Tin manufacturing industry will remain challenging due to an increasingly competitive market. Raw material price is seen to be on the upward trend in the near future and this will put additional pressure in the industry. This segment will continue to be profitable.

b) F&B Industry

Demand is expected to remain strong although we foresee a very competitive market. This segment will continue to be profitable despite volatility in raw materials prices and uncertainties in global economies.

Able Dairies Sdn Bhd formed a new subsidiary, namely Able Dairies Marketing Sdn Bhd, with a controlling interest of 51% of the total paid-up share capital. This new subsidiary will mainly be focusing on domestic market's distributions of our own product brands. We are expecting the operations will start by 3rd quarter of this year.

B4. Revenue or Profit Estimates

This is not applicable to the Group for the current financial reporting period under review.

B5. Profit Forecast or Profit Guarantee

The profit forecast is not applicable to the Group for the current financial reporting period.

B6. Tax Expense

	Individual Quarter		Cumulative Quarter	
	30-06-2017	30-06-2016	30-06-2017	30-06-2016
Current period:	RM'000	RM'000	RM'000	RM'000
- Income tax	2,386	2,625	4,964	4,466
- Deferred tax	(509)	(63)	(462)	(1,134)
	<u>1,877</u>	<u>2,562</u>	<u>4,502</u>	<u>3,332</u>

B7. Status of Corporate Proposals and Utilisation of Proceeds Raised from Rights Issue

There are no corporate proposals and utilisation of proceeds raised from rights issue announced for the current financial reporting period.

B8. Notes to the Statement of Profit or Loss and Other Comprehensive Income

Included in the Statement of Profit or Loss and Other Comprehensive Income are as follows:

	Individual Quarter		Cumulative Quarter	
	30-06-2017	30-06-2016	30-06-2017	30-06-2016
	RM'000	RM'000	RM'000	RM'000
Interest income	159	87	316	165
Other income	905	480	890	683
Interest expense	(470)	(797)	(814)	(1,367)
Depreciation and amortisation	(2,345)	(1,822)	(4,613)	(3,663)
Gain on disposal of property, plant and equipment	242	56	3,320	110
Realised foreign exchange (loss)/gain	(516)	3,124	(915)	3,934
Unrealised foreign exchange gain/(loss)	131	-	1,149	(681)
Gain/(Loss) on derivatives financial instruments	520	(74)	800	37
Exceptional items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL INFORMATION

FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED) (cont'd)

B9. Earnings Per Share

The basic earnings per share is calculated based on the net profit divided by the weighted average number of ordinary shares in issues during the financial reporting period which is as follows:

	Individual Quarter		Cumulative Quarter	
	30-06-2017	30-06-2016	30-06-2017	30-06-2016
Profit for the period (RM'000)	6,884	9,365	17,203	13,865
Weighted average number of ordinary shares ('000 shares)	275,639	93,305	275,639	93,305
Basic Earnings per Share (Sen)	2.50	10.04	6.24	14.86

The diluted earnings per share is calculated based on the net profit divided by the weighted average number of ordinary shares deemed to be issued for no consideration during the financial reporting period which is as follows:

	Individual Quarter		Cumulative Quarter	
	30-06-2017	30-06-2016	30-06-2017	30-06-2016
Profit for the period (RM'000)	6,884	9,365	17,203	13,865
Weighted average number of ordinary shares for basic earnings per share ('000 shares)	275,639	-	275,639	-
Weighted average number of ordinary shares deemed to be issued for no consideration ('000 shares)	13,146	-	13,204	-
Weighted average number of ordinary shares ('000 shares)	288,785	-	288,843	-
Diluted Earnings per Share (Sen)	2.38	-	5.96	-

In the previous financial year's corresponding quarter, the potential conversions of warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares. Accordingly, the exercises of warrants have been ignored in the calculation of dilutive earnings per share.

B10. Derivative Financial Instruments

As at 30 June 2017, the Group has entered into the short-term foreign currency forward contract, to hedge its purchases denominated in foreign currency so as to limit the exposure to fluctuations in foreign exchange rates. The details of the foreign currency forward contracts are as follows:

Type of Derivatives	THE GROUP	
	As at 30-06-2017 RM'000	As at 31-12-2016 RM'000
Forward Contracts (US Dollar)		
Contract/Notional Value	92,470	56,921
Less: Fair Value	92,321	57,572
Gain/(Loss) on Fair Value Changes	149	(651)

All contracts entered by the Group are executed with creditworthy financial institutions in Malaysia. As a result, the credit risk or the risk of counterparties defaulting is minimal. The Group also has a low liquidity risk as it maintains sufficient fund to settle the entire derivative financial instruments when they fall due.

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED) (cont'd)**

B10. Derivative Financial Instruments (Cont'd)

However, the Group is subject to market risk in term of foreign currency, on sales and purchases that are denominated in foreign currency other than Ringgit Malaysia. The Group maintains a natural hedge, whenever is possible, by matching the receivables and the payables in the same currency, any unmatched balances will be hedged by the forward foreign currency contracts.

B11. Loan and Borrowings

The Group's bank loan and borrowings as at the end of the financial reporting period are as follows:

	THE GROUP	
	As at 30-06-2017 RM'000	As at 31-12-2016 RM'000
Current portion (secured):		
Term loans	1,993	1,978
Short-term banking facilities	48,954	50,876
Revolving credit	14,350	9,350
Hire purchase payables (see Note B12 below)	53	112
	65,350	62,316
Non-current portion (secured):		
Term loans	3,342	4,345
Hire purchase payables (see Note B12 below)	52	81
	3,394	4,426
Total loan and borrowings	68,744	66,742

Except for the term loans and hire purchase facilities, the Group's other banking facilities (all pertaining to certain subsidiary companies) are secured by way of corporate guarantee issued by the Company.

B12. Hire Purchase Payables

The Group's hire purchase payables as at the end of the financial reporting period are as follows:

	THE GROUP	
	As at 30-06-2017 RM'000	As at 31-12-2016 RM'000
Minimum hire purchase payments	112	205
Less: Future finance charges	(7)	(12)
Present value of hire purchase payables	105	193
Less: Current portion (see Note B11 above)	(53)	(112)
Non-current portion (see Note B11 above)	52	81

B13. Warrants Reserve

The movements in the warrants reserve of the Company are as follows:

	THE GROUP	
	As at 30-06-2017 RM'000	As at 30-06-2016 RM'000
Balance at the beginning of period	5,233	5,233
Exercise of warrants	-	-
Balance at the end of period	5,233	5,233

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED) (cont'd)**

B14. Notes to the Condensed Consolidated Statement of Cash Flows

The details of major components in the Statement of Cash Flows comprises as follows:

	THE GROUP	
	Current Year-To-Date 30-06-2017 RM'000	Preceding Year-To-Date 30-06-2016 RM'000
a) Cash Flows from Operating Activities		
(Increase)/Decrease in inventories	(23,895)	42,607
Decrease/(Increase) in trade and other receivables	275	(7,683)
Increase/(Decrease) in trade and other payables	18,353	(14,293)
Income tax paid	(4,343)	(4,430)
Income tax refund	1,766	304
b) Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	3,320	110
Purchase of property, plant and equipment	(16,482)	(3,185)
c) Cash Flows from Financing Activities		
Dividend paid	(8,199)	-
Net drawdown/(repayment) of short-term borrowings	216	(36,913)
Repayment of term loan	(988)	(972)
Repayment of hire purchase payables	(88)	(1,597)
Net drawdown of revolving credit	5,000	10,500
Proceeds from issuance of shares upon exercise of warrants	22,801	-

B15. Disclosure of Realised and Unrealised Profits

The breakdown of the realised and unrealised profits or losses as at the end of the financial reporting period is as follows:

	THE GROUP	
	As at 30-06-2017 RM'000	As at 30-06-2016 RM'000
Total retained earnings (Company and its subsidiaries)		
- realised	191,051	188,704
- unrealised	(7,030)	(5,368)
	184,021	188,336
Less: Consolidation adjustments	(79,573)	(78,056)
Total group retained earnings as per unaudited condensed consolidated statement of financial position	104,448	105,280

B16. Proposed Dividend

During the current quarter under review, the Board of Directors is pleased to declare a 2nd interim dividend of 1 sen per ordinary share in respect of the financial year ending 31 December 2017. The date of payment and book closure of the said interim dividend will be determined at a later date.

B17. Material Litigations

There were no pending material litigations since the date of last audited annual statement of financial position.

B18. Authorisation for Issue

The second quarter unaudited financial statements were authorised for issue by the Board of Directors in accordance to the Board of Directors meeting held on 24 August 2017.

[End of Report]