



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

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Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

| | 3 months ended | | 9 months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2017 RM'000 | 30/09/2016 RM'000 | 30/09/2017 RM'000 | 30/09/2016 RM'000 |
| Revenue | 66,093 | 59,194 | 193,539 | 177,346 |
| Cost of sales | (37,886) | (33,845) | (108,518) | (98,975) |
| Gross profit | 28,207 | 25,349 | 85,021 | 78,371 |
| Other income | 1,216 | 1,401 | 3,773 | 5,063 |
| Selling & Distribution expenses | (15,253) | (13,311) | (43,758) | (39,851) |
| Administrative expenses | (6,475) | (7,280) | (17,241) | (17,306) |
| Other expenses | (2,124) | 167 | (6,180) | (3,632) |
| Results from operating activities | 5,571 | 6,326 | 21,615 | 22,645 |
| Finance income | 362 | 244 | 1,130 | 761 |
| Finance cost | (355) | (306) | (907) | (899) |
| Share of result of associate | (194) | (204) | (217) | (181) |
| Profit before tax | 5,384 | 6,060 | 21,621 | 22,326 |
| Income tax expense | (2,085) | (2,017) | (6,642) | (6,304) |
| Profit for the period | 3,299 | 4,043 | 14,979 | 16,022 |
| Other comprehensive income, net of tax | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | 178 | (69) | 734 | (178) |
| Total other comprehensive (expenses)/ income for the period | 178 | (69) | 734 | (178) |
| Total comprehensive income for the period | 3,477 | 3,974 | 15,713 | 15,844 |
| | | | | |



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONTINUED)**

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

| | 3 months ended | | 9 months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2017 RM'000 | 30/09/2016 RM'000 | 30/09/2017 RM'000 | 30/09/2016 RM'000 |
| Attributable to: | | | | |
| Owners of the Company | 3,329 | 3,940 | 15,261 | 15,644 |
| Non-controlling interests | (30) | 103 | (282) | 378 |
| Profit for the period | 3,299 | 4,043 | 14,979 | 16,022 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 3,508 | 3,863 | 15,989 | 15,470 |
| Non-controlling interests | (31) | 111 | (276) | 374 |
| Total comprehensive income for the period | 3,477 | 3,974 | 15,713 | 15,844 |
| Earnings per share (EPS) attributable to owners of the Company (sen): | | | | |
| Basic EPS | 2.44 | 2.93 | 11.26 | 11.62 |
| Diluted EPS | 2.43 | 2.91 | 11.19 | 11.53 |

Included in the profit for the period are:

| | 3 months ended | | 9 months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2017 RM'000 | 30/09/2016 RM'000 | 30/09/2017 RM'000 | 30/09/2016 RM'000 |
| interest income | (362) | (244) | (1,130) | (761) |
| other income including investment income | (74) | (82) | (246) | (264) |
| interest expenses | 355 | 306 | 907 | 899 |
| depreciation and amortization | 2,600 | 2,375 | 7,470 | 6,918 |
| provision for and write off/(write back) of receivables | 11 | (86) | 16 | (296) |
| written down and written off of inventories | 290 | 259 | 962 | 303 |
| (gain) or loss on disposal of quoted and unquoted investments or properties | N/A | N/A | N/A | N/A |
| impairment of assets | N/A | N/A | N/A | N/A |
| foreign exchange loss or (gain) | 783 | (1,440) | 2,187 | (648) |
| (gain) or loss on derivatives | N/A | N/A | N/A | N/A |
| exceptional items | N/A | N/A | N/A | N/A |
| N/A: Not applicable | | | | |

The above consolidated statements 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.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company No : 552781-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

| | As at 30/09/2017 RM'000 <i>Unaudited</i> | As at 31/12/2016 RM'000 <i>Audited</i> |
|--|---|---|
| ASSETS | | |
| Property, plant and equipment | 117,835 | 117,342 |
| Land use rights | 6,445 | 6,908 |
| Intangible assets | 4,660 | 403 |
| Investment in associates | 4,033 | 4,250 |
| Deferred tax assets | 593 | 618 |
| Non-current Assets | <u>133,566</u> | <u>129,521</u> |
| Inventories | 80,347 | 76,920 |
| Trade receivables | 63,028 | 53,666 |
| Other receivables | 15,469 | 13,226 |
| Amount due from affiliated companies | 228 | 177 |
| Amount due from an associate | 213 | 132 |
| Current tax assets | 325 | 129 |
| Cash & cash equivalents | 68,108 | 67,327 |
| Current Assets | <u>227,718</u> | <u>211,577</u> |
| TOTAL ASSETS | <u>361,284</u> | <u>341,098</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 141,053 | 134,668 |
| Share premium | - | 1,516 |
| Other reserves | 6,825 | 7,124 |
| Retained earnings | 134,760 | 131,099 |
| Equity Attributable to Owners of the Company | <u>282,638</u> | <u>274,407</u> |
| Non-controlling interests | 6,409 | 5,524 |
| Total Equity | <u>289,047</u> | <u>279,931</u> |
| Deferred taxation | 9,909 | 9,416 |
| Loans and borrowings | 12,288 | 12,836 |
| Finance lease liabilities | 1,791 | 2,875 |
| Post-employment benefits | 120 | 127 |
| Non-current Liabilities | <u>24,108</u> | <u>25,254</u> |
| Trade payables | 15,485 | 10,052 |
| Other payables | 16,870 | 12,388 |
| Provisions | 1,649 | 1,612 |
| Finance lease liabilities | 2,809 | 3,673 |
| Amount due to affiliated companies | 8,611 | 5,149 |
| Amount due to an associate | 203 | - |
| Loans and borrowings | 1,189 | 2,421 |
| Current tax liabilities | 1,313 | 618 |
| Current Liabilities | <u>48,129</u> | <u>35,913</u> |
| Total Liabilities | <u>72,237</u> | <u>61,167</u> |
| TOTAL EQUITY AND LIABILITIES | <u>361,284</u> | <u>341,098</u> |
| Net assets per share attributable to owners of the Company (RM) | 2.07 | 2.04 |

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

| RM'000 | Attributable to owners of the Company | | | | | | Total | Non-controlling interest | Total equity |
|--|---------------------------------------|---------------|-----------------|------------------------------|----------------------|-------------------|----------------|--------------------------|----------------|
| | Share capital | Share premium | Capital reserve | Exchange fluctuation reserve | Share option reserve | Retained earnings | | | |
| At 1 January 2016 | 134,600 | 1,454 | 6,168 | 2,116 | 128 | 114,277 | 258,743 | 5,175 | 263,918 |
| Foreign currency translation differences for foreign operations | - | - | - | (174) | - | - | (174) | (4) | (178) |
| Total other comprehensive income for the period | - | - | - | (174) | - | - | (174) | (4) | (178) |
| Profit for the period | - | - | - | - | - | 15,644 | 15,644 | 378 | 16,022 |
| Total comprehensive income for the period | - | - | - | (174) | - | 15,644 | 15,470 | 374 | 15,844 |
| Dividends to owners of the Company | - | - | - | - | - | (10,772) | (10,772) | - | (10,772) |
| Share based payment transactions | - | (1) | - | - | 2,024 | - | 2,023 | - | 2,023 |
| Issuance of ordinary shares pursuant to ESOS | 57 | 28 | - | - | - | - | 85 | - | 85 |
| Total transactions with owners of the Company | 57 | 27 | - | - | 2,024 | (10,772) | (8,664) | - | (8,664) |
| Transfer to share premium for share options exercised | - | 21 | - | - | (21) | - | - | - | - |
| At 30 September 2016 | 134,657 | 1,502 | 6,168 | 1,942 | 2,131 | 119,149 | 265,549 | 5,549 | 271,098 |
| At 1 January 2017 | 134,668 | 1,516 | 6,168 | (1,136) | 2,092 | 131,099 | 274,407 | 5,524 | 279,931 |
| Foreign currency translation differences for foreign operations | - | - | - | 728 | - | - | 728 | 6 | 734 |
| Total other comprehensive income for the period | - | - | - | 728 | - | - | 728 | 6 | 734 |
| Profit for the period | - | - | - | - | - | 15,261 | 15,261 | (282) | 14,979 |
| Total comprehensive income for the period | - | - | - | 728 | - | 15,261 | 15,989 | (276) | 15,713 |
| Dividends to owners of the Company | - | - | - | - | - | (11,600) | (11,600) | - | (11,600) |
| Acquisition of new subsidiary | - | - | - | - | - | - | - | 761 | 761 |
| Issuance of share capital to minority shareholders | - | - | - | - | - | - | - | 400 | 400 |
| Issuance of ordinary shares pursuant to ESOS | 3,842 | - | - | - | - | - | 3,842 | - | 3,842 |
| Total transactions with owners of the Company | 3,842 | - | - | - | - | (11,600) | (7,758) | 1,161 | (6,597) |
| Transfer to share premium for share options exercised | 1,027 | - | - | - | (1,027) | - | - | - | - |
| Transfer in accordance with Section 618(2) of the Companies Act 2016 | 1,516 | (1,516) | - | - | - | - | - | - | - |
| At 30 September 2017 | 141,053 | - | 6,168 | (408) | 1,065 | 134,760 | 282,638 | 6,409 | 289,047 |

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

| | 9 months ended | |
|--|-----------------|-----------------|
| | 30/09/2017 | 30/09/2016 |
| | RM '000 | RM '000 |
| Cash flows from operating activities | | |
| Profit before tax | 21,621 | 22,326 |
| Other adjustment | 12,633 | 10,744 |
| Operating profit before changes in working capital | 34,254 | 33,070 |
| Net change in current assets | (20,109) | (3,684) |
| Net change in current liabilities | 14,284 | 5,502 |
| Cash generated from operations | 28,429 | 34,888 |
| Tax paid | (5,718) | (7,581) |
| Net cash generated from operating activities | 22,711 | 27,307 |
| Cash flows from investing activities | | |
| Interest received | 1,130 | 761 |
| Proceeds from disposal of property, plant and equipment | 12 | 4 |
| Purchase of property, plant and equipment | (8,323) | (6,853) |
| Purchase of intangible assets | (52) | (11) |
| Proceeds from issuance of share capital to minority shareholders | 400 | - |
| Investment in associate | - | (4,164) |
| Net cash used in investing activities | (6,834) | (10,263) |
| Cash flows from financing activities | | |
| Interest paid | (899) | (899) |
| Acquisition of subsidiary, net of cash & cash equivalents acquired | (5,218) | - |
| Dividends paid | (11,600) | (10,772) |
| Proceeds from issuance of ordinary shares-ESOS, net of expenses | 3,841 | 84 |
| Drawdown of term loans | 8,000 | - |
| Repayment of term loans | (9,522) | (675) |
| Refinance of property, plant and equipment under finance lease | 883 | 3,238 |
| Payment of finance lease liabilities | (2,996) | (2,122) |
| Net cash from financing activities | (17,511) | (11,146) |
| Net increase in cash and cash equivalents | (1,634) | 5,898 |
| Effect on foreign exchange rate changes | 2,414 | (2) |
| Cash and cash equivalents at 1 January | 67,327 | 50,696 |
| Cash and cash equivalents at 30 September | 68,108 | 56,592 |
| Composition of cash and cash equivalents | | |
| Cash and bank balances | 31,489 | 26,858 |
| Fixed deposits with licensed banks | 36,619 | 29,734 |
| | 68,108 | 56,592 |

The above consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT - 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 and IAS 34 "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. The explanatory notes attached to the condensed report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

A2 Significant Accounting Policies

The accounting policies and method of computation adopted for the condensed report are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2016.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the year ended 31 December 2016 was not qualified.

A4 Seasonal or Cyclical Factors

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

A5 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 quarter and nine months ended 30 September 2017.

A6 Material Changes in Estimates

There were no changes in estimates that have any material effect on the quarter and nine months ended 30 September 2017.

A7 Debt and Equity Securities

During the quarter and nine months ended 30 September 2017, the Company has issued 2,044,000 new ordinary shares pursuant to the exercise of Company's ESOS as follows:

| Exercise Price RM | No. of Shares Issued | Cash Proceeds RM |
|-------------------|----------------------|------------------|
| 1.49 | <u>50,000</u> | <u>74,500</u> |
| 1.89 | <u>1,994,000</u> | <u>3,768,660</u> |

A8 Dividends Paid

In respect of the year ended 31 December 2016, the Company paid a final and special dividend totalling RM11,599,864 on 28 July 2017 as follows:

| | RM'000 |
|---|----------------------|
| a) final dividend of 7.0 sen per ordinary share | 9,553 |
| b) special dividend of 1.5 sen per ordinary share | <u>2,047</u> |
| | <u><u>11,600</u></u> |

A9 Segment Information

The Group is organised based on three major business segments as described below. The basis of segmentation was based on information reported internally to the Managing Director of the Group.

Performance is measured based on segment profit before tax and the total of segment assets are measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

There are no changes in the segment reported in the last audited financial statements.

| Year-to-date ended 30 September 2017 | Investment holding RM'000 | Trading RM'000 | Manufacturing RM'000 | Inter- company Elimination RM'000 | Total RM'000 |
|---|--|---------------------------|---------------------------------|--|-------------------------|
| Revenue from external customer | - | 33,249 | 160,290 | - | 193,539 |
| Inter-segment revenue | 16,476 | 733 | 24,116 | (41,325) | - |
| Total revenue | 16,476 | 33,982 | 184,406 | (41,325) | 193,539 |
| Segment profit before tax | 16,284 | 1,479 | 21,725 | (17,867) | 21,621 |
| Segment assets | 190,209 | 54,571 | 323,351 | (206,847) | 361,284 |
| Segment liabilities | 7,665 | 29,128 | 150,916 | (115,472) | 72,237 |

| Year-to-date ended 30 September 2016 | Investment holding RM'000 | Trading RM'000 | Manufacturing RM'000 | Inter- company Elimination RM'000 | Total RM'000 |
|---|--|---------------------------|---------------------------------|--|-------------------------|
| Revenue from external customer | 18 | 31,634 | 145,694 | - | 177,346 |
| Inter-segment revenue | 16,398 | 957 | 22,443 | (39,798) | - |
| Total revenue | 16,416 | 32,591 | 168,137 | (39,798) | 177,346 |
| Segment profit before tax | 14,879 | 4,730 | 19,831 | (17,114) | 22,326 |
| Segment assets | 197,655 | 53,010 | 296,201 | (212,464) | 334,402 |
| Segment liabilities | 20,007 | 25,313 | 132,564 | (114,580) | 63,304 |

Investment holding 9M17 vs. 9M16

Holding company's profit before tax reported at RM16.28 million in 9M17, an increase of 9.4% compared to last year correspondence period of RM14.88 million mainly attributed to lower administrative expenses in the current period.

Trading 9M17 vs. 9M16

Trading segment posted a lower profit before tax of RM1.48 million in 9M17, a decrease of 69% compared to RM4.73 million in 9M16 resulting from higher operating costs and cost margin in product mix.

Manufacturing 9M17 vs. 9M16

Manufacturing segment recorded revenue of RM184.41 million in 9M17, 9.7% higher than the revenue of RM168.14 million recorded in 9M16. The profit before tax for 9M17 was RM21.73 million compared to RM19.83 million in 9M16. This was mainly due to higher sales in local and export markets.

A10 Valuations of Property, Plant and Equipment

Property, plant and equipment of the Group are stated at cost less accumulated depreciation and any accumulated impairment losses where applicable.

There is no revaluation of property, plant and equipment during the period under review.

A11 Subsequent Events

There were no material events subsequent to the end of the current quarter.

A12 Changes in the Composition of the Group

On 24 May 2017, the Group has entered into a Share Sale Agreement to acquire 60,000 ordinary shares in Alpha Active Industries Sdn. Bhd. ("AAI"), representing 60% of the total number of issued shares of AAI for a total cash consideration of RM5.4 million. Upon the completion of the acquisition in Aug 2017, AAI became a subsidiary of the Group. The Net Assets (unaudited) of AAI as at 31 March 2017 was RM1.4 million.

Other than disclosed above, there were no changes in the composition of the Group as at the reporting date.

A13 Contingent Liabilities

There were no significant changes in contingent liabilities since 31 December 2016.

A14 Capital Commitment

Capital commitment expenditure not provided for in the condensed report as at the end of the financial period were as follows:

| | Approved and contracted for RM'000 | Approved but not contracted for RM'000 |
|--------------------|---|---|
| Plant & machinery | 366 | 1,331 |
| Office equipment | 291 | 148 |
| Renovation | 5,506 | 34 |
| Acquisition of AAI | 1,000 | - |
| | <u>7,163</u> | <u>1,513</u> |

A15 Related Party Transactions

Significant related party transactions are as follows:

| | 9 months ended | |
|---|----------------|------------|
| | 30/09/2017 | 30/09/2016 |
| | RM'000 | RM'000 |
| <u>Corporation related to substantial shareholder</u> | | |
| Purchase of pharmaceutical products | 14,363 | 15,761 |
| Consultancy fees payable | 38 | 37 |
| Rental payable | 68 | 68 |
| <u>Companies in which certain Directors have interest</u> | | |
| Purchase of raw materials | 3,114 | 2,810 |
| Sales of pharmaceutical products | (693) | (475) |

A16 Financial Instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and liabilities not carried at fair value, together with the carrying amounts shown in the statements of financial position, are as follows:

| | As at 30/09/2017 | | As at 31/12/2016 | |
|-------------------------------------|------------------|------------|------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Long term loans and borrowings | 12,288 | 11,764 | 12,836 | 12,303 |
| Long term finance lease liabilities | 1,792 | 1,688 | 2,875 | 2,658 |

B1 Review of Performance

| | 3 months ended | | Variance | | 9 months ended | | Variance | |
|--|----------------|------------|----------|--------|----------------|------------|----------|-------|
| | 30/09/2017 | 30/09/2016 | RM'000 | % | 30/09/2017 | 30/09/2016 | RM'000 | % |
| | RM'000 | RM'000 | | | RM'000 | RM'000 | | |
| Revenue | 66,093 | 59,194 | 6,899 | 11.7 | 193,539 | 177,346 | 16,193 | 9.1 |
| Operating profit | 5,571 | 6,326 | (755) | (11.9) | 21,615 | 22,645 | (1,030) | (4.5) |
| Profit before interest and tax | 5,377 | 6,122 | (745) | (12.2) | 21,398 | 22,464 | (1,066) | (4.7) |
| Profit before tax | 5,384 | 6,060 | (676) | (11.2) | 21,621 | 22,326 | (705) | (3.2) |
| Profit after tax | 3,299 | 4,043 | (744) | (18.4) | 14,979 | 16,022 | (1,043) | (6.5) |
| Profit attributable to owners of the Company | 3,329 | 3,940 | (611) | (15.5) | 15,261 | 15,644 | (383) | (2.4) |

The Group recorded a revenue of RM193.54 million for the nine months ended 30 September 2017, 9.1% higher compared with the revenue of RM177.35 million recorded in the same period last year.

The Group recorded marginally lower profit before tax of RM21.62 million as compared to RM22.33 million in the same period last year. This was due to higher operating costs and unrealised foreign exchange loss recognised in current year.

B2 Comparison with the Preceding Quarter's Results

| | Qtr 3 | Qtr 2 | Variance | |
|--|------------|------------|----------|------|
| | (30/09/17) | (30/06/17) | RM'000 | % |
| Revenue | 66,093 | 59,907 | 6,186 | 10.3 |
| Operating profit | 5,571 | 4,425 | 1,146 | 25.9 |
| Profit before interest and tax | 5,377 | 4,416 | 961 | 21.8 |
| Profit before tax | 5,384 | 4,563 | 821 | 18.0 |
| Profit after tax | 3,299 | 3,036 | 263 | 8.7 |
| Profit attributable to owners of the Company | 3,329 | 3,165 | 164 | 5.2 |

The Group recorded a revenue of RM66.09 million for the current quarter as compared to RM59.91 million for the immediate preceding quarter ("2Q17") which is an increase of 10.3%. The increase was mainly due to higher demand from local and export markets.

The Group achieved a profit before tax of RM5.38 million in 3Q17 compared to RM4.56 million in 2Q17 resulting from higher profit margin in product mix during the quarter under review.

B3 Prospects of the Group

With world economic uncertainties still prevailing, increased competition and persistent foreign exchange volatility, the Group expects mounting pressures and challenges to the business environment to continue for the remainder of 2017.

However, effort is consistently directed in improving operational efficiency, increase product range through successful product registration, and enhance competitiveness through strategic investments and expansion as well as marketing and sales strategies to gain further market penetration and market share.

Barring further unforeseen circumstances, the Group is cautiously optimistic over the forthcoming period and expects to perform satisfactorily in 2017.

B4 Profit Forecast or Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group.

B5 Taxation

Details of taxation are as follows :-

| | 3 months ended | | 9 months ended | |
|--------------|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2017 RM'000 | 30/09/2016 RM'000 | 30/09/2017 RM'000 | 30/09/2016 RM'000 |
| Income tax | | | | |
| Current tax | 1,963 | 1,954 | 6,229 | 6,089 |
| Deferred tax | 122 | 63 | 413 | 215 |
| | <u>2,085</u> | <u>2,017</u> | <u>6,642</u> | <u>6,304</u> |

Income tax is calculated at the Malaysian statutory tax rate of 24%. (2016: 24%)

The Group's effective tax rate for the current quarter was higher than the statutory tax rate principally due to certain expenses which were not deductible for tax purposes.

B6 Realised/unrealised Retained Earnings

The breakdown of the retained profits of the Group as at 30 September 2017 and 31 December 2016, into realised and unrealised profits/(losses) is as follows:

| | As at 30/09/2017 RM'000 | As at 31/12/2016 RM'000 |
|--|-------------------------------|-------------------------------|
| Total retained earnings of the Company and its subsidiaries: | | |
| Realised | 146,649 | 124,730 |
| Unrealised | 7,913 | 11,442 |
| | <u>154,562</u> | <u>136,172</u> |
| Total share of accumulated losses of associate: | | |
| Realised | (217) | (209) |
| Unrealised | - | - |
| | <u>154,345</u> | <u>135,963</u> |
| Less: Consolidation adjustments | (19,585) | (4,864) |
| Total Group retained earnings as per consolidated accounts | <u>134,760</u> | <u>131,099</u> |

The determination of realised and unrealised profits/(losses) is based on the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants.

B7 Corporate Proposals

There were no corporate proposals announced by the Company as at the reporting date.

B8 Borrowings and Debt Securities

The details of the Group borrowings as at 30 September are as follows :

30 September 2017

| | Denominated in Foreign Currency | | | RM Equivalent |
|--------------------------------|------------------------------------|--------------|------------|------------------|
| | IDR'000 | USD'000 | SGD'000 | RM'000 |
| Current | | | | |
| Secured revolving credit | - | - | - | 500 |
| <u>Secured bank loans:</u> | | | | |
| - Domestic | - | - | - | 641 |
| - Foreign | - | 5 | 8 | 48 |
| <u>Finance lease creditor:</u> | | | | |
| - Domestic | - | - | - | 2,754 |
| - Foreign | 46,384 | - | 13 | 55 |
| | <u>46,384</u> | <u>5</u> | <u>21</u> | <u>3,998</u> |
| Non-current | | | | |
| <u>Secured bank loans:</u> | | | | |
| - Domestic | - | - | - | 7,359 |
| - Foreign | - | 1,000 | 229 | 4,929 |
| <u>Finance lease creditor:</u> | | | | |
| - Domestic | - | - | - | 1,753 |
| - Foreign | - | - | 12 | 38 |
| | <u>-</u> | <u>1,000</u> | <u>241</u> | <u>14,079</u> |
| Total borrowings | <u>46,384</u> | <u>1,005</u> | <u>262</u> | <u>18,077</u> |

30 September 2016

| | Denominated in Foreign Currency | | | RM Equivalent |
|--------------------------------|------------------------------------|----------|------------|------------------|
| | IDR'000 | USD'000 | SGD'000 | RM'000 |
| Current | | | | |
| Secured revolving credit | - | - | - | 5,000 |
| <u>Secured bank loans:</u> | | | | |
| - Domestic | - | - | - | 804 |
| - Foreign | - | - | 8 | 24 |
| <u>Finance lease creditor:</u> | | | | |
| - Domestic | - | - | - | 3,087 |
| - Foreign | - | - | 12 | 37 |
| | <u>-</u> | <u>-</u> | <u>20</u> | <u>8,952</u> |
| Non-current | | | | |
| <u>Secured bank loans:</u> | | | | |
| - Domestic | - | - | - | 7,850 |
| - Foreign | - | - | 261 | 789 |
| <u>Finance lease creditor:</u> | | | | |
| - Domestic | - | - | - | 2,331 |
| - Foreign | - | - | 25 | 76 |
| | <u>-</u> | <u>-</u> | <u>286</u> | <u>11,046</u> |
| Total borrowings | <u>-</u> | <u>-</u> | <u>306</u> | <u>19,998</u> |

As at the reporting date, the Group had not issued any debt securities.

B9 Material Litigation

There was no material litigation against the Group as at the reporting date.

B10 Proposed Dividend

Apart from the disclosed in Note A8, there was no dividend proposed in the current quarter under review.

B11 Earnings Per Share

| | 3 months ended | | 9 months ended | |
|---|----------------|-------------|----------------|--------------|
| | 30/09/2017 | 30/09/2016 | 30/09/2017 | 30/09/2016 |
| i) Basic Earnings Per Share | | | | |
| Profit attributable to owners of the Company (RM'000) | 3,329 | 3,940 | 15,261 | 15,644 |
| Weighted average number of ordinary shares in issue ('000) | 136,622 | 134,656 | 135,477 | 134,630 |
| Basic Earnings Per Share (sen) | 2.44 | 2.93 | 11.26 | 11.62 |
| ii) Diluted Earnings Per Share | | | | |
| Profit attributable to owners of the Company (RM'000) | 3,329 | 3,940 | 15,261 | 15,644 |
| Weighted average number of ordinary shares in issue ('000) | 136,622 | 134,656 | 135,477 | 134,630 |
| Effect of dilution-Share options ('000) | 617 | 561 | 877 | 1,003 |
| Adjusted weighted average number of ordinary shares in issue ('000) | 137,239 | 135,217 | 136,354 | 135,633 |
| Diluted Earnings Per Share (sen) | 2.43 | 2.91 | 11.19 | 11.53 |

The basic and diluted earnings per share are calculated by dividing profit for the period attributable to owners of the Company over the weighted average number of ordinary shares in issue.