



**IRE-TEX CORPORATION BERHAD**

**(576121 - A)**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED  
30 SEPTEMBER 2016**

**IRE-TEX CORPORATION BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30/09/16</b>	<b>31/12/15</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	45,406	47,378
Investment properties	22,150	31,150
Other investment	549	549
Goodwill on consolidation	3,411	3,411
Asset held for sale	9,000	-
Deferred tax assets	181	230
<b>Total non-current assets</b>	<u>80,697</u>	<u>82,718</u>
<b>Current assets</b>		
Inventories	6,758	12,361
Trade receivables	34,863	41,055
Other receivables	14,029	13,809
Tax recoverable	1,361	1,184
Fixed deposits placed with licensed banks	2,895	3,023
Cash and bank balances	2,919	6,169
<b>Total current assets</b>	<u>62,825</u>	<u>77,601</u>
<b>TOTAL ASSETS</b>	<u>143,522</u>	<u>160,319</u>
<b>EQUITY</b>		
Share capital	53,489	53,194
Reserves	11,960	22,075
Equity attributable to owners of the parent	<u>65,449</u>	<u>75,269</u>
Non-controlling interests	1,321	1,034
<b>Total equity</b>	<u>66,770</u>	<u>76,303</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	16,853	17,631
Other payables	607	643
Deferred tax liabilities	1,489	1,489
<b>Total non-current liabilities</b>	<u>18,949</u>	<u>19,763</u>
<b>Current liabilities</b>		
Trade payables	22,378	22,038
Other payables	10,270	10,975
Loans and borrowings	25,119	31,145
Provision for taxation	36	95
<b>Total current liabilities</b>	<u>57,803</u>	<u>64,253</u>
<b>Total liabilities</b>	<u>76,752</u>	<u>84,016</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>143,522</u>	<u>160,319</u>
Net assets per share (RM)	0.49	0.57

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2015.

**IRE-TEX CORPORATION BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30/09/16 RM'000	3 months ended 30/09/15 RM'000	9 months ended 30/09/16 RM'000	9 months ended 30/09/15 RM'000
<b>Revenue</b>	32,668	33,522	101,551	95,268
Cost of sales	(29,285)	(29,780)	(90,356)	(82,914)
<b>Gross profit</b>	3,383	3,742	11,195	12,354
Other income	281	336	701	1,061
Distribution expenses	(2,068)	(2,157)	(6,265)	(5,959)
Administrative expenses	(4,042)	(8,232)	(13,384)	(16,409)
<b>Loss from operation</b>	(2,446)	(6,311)	(7,753)	(8,953)
Finance income	13	148	74	218
Finance costs	(540)	(641)	(1,707)	(1,928)
<b>Net finance costs</b>	(527)	(493)	(1,633)	(1,710)
<b>Loss before tax</b>	(2,973)	(6,804)	(9,386)	(10,663)
Taxation	(17)	(108)	(110)	(599)
<b>Loss for the period</b>	(2,990)	(6,912)	(9,496)	(11,262)
<b>Items that are or may be classified subsequently to profit or loss</b>				
Exchange translation differences for foreign operations	1	99	(56)	271
<b>Total comprehensive loss for the period</b>	(2,989)	(6,813)	(9,552)	(10,991)
<b>Loss for the period attributable to:</b>				
Owners of the parent	(3,060)	(6,692)	(9,783)	(11,084)
Non-controlling interests	70	(220)	287	(178)
	(2,990)	(6,912)	(9,496)	(11,262)
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent	(3,059)	(6,593)	(9,839)	(10,813)
Non-controlling interests	70	(220)	287	(178)
	(2,989)	(6,813)	(9,552)	(10,991)
<b>Loss per share</b>				
Basic earnings per share (sen)	(2.29)	(5.06)	(7.32)	(8.38)
Diluted earnings per share (sen)	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2015.

**IRE-TEX CORPORATION BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	←----- Attributable to owners of the parent -----→						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Equity components of ICULS RM'000	<i>Non-distributable</i> Share premium RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000			
At 1 January 2016	53,194	21,319	5,393	9,960	414	(15,011)	75,269	1,034	76,303
Loss for the financial period	-	-	-	-	-	(9,783)	(9,783)	287	(9,496)
Other comprehensive loss for the financial period: Foreign exchange translation reserve	-	-	-	-	(56)	-	(56)	-	(56)
Transactions with owners: Conversion of ICULS	295	(303)	27	-	-	-	19	-	19
At 30 September 2016	<u>53,489</u>	<u>21,016</u>	<u>5,420</u>	<u>9,960</u>	<u>358</u>	<u>(24,794)</u>	<u>65,449</u>	<u>1,321</u>	<u>66,770</u>
At 1 January 2015	52,723	21,803	5,350	9,960	16	(4,591)	85,261	1	85,262
Loss for the financial period	-	-	-	-	-	(11,084)	(11,084)	(178)	(11,262)
Other comprehensive income for the financial period: Foreign exchange translation reserve	-	-	-	-	271	-	271	-	271
Transactions with owners: Conversion of ICULS	103	(106)	9	-	-	-	6	-	6
At 30 September 2015	<u>52,826</u>	<u>21,697</u>	<u>5,359</u>	<u>9,960</u>	<u>287</u>	<u>(15,675)</u>	<u>74,454</u>	<u>(177)</u>	<u>74,277</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2015.

**IRE-TEX CORPORATION BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	<b>Current Year To Date 30/09/16 RM'000</b>	<b>Corresponding Year To Date 30/09/15 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(9,386)	(10,663)
Adjustments for:		
Depreciation of property, plant and equipment	2,889	3,240
Loss on disposal of property, plant and equipment	503	118
Finance cost	1,707	1,928
Finance income	(74)	(218)
Property, plant and equipment written off	2	2,058
Inventories written-off	48	-
Inventories written down	46	-
Unrealised loss on foreign exchange	289	-
Operating loss before changes in working capital	(3,976)	(3,537)
Changes in working capital:		
Receivables	5,972	(1,296)
Inventories	5,509	(536)
Payables	(586)	356
Cash generated from/(used in) operations	6,919	(5,013)
Interest paid	(1,707)	(1,928)
Tax paid	(297)	(748)
Net cash generated from/(used in) operating activities	4,915	(7,689)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Withdrawal of pledged fixed deposits	340	200
Interest received	2	218
Proceeds from disposal of property, plant and equipment	511	247
Acquisition of property, plant and equipment	(815)	(1,844)
Net cash generated from/(used in) investing activities	38	(1,179)
Balance carried forward	4,953	(8,868)

	<b>Current Year To Date RM'000</b>	<b>Corresponding Year To Date RM'000</b>
Balance brought forward	4,953	(8,868)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment)/proceed from bankers acceptance	(6,403)	4,991
Payment of finance lease liabilities	(650)	(738)
Repayment of term loans	(1,314)	(1,657)
Net cash (used in)/generated from financing activities	(8,367)	2,596
Effects of exchange translation differences on cash and cash equivalents	(345)	271
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,759)</u>	<u>(6,001)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>2,769</u>	<u>10,396</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>(990)</u></u>	<u><u>4,395</u></u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the end of the financial period comprise:		
Fixed deposits with licensed bank	2,895	3,106
Cash and bank balances	2,919	7,117
Bank overdrafts	(4,049)	(3,080)
	<u>1,765</u>	<u>7,143</u>
Less: Fixed deposit pledged with licensed banks	(2,755)	(2,748)
	<u><u>(990)</u></u>	<u><u>4,395</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2015.

**IRE-TEX CORPORATION BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR  
QUARTER ENDED 30 SEPTEMBER 2016**

**1. ACCOUNTING POLICIES**

The interim financial statements is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Securities Malaysia Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015. These explanation notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial performance and performance of the Group since the financial year ended 31 December 2015.

The Group had adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2016. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statement of the Group.

**2. BASIS OF PREPARATION**

**Standards issued but not yet effective**

At the date of authorisation of the Condensed Report, the following standards were issued but not yet effective and have not been adopted by the Group:

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferrral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016

Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities : Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

### **3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report of the preceding annual financial statements was not qualified.

### **4. SEASONAL OR CYCLICAL FACTORS**

The Group's operations are not subject to any seasonal or cyclical factors.

### **5. UNUSUAL ITEMS**

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

### **6. CHANGE IN ESTIMATES**

There were no major changes in estimates that have had material effect on the current quarter results.

### **7. DEBTS AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resales and repayments of debts and equity securities for the period under review, except:

- i) The conversion of 5,893,000 units of five (5)-Year, 1%, Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of nominal value of RM0.075 each to 736,625 units of ordinary shares of nominal value RM0.40 each.

### **8. DIVIDEND PAID**

There was no dividend paid for the financial period under review.



## 9. SEGMENTAL INFORMATION

The segmental information for the 9 months ended is as follows:

	Manufacturing	Trading	Automation	Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	97,985	216	3,322	28	-	101,551
Inter-segment revenue	24,502	933	-	913	-	26,348
Segment revenue	122,487	1,149	3,322	941	-	127,899
<b>Results</b>						
Operating profit /(loss)	1,943	(1,942)	(2,198)	(5,540)	(16)	(7,753)
Net finance cost	(1,011)	(566)	(11)	(45)	-	(1,633)
Income tax expense	(61)	-	-	(49)	-	(110)
Profit /(Loss) after tax	871	(2,508)	(2,209)	(5,634)	(16)	(9,496)

## 10. SIGNIFICANT EVENTS DURING THE CURRENT QUARTER

- a) On 7 July 2016, the Company had entered into a Cooperation Agreement (“CA”) with Beijing Institute of Graphic Communication (“BIGC”), where both parties formed the following understandings and agreements:-
- i. The establishment of a Joint Research Center (“JRC”) in BIGC campus;
  - ii. The JRC will establish a database to promote products quality evaluation system on the paper packaging industry in China for Ire-TeX;
  - iii. The JRC will carry out research and development, application of new products and technology in paper packaging industry for Ire-TeX; and
  - iv. The JRC will assist Ire-TeX to achieve the accreditation of China National Accreditation Services for Conformity Assessment (“CNAS”). Please refer to the Company’s announcement to Bursa Malaysia Securities Berhad dated 8 July 2016 for further information.
- b) On 19 August 2016, Ire-TeX (Johor) Sdn. Bhd., a 70%-owned subsidiary of the company, had entered into a sale and purchase agreement with The W Clay Industries Sdn. Bhd. for the disposal of all that piece of leasehold land held under H.S.(D) 445650 PTD 194752, Mukim Plentong, Daerah Johor Bahru, Negeri Johor Darul Takzim measuring approximately 1.012 hectares with the lease period expiring on 2 July 2067 together with the building(s) erected thereon for a cash consideration of RM8,800,000.

Please refer to the Company’s announcement to Bursa Malaysia Securities Berhad dated 19 August 2016 and 23 August 2016 for further information.

## 11. SUBSEQUENT EVENTS

- a) On 21 October 2016, the Company proposed to undertake the following:
- i. Proposed reduction of the issued and paid-up share capital of the Company involving the cancellation of RM0.20 from the par value of

each existing ordinary share of RM0.40 each in ITCB (“**Existing ITCB Shares**”) pursuant to the Section 64 of the Companies Act, 1965 (the “**Act**”) (“**Proposed Par Value Reduction**”);

- ii. Proposed amendments to the relevant parts of the Memorandum and Articles of Association of ITCB (“**M&A**”) to facilitate the Proposed Par Value Reduction (“**Proposed Amendments**”);
- iii. Proposed implementation of private placement of up to 13,372,156 ordinary shares of RM0.20 each in ITCB representing 10% of the issued and paid-up share capital of ITCB at an issue price to be determined at a later date (“**Placement Shares**”) upon completion of the Proposed Par Value Reduction (“**Proposed Private Placement**”); and
- iv. Proposed establishment of an employee share option scheme (“**ESOS**”) for the issuance of up to 15% of the issued and paid-up share capital of ITCB for the Eligible Persons (as defined herein), to be implemented after the completion of the Proposed Par Value Reduction and Proposed Private Placement (“**Proposed ESOS**”).

On top of that, the Company also intends to undertake the proposed ratification to vary the utilisation of proceeds from the renounceable rights issue of up to 517,014,000 or RM38,776,050 nominal value of five (5)-year, 1% irredeemable convertible unsecured loan stocks (“**ICULS**”) together with up to 64,626,750 free detachable warrants (“**Rights Issue of ICULS with Warrants**”), which was completed on 16 June 2014 (“**Proposed Ratification**”).

Please refer to the Company’s announcement to Bursa Malaysia Securities Berhad dated 21 October 2016 and 27 October 2016 for further information.

## 12. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no amendments to the valuation of property, plant and equipment brought forward.

The valuation of property, plant and equipment has been brought forward without any amendments from the previous annual financial statements.

## 13. CHANGES IN COMPOSITION OF THE COMPANY

The Company has incorporated a new subsidiary company namely, Green Energy Storage and Solutions Sdn. Bhd. (“**GESS**”). The Company is one (1) of the first subscribers for one (1) ordinary share of RM1.00 each, representing 50% equity interest in GESS for a cash consideration of RM1.00. Upon the successful incorporation of GESS on 1 September 2016, the Company acquired the remaining one (1) subscriber’s share, representing the other 50% equity interest in GESS for a cash consideration of RM1.00. Consequent thereto, GESS became a wholly-owned subsidiary of the Company.

Please refer to the Company’s announcement to Bursa Malaysia Securities Berhad dated 2 September 2016 for further information.

#### 14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets for the financial period under review.

#### 15. CHANGES IN MATERIAL LITIGATION

*Ire-Tex Corporation Berhad (“Ire-Tex” or “the Company”) – Writ of Summons and Statement of Claim by Ire-Tex against Teh Eng Huat (“First Defendant”) and Khoo Hun Sniah (“Second Defendant”) in the High Court of Malaya at Penang (Civil Suit No.: 22NCVC-166-10/2015)*

On 19 September 2016, the Board of Directors of Ire-Tex announced that:

- i) During the hearing, the Judge acknowledged that he had received the Attachments from the Company’s solicitors. However, after perusing the Attachments, the Judge was unable to decide whether the Attachments are relevant and necessary to be produced to the Defendants in view that he does not know the full facts of the case at this juncture.
- ii) Therefore, the Judge had directed the Defendants to inspect the Attachments in Court and to prepare the submissions to set out the reasons why each and every document in the Attachments are relevant and necessary to the current Court proceedings (“Defendants’ Submissions”).
- iii) Nonetheless, the Company’s solicitors were not agreeable to this and raised an objection on the basis that allowing the Defendants to inspect the Attachments would go against the principles of a Discovery Application, as the Defendants are now allowed to peruse the Attachments without proving that these Attachments are relevant and necessary. However, the Judge was of the view that the Defendants’ Submissions are required to enable him to deliver his decision on the Discovery Application correctly.
- iv) The Judge then directed as follows:-
  - the Defendants are to inspect the Attachments in Court in the presence of the Company’s solicitors on a date to be agreed between the parties;
  - after inspecting the Attachments, the Defendants are to prepare the Defendant’s Submissions to be filed in Court; and

The Court directed all parties to exhaust their affidavits by the end of year 2016.

The Court had fixed for the hearing of the summary judgment applications on 20 January 2017.

*Ire-Tex Corporation Berhad (“Ire-Tex” or “the Company”) -Writ of Summons and Statement of Claim by Zoomic Technology (M) Sdn. Bhd. (“ZTSB”), a wholly-owned subsidiary of Ire-Tex against Teh Eng Huat in the High Court of Malaya at Penang*

On 26 September 2016, the Board of Directors of Ire-Tex announced that:

- i) **Details of the default or circumstances leading to the filing of Writ of Summons and Statement of Claim.**

The filing of the Writ of Summons and Statement of Claim is a result of the Defendant who was a director of ZTSB (primarily responsible for the financial management of ZTSB), who owed the following duties to ZTSB:-

- (a) the Defendant was reposed with trust and confidence and consequently owed a duty of good faith to ZTSB;
- (b) the Defendant was further subject to fiduciary duties with attendant obligations to exercise his powers for a proper purpose and in good faith in the interest of ZTSB; and
- (c) the Defendant was subject to further wider duties under law to ZTSB to, amongst others, account to ZTSB, including that set out under Section 132 of the Companies Act, 1965 read together with Part X of the Contracts Act, 1950.

In November 2014, the Defendant caused ZTSB to make payment to him of a sum of RM3 million. In a subsequent review of the financial affairs of ZTSB, ZTSB is unable to reconcile the payment of the said sum of RM3 million to the Defendant having regard to, among others, that ZTSB had previously issued 5,900,000 new ordinary shares of RM1.00 each to the Defendant (including one other minority shareholder in the Plaintiff) in satisfaction of all advances previously made by the Defendant to satisfy amounts owing to Malaysian Debt Ventures Berhad.

The Defendant was at all material times reposed with trust and confidence at the material time such that ZTSB had not intended to allow the Defendant to gratuitously retain the RM3 million and the Defendant must make compensation to ZTSB pursuant to section 71 of the Contracts Act 1950 or otherwise in law. Pursuant to Section 11 of the Civil Law Act 1956 and Order 42, Rule 12 of the Rules of Court 2012 and the inherent jurisdiction of this court, ZTSB also claims compensation and/or damages including interest on the said sum of RM3 million from 11 November 2014 until satisfaction.

**ii) The financial and operational impact of the Writ of Summons and Statement of Claim on Ire-Tex and its subsidiaries (“the Group”).**

The Writ of Summons and Statement of Claim are not expected to have any material financial and operational impact on the Group.

**iii) The expected losses, if any arising from the Writ of Summons and Statement of Claim.**

The Company is not expected to incur any further losses arising from the Writ of Summons and Statement of Claim.

The Court directed the Defendant to prepare defence by 5 December 2016.

The Court had fixed a case management to be held on 20 December 2016.

## **16. LISTING REQUIREMENT**

The auditor have performed limited review on this report solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad.

## 17. REVIEW OF GROUP PERFORMANCE

a) Comparison with corresponding quarter in the previous year

	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>			
- Manufacturing	32,593	31,496	1,097
- Trading	75	170	(95)
- Automation	-	1,856	(1,856)
<b>Total</b>	<u>32,668</u>	<u>33,522</u>	(854)
<b>Profit/(Loss) Before Tax</b>			
- Manufacturing	1,014	937	77
- Trading	(842)	(163)	(679)
- Automation	(1,293)	(6,077)	4,784
- Investment Holding	(1,840)	(1,501)	(339)
- Others	(12)	-	(12)
<b>Total</b>	<u>(2,973)</u>	<u>(6,804)</u>	3,831

The Group's revenue for the current quarter had reduced by RM0.9 million or 3% to RM32.7 million as compared to RM33.5 million in the corresponding quarter in the previous year. The reduced of revenue in current quarter was mainly due to no revenue generated from automation division during current quarter.

The Group recorded a loss before tax of RM3.0 million in the current quarter as compare to loss before tax of RM6.8 million in the corresponding quarter in the previous year. The lower loss before taxation was mainly due to impairment losses recorded by automation division in corresponding quarter in the previous year.

For manufacturing division, the revenue for the current quarter increased by RM1.1 million to RM32.6 million as compared to RM31.5 million in the corresponding quarter in the previous year due to increased demand for the heavy duty packaging products. The division recorded a profit before taxation RM1.0 million in current quarter compare to RM0.9 million in corresponding quarter in previous year.

For trading division, revenue for the current quarter recorded at RM0.1 million as compared to RM0.2 million in the corresponding quarter in the previous year. The loss for trading division had increased from RM0.2 million to RM0.8 million due to higher administrative cost.

For automation division, there is no revenue recorded due to no project completed during current quarter. The division recorded a loss before taxation of RM1.3 million in the current quarter due to sustained of fixed expenses.

For the investment holding division, the loss for the current quarter increased by RM0.3 million to RM1.8 million mainly due to higher administrative cost such as professional fee and legal fee incurred in the current quarter.

For the others division, there is no revenue generated at the moment, therefore the results of loss before taxation is mainly due to administration cost.

b) Comparison with preceding quarter

	<b>Q3 2016</b>	<b>Q2 2016</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>			
- Manufacturing	32,593	32,415	178
- Trading	75	67	8
- Automation	-	957	(957)
- Investment Holding	-	28	(28)
<b>Total</b>	<b>32,668</b>	<b>33,467</b>	<b>(799)</b>
<b>Profit/(Loss) Before Tax</b>			
- Manufacturing	1,014	(315)	1,329
- Trading	(842)	(846)	4
- Automation	(1,293)	(623)	(670)
- Investment Holding	(1,840)	(2,215)	375
- Others	(12)	1	(13)
<b>Total</b>	<b>(2,973)</b>	<b>(3,998)</b>	<b>1,025</b>

The Group's revenue for the current quarter had decreased by RM0.8 million to RM32.7 million as compared to RM33.5 million in the preceding quarter. The decreased of revenue was mainly due to no revenue generated from automation division during current quarter.

The Group recorded a loss before tax of RM3.0 million in the current quarter as compare to loss before tax of RM4.0 million in the preceding quarter mainly due to better result in manufacturing division.

For manufacturing division, the revenue for the current quarter slightly increased by RM0.2 million to RM32.6 million as compared to RM32.4 million in the preceding quarter. The division recorded a profit before taxation of RM1.0 million in the current quarter as compared to a loss of RM0.3 million in the preceding quarter. The reason was mainly due to cost saving in factory overhead and administrative expense in current quarter.

For trading division, the revenue for the current quarter maintained at approximately RM0.1 million as compared to the preceding quarter revenue. The loss before taxation recorded at RM0.8 million for both current and preceding quarter.

For automation division, there is no revenue recorded in the current quarter as compared to RM1.0 million in the preceding quarter. The division recorded a loss before taxation of RM1.3 million as compared to loss before taxation of RM0.6 million in the preceding quarter due to sustained of fixed expenses

For the investment holding division, the loss for the current quarter recorded at RM1.8 million as compare to RM2.2 million in preceding quarter mainly due to lower administrative expenses in the current quarter.

## 18. PROSPECT FOR THE FINANCIAL YEAR

The manufacturing division of the Group is anticipating a higher sales order in the coming years, mainly due to the increasing demand of heavy duty protective packaging material from the multi-national company customers which are export oriented. With the setting-up and joint research centre with Beijing Institute of Graphic Communication, the Group is anticipating to launch new packaging products in 1<sup>st</sup> quarter 2017 and also to potentially secure more sales from China manufacturer in Malaysia.

As part of the cost rationalising measures, the Group is shutting down the lossmaking wholly-owned manufacturing subsidiary in Suzhou, China and also the lossmaking automation division. The Group is anticipating better results in the coming quarters.

Barring unforeseen circumstances, the prospect of the Group for the financial year is remaining optimistic.

## 19. PROFIT FORECAST OR PROFIT GUARANTEE

This is not applicable to the Group.

## 20. TAXATION

	<b>Current Quarter RM'000</b>	<b>Current Year To-date RM'000</b>
Taxation based on results for the quarter:		
Current financial period	17	110

## 21. LOANS AND BORROWINGS

The Group loans and borrowings as at the end of the reporting quarters are as follows:

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Term loan	1,764	14,086	15,850
Overdraft	4,049	-	4,049
Banker's acceptance	18,373	-	18,373
Hire purchase	933	2,015	2,948
<b>Unsecured</b>			
ICULS – liability component	-	752	752
<b>Total</b>	<u>25,119</u>	<u>16,853</u>	<u>41,972</u>

## 22. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities by the Group in the current quarter under review.

**23. DIVIDEND PAYABLE**

The Company did not declare any dividends for the period under review.

**24. COMMITMENT**

	<b>Group 30/09/2016 RM'000</b>	<b>Group 31/12/2015 RM'000</b>
<b>Capital expenditure</b>		
Authorised and contracted for:		
- Property, plant and equipment	3,675	-
Authorised and not contracted for:		
- Property, plant and equipment	393	-

**25. EARNINGS PER SHARE****(a) Basic**

	<b>Individual Period 3 months ended 30/09/16</b>	<b>Individual Period 3 months ended 30/09/15</b>	<b>Cumulative Period 9 months ended 30/09/16</b>	<b>Cumulative Period 9 months ended 30/09/15</b>
Loss attributable to owners of the parent (RM'000)	(3,060)	(6,692)	(9,783)	(11,084)
Weighted average number of ordinary shares in issue ('000)	133,722	132,222	133,722	132,222
Loss per share (sen)	(2.29)	(5.06)	(7.32)	(8.38)

**(b) Diluted**

The Group has no dilution in loss per ordinary share as the potential ordinary shares are anti-dilutive.



## 26. REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised accumulated losses of the Group is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) and prepared in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants.

	<b>Group 30/09/2016 RM'000</b>	<b>Group 31/12/2015 RM'000</b>
Total accumulated losses of the Company and its subsidiaries companies:		
- Realised	(26,868)	(19,224)
- Unrealised	(1,597)	255
	<u>(28,465)</u>	<u>(18,969)</u>
Less: Consolidation adjustments	3,671	3,958
Total accumulated losses	<u><u>(24,794)</u></u>	<u><u>(15,011)</u></u>

This disclosure is based on the format prescribed by Bursa Securities and is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.