



**IRE-TEX CORPORATION BERHAD**

**(576121 - A)**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT**

**FOR THE FINANCIAL PERIOD ENDED**

**31 DECEMBER 2017**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31/12/17</b>	<b>31/12/16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	39,522	45,986
Investment properties	22,600	22,600
Other investment	333	549
Deferred tax assets	-	163
<b>Total non-current assets</b>	<u>62,455</u>	<u>69,298</u>
<b>Current assets</b>		
Inventories	1,294	6,945
Trade receivables	7,562	35,099
Other receivables	3,041	2,957
Tax recoverable	703	963
Fixed deposits placed with licensed banks	119	2,912
Cash and bank balances	1,283	2,855
<b>Total current assets</b>	<u>14,002</u>	<u>51,731</u>
Asset held for sale	8,800	8,800
<b>TOTAL ASSETS</b>	<u>85,257</u>	<u>129,829</u>
<b>EQUITY</b>		
Share capital	60,838	53,697
Reserves	(30,292)	(5,976)
Equity attributable to owners of the parent	<u>30,546</u>	<u>47,721</u>
Non-controlling interests	1,287	1,294
<b>Total equity</b>	<u>31,833</u>	<u>49,015</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	11,386	15,933
Deferred tax liabilities	351	1,169
<b>Total non-current liabilities</b>	<u>11,737</u>	<u>17,102</u>
<b>Current liabilities</b>		
Trade payables	11,154	23,679
Other payables	15,307	15,774
Loans and borrowings	15,186	24,145
Provision for taxation	40	114
<b>Total current liabilities</b>	<u>41,687</u>	<u>63,712</u>
<b>Total liabilities</b>	<u>53,424</u>	<u>80,814</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>85,257</u>	<u>129,829</u>
Net assets per share (RM)	0.23	0.37

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 2016.

**IRE-TEX CORPORATION BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	Individual Quarter		Changes		Cumulative Quarter		Changes	
	3 months ended 31/12/17	3 months ended 31/12/16	RM'000	%	12 months ended 31/12/17	12 months ended 31/12/16	RM'000	%
<b>Revenue</b>	9,638	32,099	(22,461)	-70%	58,580	133,650	(75,070)	-56%
Cost of sales	(9,292)	(28,101)	18,809	-67%	(56,548)	(118,457)	61,909	-52%
<b>Gross profit</b>	346	3,998	(3,652)	-91%	2,032	15,193	(13,161)	-87%
Other income	784	1,370	(586)	-43%	969	2,071	(1,102)	-53%
Distribution expenses	(290)	(1,470)	1,180	-80%	(2,991)	(7,735)	4,744	-61%
Administrative expenses	(8,897)	(20,760)	11,863	-57%	(14,935)	(34,144)	19,209	-56%
<b>Loss from operation</b>	(8,057)	(16,862)	8,805	-52%	(14,925)	(24,615)	9,690	-39%
Finance costs	(691)	(612)	(79)	13%	(2,174)	(2,245)	71	-3%
<b>Loss before tax</b>	(8,748)	(17,474)	8,726	-50%	(17,099)	(26,860)	9,761	-36%
Taxation	(115)	(282)	167	-59%	(165)	(392)	227	-58%
<b>Loss for the period</b>	(8,863)	(17,756)	8,893	-50%	(17,264)	(27,252)	9,988	-37%
<b>Items that are or may be classified subsequently to profit or loss</b>								
Exchange translation differences for foreign operations	(18)	12	(30)	-250%	(18)	(44)	26	-59%
<b>Total comprehensive loss for the period</b>	(8,881)	(17,744)	8,863	-50%	(17,282)	(27,296)	10,014	-37%
<b>Loss for the period attributable to:</b>								
Owners of the parent	(8,894)	(17,725)	8,831	-50%	(17,257)	(27,508)	10,251	-37%
Non-controlling interests	31	(31)	62	-200%	(7)	256	(263)	-103%
<b>Total comprehensive loss attributable to:</b>	(8,863)	(17,756)	8,893	-50%	(17,264)	(27,252)	9,988	-37%
<b>Loss for the period attributable to:</b>								
Owners of the parent	(8,912)	(17,713)	8,801	-50%	(17,275)	(27,552)	10,277	-37%
Non-controlling interests	31	(31)	62	-200%	(7)	256	(263)	-103%
<b>Loss per share</b>								
Basic loss per share (sen)	(6.44)	(13.19)	7	-51%	(12.49)	(20.48)	8	-39%
Diluted loss per share (sen) *	-	-	-	-	-	-	-	-

\* The Group does not have any dilutive potential ordinary shares as the market price of the share was lower than the exercise price. As a result, these warrant are anti-dilutive in nature and have not been considered in the computation of diluted earnings per share.

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 2016.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	←----- 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	Share premium RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000			
At 1 January 2017	53,697	20,803	5,438	9,960	370	(42,547)	47,721	1,294	49,015
Loss for the financial period	-	-	-	-	-	(17,257)	(17,257)	(7)	(17,264)
Foreign exchange translation reserve	-	-	-	-	(18)	-	(18)	-	(18)
Transactions with owners:									
Conversion of ICULS	1,560	(1,603)	143	-	-	-	100	-	100
Transfer to share capital pursuant to Companies Act 2016	5,581	-	(5,581)	-	-	-	-	-	-
At 31 December 2017	<u>60,838</u>	<u>19,200</u>	<u>-</u>	<u>9,960</u>	<u>352</u>	<u>(59,804)</u>	<u>30,546</u>	<u>1,287</u>	<u>31,833</u>
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	-	-	-	-	-	(27,508)	(27,508)	256	(27,252)
Foreign exchange translation reserve	-	-	-	-	(44)	-	(44)	-	(44)
Transactions with owners:									
Conversion of ICULS	503	(516)	45	-	-	-	32	-	32
Acquisition of equity interest in subsidiary company	-	-	-	-	-	(28)	(28)	4	(24)
At 31 December 2016	<u>53,697</u>	<u>20,803</u>	<u>5,438</u>	<u>9,960</u>	<u>370</u>	<u>(42,547)</u>	<u>47,721</u>	<u>1,294</u>	<u>49,015</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 2016.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	<b>Current Year To Date 31/12/2017 RM'000</b>	<b>Corresponding Year To Date 31/12/16 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(17,099)	(26,860)
Adjustments for:		
Bad debts recovered	-	(2)
Fair value gain of investment properties	-	(250)
Depreciation of property, plant and equipment	3,815	3,819
Loss on disposal of property, plant and equipment	-	360
Impairment loss on property, plant and equipment	2,650	14,487
Impairment loss on receivable	-	-
Impairment loss on goodwill	-	3,411
Finance cost	2,174	2,245
Finance income	-	(90)
Property, plant and equipment written off	-	179
Inventories written-off	-	48
Inventories written down	-	46
Unrealised gain on foreign exchange	-	(243)
Operating loss before changes in working capital	<u>(8,460)</u>	<u>(2,850)</u>
Changes in working capital:		
Receivables	26,751	6,349
Inventories	5,651	5,322
Payables	(12,992)	970
Cash generated from operations	<u>10,950</u>	<u>9,791</u>
Interest paid	(2,174)	(2,245)
Tax paid	(123)	(405)
Net cash generated from operating activities	<u>8,653</u>	<u>7,141</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Withdrawal of pledged fixed deposits	2,933	340
Placement of pledged fixed deposits	-	(140)
Interest received	-	2
Proceeds from disposal of property, plant and equipment	-	643
Acquisition of property, plant and equipment	-	(1,405)
Acquisition of subsidiaries companies	-	(25)
Net cash generated from/(used in) investing activities	<u>2,933</u>	<u>(585)</u>
Balance carried forward	<u>11,586</u>	<u>6,556</u>

	<b>Current Year To Date RM'000</b>	<b>Corresponding Year To Date RM'000</b>
Balance brought forward	11,586	6,556
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment from bankers acceptance	(11,080)	(6,798)
Payment of finance lease liabilities	(689)	(1,273)
Repayment of term loans	(1,624)	(1,770)
Net cash used in financing activities	(13,393)	(9,841)
Effects of exchange translation differences on cash and cash equivalents	-	(145)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,807)</b>	<b>(3,430)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>(661)</b>	<b>2,769</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>(2,468)</b>	<b>(661)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the end of the financial period comprise:		
Fixed deposits with licensed bank	119	2,912
Cash and bank balances	1,283	2,855
Bank overdrafts	(3,750)	(3,515)
	<b>(2,348)</b>	<b>2,252</b>
Less: Fixed deposit pledged with licensed banks	(119)	(2,912)
	<b>(2,467)</b>	<b>(660)</b>

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 2016.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED 31 DECEMBER 2017**

**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 2016. 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 2016.

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 2017. 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
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 was no unusual items of significant size or nature recorded during 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.

### 8. DIVIDEND PAID

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

### 9. SEGMENTAL INFORMATION

The segmental information for the 12 months ended is as follows:

	<b>Manufacturing</b>	<b>Trading</b>	<b>Automation</b>	<b>Investment Holding</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>						
External revenue	49,395	165	-	-	-	48,998
Inter-segment revenue	7,736	628	-	1,218	-	9,582
Segment revenue	<u>57,131</u>	<u>793</u>	<u>-</u>	<u>1,218</u>	<u>-</u>	<u>58,580</u>
<b>Results</b>						
Operating loss	(6,372)	(1,500)	(1,658)	(5,297)	(98)	(14,925)
Net finance cost	(849)	(656)	(318)	(351)	-	(2,174)
Income tax expense	(21)	(64)	-	(80)	-	(165)
Loss after tax	<u>(7,242)</u>	<u>(2,220)</u>	<u>(1,976)</u>	<u>(5,728)</u>	<u>(98)</u>	<u>(17,264)</u>



## **10. SIGNIFICANT EVENTS DURING THE CURRENT QUARTER**

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

## **11. VALUATION OF INVESTMENT PROPERTY**

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

## **12. CHANGES IN COMPOSITION OF THE COMPANY**

There were no changes in the composition of the Group for the financial period under review.

## **13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

## **14. CHANGES IN MATERIAL LITIGATION**

- a. On 7 April 2017, Ire-Tex Corporation Berhad (“ITCB”) filed Writ and Statement of Claim against Tey Por Yee, Lim Chye Guan, Future Rank Sdn. Bhd (“FRSB”), Mohd Zamzuri Bin Zakaria and Musa Bin Abu Bakar in the High Court of Malaya at Kuala Lumpur (Civil suit no. WA-22NCC-122-04/2017).

ITCB’s claim against the defendants is for the wrongful payment of RM11.5 million made by ITCB to FRSB through the alleged collaboration of the other defendants. ITCB is claiming for damages, interests and costs against the defendants.

On 4 December 2017, ITCB discontinued the claim against the defendants where cost is to be agreed upon, as per the Bursa announcement made on 4.12.2017.

- b. On 28 June 2017, ITCB filed a Writ and Statement of Claim against Tey Por Yee and 19 others (Kuala Lumpur High Court Civil Suit No.WA-22NCC-244-06/2017).

ITCB’s claim against the defendants is for, among others, collaborations to injure ITCB, breach of duty of care, and breach of the Rules on Takeovers, Mergers and Compulsory Acquisitions, and Capital Markets and Services Act 2007. ITCB is claiming for declaratory reliefs, specific reliefs, damages, interests and costs against the defendants.

On 24 August 2017, the Kuala Lumpur High Court dismissed ITCB’s application for injunction against certain defendants to restrain them from exercising their voting rights on the basis that there was no serious issue to be tried and damages is adequate remedy. ITCB has since appealed against this decision.

On 15 December 2017, ITCB discontinued the claim against the defendants where costs are to be agreed upon as per the Bursa announcement made on 15.12.2017.

- c. On 3 July 2017, Teh Eng Huat (“TEH”) and Khoo Hun Sniah (“KHS”) filed a Writ and Statement of Claim against Tey Por Yee and 7 others (Kuala Lumpur High Court Civil Suit No. WA-22NCC-262-07/2017). ITCB has been named as the 8<sup>th</sup> Defendant.

The Plaintiffs’ claim against the defendants is for, among others, breach of duty of care, and breach of Rules on Takeovers, Mergers and Compulsory Acquisitions, and Capital Markets and Services Act 2007, The Plaintiffs are claiming for declaratory reliefs, specific reliefs, damages, interests and costs against and 1<sup>st</sup> to 7<sup>th</sup> Defendants.

On 24 August 2017, the Kuala Lumpur High Court dismissed the Plaintiffs’ application for injunction against certain defendants to restrain them from exercising their voting rights on the basis that there was no serious issue to be tried and damages is adequate remedy. The Plaintiffs’ appealed against the decision but was ultimately withdrawn.

On 5 January 2018, TEH and KHS discontinued the claim against ITCB with no orders as to costs.

- d. On 1 August 2017, Ire-Tex Malaysia Sdn Bhd (“ITM”) filed a Writ and Statement of Claim against OGL Asia Resources, Kong Hon Kay, Christopher Purcell and Lai Soon Ong in the High Court of Malaya at Kuala Lumpur (Civil suit no. WA-22NCC-314-07/2017).

The claim is for a sum of RM1.8 million which was payments made to OGL by the other defendants who were officers of the Company in breach of their duties to the ITM during the material time. ITM is claiming damages, interest and costs against the defendants.

On 8 February 2018, ITM discontinued the claim against the defendants where cost is to be agreed upon, as per Bursa announcement made on 9.2.2018.

- e. On 16 June 2017, Hong Light Electrical (M) Sdn Bhd (“HL”) obtained an adjudication award against Ire-Tex Paper Packaging Sdn Bhd (“ITPP”) for the sum of RM501,000.00.

This adjudication award was registered in the High Court on 8 August 2017 by HL.

On 2 November 2017, HL sought to enforce the adjudication award by way of a Writ of Seizure and Sale (Alor Setar High Court Case No.37WS-03-09/2017).

On 15 November 2017, ITPP entered into a consent judgment with HL in the Penang High Court (Case No.PA-37WS-23-09/2017) for the payment of RM501,000.00 without prejudice to ITPP’s right to refer the dispute between ITPP and HL to final determination in arbitration and/or in court and without admission to liability of claim in the adjudication.

On 26 January 2018, ITPP has fulfilled all its obligations under the consent judgment. The matter is therefore at an end.

#### 14. CHANGES IN MATERIAL LITIGATION

- f. On 16 June 2017, Stoppani Systems Sdn Bhd (“SS”) obtained a judgment against Zoomic Technology (M) Sdn Bhd (“ZT”) for a total sum of RM313,100.00 and the return of a transformer and all related components to SS.

On 27 October 2017, SS sought to enforce the judgment by filing an Originating Summons in the Penang High Court (Case No.PA-24NCVC-930-10/2017) for an order for sale against ZT’s two immovable properties.

This matter is currently at case management stage in the Penang High Court.

- g. On 2 November 2017, ITCB filed a Writ and Statement of Claim against Teh Eng Huat and Khoo Hun Sniah in the Penang High Court (Case No.PA-22NCVC-216-11/2017).

ITCB’s claim against the defendants is for breach of a Sale and Purchase Agreement dated 18 November 2013 between ITCB and the defendants. ITCB is seeking, among others, payment of RM5,052,088.80 against the 1st Defendant and RM1,263,022.20 against the 2nd Defendant. ITCB is also seeking interests and costs against the Defendants.

There are a number of interlocutory applications filed by both parties currently pending in the Penang High Court which is at case management stage.

- h. On 27 November 2017, Zoomic Technology (M) Sdn. Bhd. (“ZTSB”) filed an application to set-aside the Notice of Discontinuance dated 4 April 2017 and the Order dated 17 April 2017 in the Penang High Court Civil Suit No. PA-22NCVC-186-09/2016 between ZTSB against Teh Eng Huat (“TEH”).

This suit which was previously discontinued concerns a claim by ZTSB against TEH for wrongful payment of RM3 million made from ZTSB to TEH in November 2014.

The matter is currently at case management stage at the Penang High Court.

## 15. REVIEW OF GROUP PERFORMANCE

a) Comparison with corresponding quarter in the previous year

	<b>Q4 2017</b>	<b>Q4 2016</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>			
- Manufacturing	9,638	32,059	(22,421)
- Trading	-	40	(40)
- Automation	-	-	-
- Investment Holding	-	-	-
<b>Total</b>	<u>9,638</u>	<u>32,099</u>	22,461
<b>Profit/(Loss) Before Tax</b>			
- Manufacturing	(2,818)	(12,445)	9,627
- Trading	(1,500)	(877)	(623)
- Automation	(832)	440	(1,272)
- Investment Holding	(3,529)	(4,583)	1,054
- Others	(69)	(9)	(60)
<b>Total</b>	<u>(8,748)</u>	<u>(17,474)</u>	8,726

The Group's revenue for the current quarter had reduced by RM22.46 million or 70% to RM9.64 million as compared to RM32.1 million in the corresponding quarter in the previous year. The reduced of revenue in current quarter was mainly due to the manufacturing division has lost a few of its main customers during the year.

The Group recorded a loss before tax of RM8.75 million in the current quarter as compare to loss before tax of RM17.47 million in the corresponding quarter in the previous year. The result was mainly due to losses suffered by manufacturing division where the sale has significantly dropped by RM22.46 million. Furthermore, the significant increase in raw material costs and demand on material in the market has given a major impact to the group. As a result, manufacturing division has suffered losses at RM8.75 million in the current quarter.

Manufacturing division recorded a RM12.45 million losses in corresponding quarter in previous year is mainly due to an impairment loss of RM14.5 million in regards to the capital work in progress incurred by the company.

For the investment holding division, the loss for the current quarter recorded by RM3.5 million compared to RM4.6 million in the corresponding quarter in the previous year mainly due to reduction on staff cost and professional fees.

## b) Comparison with preceding quarter

	<b>Q4 2017</b>	<b>Q3 2017</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>			
- Manufacturing	9,638	8,596	1,042
- Trading	-	475	(475)
- Automation	-	19	(19)
<b>Total</b>	<u>9,638</u>	<u>9,090</u>	548
<b>Profit/(Loss) Before Tax</b>			
- Manufacturing	(2,818)	(1,319)	(1,499)
- Trading	(1,500)	340	(1,840)
- Automation	(832)	(305)	(527)
- Investment Holding	(3,529)	(665)	(2,864)
- Others	(69)	(5)	(64)
<b>Total</b>	<u>(8,748)</u>	<u>(1,954)</u>	(6,794)

The Group's revenue for the current quarter recorded marginal increase of RM0.5 million to RM9.6 million as compared to RM9.1 million in the preceding quarter. The increase in the revenue is mainly due the new management managed to secured the lost customers in the preceding quarter. Furthermore, the management was able to pass the increase in the raw material prices to the customers.

The Group recorded a loss before tax of RM8.7 million in the current quarter as compare to loss before tax of RM1.9 million in the preceding quarter. The significant increase in losses in the 4<sup>th</sup> quarter is mainly due to writing off of certain assets which were idle amounting to approximately RM2.6 million, accruals/payment of professional fees such as legal, audit and other provisions made.

For manufacturing division, the revenue for the current quarter increased by RM1 million to RM9.6 million as compared to RM8.6 million in the preceding quarter. The division recorded a loss before taxation of RM2.8 million in the current quarter as compared to RM1.3 million in the preceding quarter. This is resulted from the impairment made on the property, plant and equipment of RM2.6 million. Marginal losses incurred in manufacturing division of approximately RM0.2 million resultants from the increased in paper prices in the previous quarter spilled over to the current quarter.

For automation division, there is no revenue recorded in the current quarter whilst the preceding quarter revenue was RM19,000. The division recorded a loss before taxation of RM0.8 million as compared to loss before taxation of RM0.3 million in the preceding quarter.

For the investment holding division, the loss for the current quarter recorded at RM3.5 million as compare to RM0.67 million in preceding quarter mainly due to higher professional fees incurred during the current quarter such as legal fee, audit fee and etc.

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.

## 16. PROSPECT FOR THE FINANCIAL YEAR

Revenue for the manufacturing division is expected to improve gradually as the company is targeting to recover loss customers and securing new businesses through strategic collaboration with selected vendors. Expectation is an increasing trend of the Group's turnover.

The Group will also continue its restructuring program thru assets monetisation and assets utilisation to improve assets yields and values.

## 17. PROFIT FORECAST OR PROFIT GUARANTEE

This is not applicable to the Group as the group did not publish any profit forecast.

## 18. 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	(115)	(165)

## 19. 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	3,580	10,191	13,771
Overdraft	3,750	-	3,750
Banker's acceptance	6,899	-	6,899
Hire purchase	957	864	1,821
<b>Unsecured</b>			
ICULS – liability component	-	331	331
<b>Total</b>	<u>15,186</u>	<u>11,386</u>	<u>26,572</u>

## 20. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

## 21. DIVIDEND PAYABLE

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

## 22. EARNINGS PER SHARE

### (a) Basic

	<b>Individual Period 3 months ended 31/12/17</b>	<b>Individual Period 3 months ended 31/12/16</b>	<b>Cumulative Period 12 months ended 31/12/17</b>	<b>Cumulative Period 12 months ended 31/12/16</b>
Loss attributable to owners of the parent (RM'000)	(8,894)	(17,725)	(17,257)	(27,508)
Weighted average number of ordinary shares in issue ('000)	138,142	134,335	138,142	134,335
Loss per share (sen)	(6.44)	(13.19)	(12.49)	(20.48)

### (b) Diluted

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

## 23. 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 31/12/2017 RM'000</b>	<b>Group 31/12/2016 RM'000</b>
Total accumulated losses of the Company and its subsidiaries companies:		
- Realised	(73,100)	(52,972)
- Unrealised	(351)	(1,698)
	(73,451)	(54,670)
Less: Consolidation adjustment	13,647	12,123
Accumulated losses	(59,804)	(42,547)

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.