

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

Fourth Quarter Results
Period ended
31 December 2016

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	55,112	38,366	185,523	137,441
Other income	2,388	(2,428)	3,320	4,932
Changes in inventories of finished goods and work-in-progress	(1,973)	(1,562)	(1,093)	1,128
Raw materials used	(19,668)	(15,648)	(75,844)	(59,590)
Employee benefits	(11,967)	(6,707)	(40,791)	(28,196)
Depreciation of property, plant and machinery	(2,249)	(1,766)	(7,499)	(6,328)
Other operating expenses	(13,078)	(7,357)	(38,911)	(27,800)
Finance costs	(809)	(183)	(2,093)	(803)
Profit before tax	7,756	2,715	22,612	20,784
Tax expenses (Note B6)	(553)	(419)	(5,721)	(5,791)
Profit for the period	7,203	2,296	16,891	14,993
Other Comprehensive Income				
Exchange differences on Translating foreign operations	429	(363)	153	1,677
Total Comprehensive Income For the period	7,632	1,933	17,044	16,670
Profit after tax attributable to:				
Owners of the Company	6,699	1,834	15,155	12,692
Non-Controlling Interest	504	462	1,736	2,301
	7,203	2,296	16,891	14,993
Total Comprehensive Income attributable to:				
Owners of the Company	7,128	1,471	15,308	14,369
Non-Controlling Interest	504	462	1,736	2,301
	7,632	1,933	17,044	16,670

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 – CONTINUED**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Earnings per share (Sen)				
Basic (Note B14)	8.71	2.38	19.71	15.59
	=====	=====	=====	=====
Diluted (Note B14)	6.31	1.92	14.36	13.12
	=====	=====	=====	=====

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	<u>Unaudited</u> 31 Dec 2016 RM'000	<u>Audited</u> 31 Dec 2015 RM'000
ASSETS		
Non-Current Assets		
Investment in associates	947	-
Property, plant and equipment	82,501	44,554
Goodwill on consolidation	31,195	28,726
	-----	-----
	114,643	73,280
	-----	-----
Current Assets		
Inventories	23,380	16,473
Trade receivables	43,794	24,139
Other receivables, deposits and prepayments	3,413	2,112
Tax recoverable	639	483
Fixed deposits with licensed banks	2,226	2,241
Cash and bank balances	11,604	17,843
	-----	-----
	85,056	63,291
	-----	-----
Total Assets	199,699	136,571
	=====	=====
EQUITY AND LIABILITIES		
Equity		
Share capital	40,000	40,000
Share premium	5,593	5,593
Treasury shares	(1,843)	(1,843)
Redeemable convertible preference shares	13,738	13,738
Foreign exchange translation reserves	2,592	2,439
Retained earnings	24,971	14,744
	-----	-----
Total Equity Attributable to Owners of the Company	85,051	74,671
Non-controlling interest	5,576	13,566
	-----	-----
	90,627	88,237
	-----	-----
Non-Current Liabilities		
Long term borrowings (Note B10)	31,958	4,094
Redeemable convertible preference shares	2,836	3,568
Deferred taxation	3,753	3,220
	-----	-----
	38,547	10,882
	-----	-----

GE-SHEN CORPORATION BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2016 – CONTINUED**

	<u>UNAUDITED</u> 31 Dec 2016 RM'000	<u>AUDITED</u> 31 Dec 2015 RM'000
Current Liabilities		
Trade payables	24,204	17,460
Other payables and accruals	20,921	9,493
Short-term borrowings (Note B10)	23,785	8,261
Tax payables	1,615	2,238
	-----	-----
	70,525	37,452
	-----	-----
Total Liabilities	109,072	48,334
	-----	-----
Total Equity and Liabilities	199,699	136,571
	=====	=====
Net Assets per Ordinary Share		
Attributable to Owners of the Company (RM)	1.11	0.97
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	Current Year to Date 31 Dec 2016 RM'000	Preceding Year Corresponding Period 31 Dec 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,612	20,784
Adjustments for:		
Bad debts written off	2	129
Depreciation of property, plant and equipment	7,499	6,328
Impairment loss on deposit	-	418
Interest expense	2,093	697
Inventories written off	-	243
Property, plant and equipment written off	-	187
Loss on disposal of property, plant and equipment	30	63
Gain on foreign exchange – unrealised	(1,841)	(1,680)
Reversal of inventory written down	-	(323)
Interest income	(100)	(114)
Share of results of associates	(80)	-
	-----	-----
Operating profit before working capital changes	30,215	26,732
Decrease/(Increase) in inventories	580	(2,794)
Increase in trade and other receivables	(11,855)	(110)
Increase in trade and other payables	14,338	2,572
	-----	-----
CASH FLOWS FROM OPERATIONS	33,278	26,400
Interest paid	(1,835)	(470)
Tax paid	(7,926)	(7,451)
Tax refund	129	124
	-----	-----
NET CASH FROM OPERATING ACTIVITIES	23,646	18,603
	-----	-----
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	(13,071)	(32,988)
Interest income received	100	114
Proceeds from disposal of property, plant and equipment	28	212
Purchase of interest in a subsidiary	(18,330)	-
Purchase of property, plant and equipment	(25,463)	(2,313)
	-----	-----
NET CASH FOR INVESTING ACTIVITIES	(56,736)	(34,975)
	-----	-----

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 – CONTINUED**

	Current Year to Date 31 Dec 2016 RM'000	Preceding Year Corresponding Period 31 Dec 2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in pledges fixed deposits	(43)	289
Dividend paid to non-controlling interest	(875)	(334)
Drawdown/(Repayment) of term loans	22,849	(78)
Net drawdown of other short-term bank borrowings	743	1
Net proceeds from issuance of RCPS	-	18,000
Net repayment to Directors	-	(5)
Repayment of hire purchase obligations	(2,110)	(1,778)
Dividend paid to RPCS holders	(990)	-
	-----	-----
NET CASH FROM FINANCING ACTIVITIES	19,574	16,095
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,516)	(277)
EFFECT OF CHANGES IN EXCHANGE RATES	851	1,134
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	17,564	16,707
	-----	-----
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	4,899	17,564
	=====	=====

Cash and cash equivalents included in the cash flows statement comprise of the followings:

	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Fixed deposits with licensed banks	2,226	2,241
Cash and bank balances	11,604	17,843
Bank overdrafts	(7,288)	(921)
Less: Fixed deposits pledged to licensed banks	(1,643)	(1,599)
	-----	-----
	4,899	17,564
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

	<-----Non-Distributable----->					Distributable		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Redeemable Convertible Preference Share RM'000	Foreign Exchange Translation Reserve RM'000	Retained Earnings RM'000	Total Attributable to Owners of the Company RM'000		
As at 1 January 2015	40,000	5,593	(1,843)	-	762	2,052	46,564	-	46,564
Profit for the period	-	-	-	-	-	12,692	12,692	2,301	14,993
Other comprehensive income:									
- Foreign currency translation differences	-	-	-	-	1,677	-	1,677	-	1,677
Acquisition of subsidiaries	-	-	-	-	-	-	-	11,390	11,390
Dividends to non-controlling interest	-	-	-	-	-	-	-	(125)	(125)
Equity component of redeemable convertible preference share	-	-	-	13,738	-	-	13,738	-	13,738
As at 31 December 2015	40,000	5,593	(1,843)	13,738	2,439	14,744	74,671	13,566	88,237
As at 1 January 2016	40,000	5,593	(1,843)	13,738	2,439	14,744	74,671	13,566	88,237
Profit for the period	-	-	-	-	-	15,155	15,155	1,736	16,891
Other comprehensive income:									
- Foreign currency translation differences	-	-	-	-	153	-	153	-	153
Dividends to non-controlling interest	-	-	-	-	-	-	-	(875)	(875)
Contribution by non-controlling interest of a subsidiary company	-	-	-	-	-	-	-	4,549	4,549
Arising from acquisition of additional interest of a subsidiary	-	-	-	-	-	(4,928)	(4,928)	(13,400)	(18,328)
As at 31 December 2016	40,000	5,593	(1,843)	13,738	2,592	24,971	85,051	5,576	90,627

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD

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A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134

A1. Basis of Preparation

Statement of compliance

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015. These explanatory 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 position and performance of the Group since the year ended 31 December 2015.

Significant accounting policies

- (a) The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the preparation of the financial statements of the Group for the financial year ended 31 December 2015.
- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

MFRSs and Interpretations	Effective for financial periods beginning on or after
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
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107 Disclosure Initiatives	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018

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A1. Basis of Preparation – continued

Significant accounting policies – continued

MFRSs and Interpretations	Effective for financial periods beginning on or after
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
<i>* Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.</i>	

A2. Seasonality or Cyclicity Factors

The Group's operations experience certain seasonality or cyclicity that is common in the industry of which the Group operates in.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter, there were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence except those that are disclosed in B16.

A4. Change in Estimates

There were no changes in estimates of amounts reported in prior interim period that have a material effect on the results for the quarter.

A5. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

During the quarter, there were no issuance and repayment of debts and equity securities, share buy-backs, shares cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

A6. Dividend Paid

There was no dividend paid during the quarter under review.

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A7. Segmental Reporting

The Group is organised into the two main geographical segments and operating in manufacturing of plastic moulded products and components. The segmental information has been presented as follows:

(a) By Geographical Segment**Current Quarter**

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 Dec 2016				
Revenue				
- sales to external parties	47,337	7,775	-	55,112
- inter-segment sales	36	-	(36)	-
Total revenue	47,373	7,775	(36)	55,112
Segment results	9,324	(720)	(39)	8,565
Finance costs				(809)
Profit before taxation				7,756

Preceding Quarter

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 30 Sep 2016				
Revenue				
- sales to external parties	47,892	6,158	-	54,050
- inter-segment sales	30	-	(30)	-
Total revenue	47,922	6,158	(30)	54,050
Segment results	9,895	(468)	(32)	9,395
Finance costs				(646)
Profit before taxation				8,749

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A7. Segmental Reporting – continued**(a) By Geographical Segment – continued****Preceding Year Corresponding Quarter**

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 Dec 2015				
Revenue				
- sales to external parties	31,931	6,435	-	38,366
- inter-segment sales	2,532	-	(2,532)	-
Total revenue	34,463	6,435	(2,532)	38,366
Segment results	3,776	(357)	(521)	2,898
Finance costs				(183)
Profit before taxation				2,715

(b) By Industry Segment

Industrial segmental information is not applicable.

A8. Material Events Subsequent to the End of the Quarter Under Review

There was no material event subsequent to the end of the quarter that has not been reflected in the interim financial statements.

A9. Changes in the Composition of the Group

There are no material changes in the composition of the Group for the current financial period ended 31 December 2016 other than as follows:

- (a) The Group have acquired the remaining 25% equity interest in Polyplas Sdn. Bhd. for a consideration of RM18.3 million which resulted in decrease of Non-Controlling Interest of RM13.4 million and retained earnings of RM4.9 million.

In accordance to MFRS10 Paragraph 23, the acquisition is treated as a treasury transactions and accounted for in equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

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A9. Changes in the Composition of the Group – continued

- (b) The Group have acquired 70% equity interest in Demand Options Sdn. Bhd. (“DOSB”) for a total consideration of RM13 million.

The fair value of the identifiable net assets of DOSB at the date of acquisition were:-

	RM’000
Fair value of identifiable net assets acquired	15,081
Less: Non-controlling interests	(4,549)
Add: Goodwill on acquisition	2,468

Total purchase consideration	13,000
Cash and cash equivalents acquired	71

Net cash outflow for acquisition of a subsidiary	13,071
	=====

The acquired subsidiary has contributed the following results to the Group:-

	RM’000
Revenue	17,861
Profit after taxation	3,425
	=====

If the acquisition had taken place at the beginning of the financial period, the Group’s revenue and profit after taxation from continuing operations would have been RM206.15 million and RM17.65 million respectively.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter except for the company provided corporate guarantee of RM57.82 million to subsidiary companies and RM35.25 million was utilised as at 31 December 2016.

A11. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements are as follows:

	<u>Unaudited</u> 31 Dec 2016 RM’000	<u>Audited</u> 31 Dec 2015 RM’000
Approved and contracted for:		
Purchase of property, plant and equipment	1,051	2,745
	=====	=====
Approved but not contracted for:		
Purchase of property, plant and equipment	629	335
	=====	=====

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A12. Related Party Transactions

Significant transactions between the Company and related parties are as follows:

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>	<u>31 Dec</u> <u>2015</u> <u>RM'000</u>	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>	<u>31 Dec</u> <u>2015</u> <u>RM'000</u>
Transaction with related parties:				
Purchase of components	482	76	993	154
Transport charges	14	23	83	92
Rental of premises	177	227	638	209
Sales of goods	655	(6)	1,050	110
	=====	=====	=====	=====

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Group's Results for the Quarter Ended 31 December 2016

The group achieved revenue of RM55.11 million for the quarter ended 31 December 2016 as compared to RM38.37 million reported in the corresponding quarter last year which represents an increase of 44%. The higher revenue was contributed from the newly acquired subsidiary as disclosed in Note A9 and business development efforts through increase in sales volume from certain existing customers and new customers.

The Group has reported a significant increase in profit before taxation of RM7.76 million for the current period from RM2.72 million in the corresponding period last year. The substantial growth in profit before taxation was mainly due to higher revenue recorded and effective cost management.

B2. Variation of Results Against Preceding Quarter

Against the preceding quarter, the Group's revenue has increased by RM1.06 million from RM54.05 million in the preceding quarter to RM55.11 million this quarter. The increase in revenue had been a result of higher than expected revenue contribution from existing and new customers, defying the typically seasonal lower revenue trend in the 4Q.

The Group's profit before taxation was decreased by 11.4% from RM8.75 million in the immediate preceding quarter to RM7.75 million for the current period.

B3. Prospects of the Group

The Management anticipates that the recent political and policy adjustments in major economies of the world will result in greater uncertainties in the overall operating environment of our business, including volatility in the foreign exchange rates.

However, the recent announcement and implementation of the Financial Market Stabilisation Measures has resulted in more customer contracts being negotiated in Ringgit terms. The immediate impact of this policy has yet to be seen, but we anticipate that there would be much less volatility in the translation and conversion of foreign exchange to the Ringgit moving forward and this will result in less foreign exchange gain and/or loss.

Over the longer term, we foresee that there may be increased cost pressures to our business, specifically imported wage-inflation and possibly increase in financing cost.

To this end, the Management continues to focus on business development activities and is continuously trying to grow revenues from existing and new customers. The drive to continually increase our capabilities and capacities across all subsidiaries in the group will benefit the Group's overall prospect and allow for the achievement of economies of scale. Having acquired land and buildings in our subsidiaries in Ge-Shen Plastic Sdn Bhd in Johor, Malaysia and Ge-Shen Vietnam Co. Ltd in Hai Phuong, Vietnam (which were both completed in 4Q2016), the Management is also focusing on construction and/or renovation of the said facilities and anticipate that upon completion of such facilities, selective CAPEX into new manufacturing capacities will be implemented to generate revenues.

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B3. Prospects of the Group – continued

On top of increasing Revenues, the Group is working towards a culture of embracing technology, including the implementation of better enterprise resource planning (ERP) and manufacturing execution system (MES). This will improve data capture, allow for better analytics and contribute to improve of overall efficiencies and productivity. Robotics and automation continues to be on the agenda to ensure that wage-inflation is mitigated.

The Group is also set to allocating and rewarding its employees with the Employee Share Option Scheme (“ESOS”) which is designed to ensure that performing and contributing employees will be aligned and rewarded as the company continues to grow. While the implementation of an ESOS will have a certain cost or expense to the Group and dilution to existing shareholders, the Management and Board anticipates that with such alignment and reward, the benefit shall outweigh the associated cost.

B4. Profit Forecast

The Group did not publish any profit forecast during the quarter.

B5. Explanation Note on Profit Forecast

Not Applicable.

B6. Tax Expense

Tax expense comprises of the followings:

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>	<u>31 Dec</u> <u>2015</u> <u>RM'000</u>	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>	<u>31 Dec</u> <u>2015</u> <u>RM'000</u>
In respect of the current period:				
Income tax	1,715	1,315	6,633	6,268
Deferred tax	(625)	(852)	(375)	(382)
	-----	-----	-----	-----
	1,090	463	6,258	5,886
In respect of the prior year:				
Income tax	(269)	(49)	(269)	(100)
Deferred tax	(268)	5	(268)	5
	-----	-----	-----	-----
Tax expense	=====	=====	=====	=====
	553	419	5,721	5,791

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B7. Sale of Unquoted Investments, or Properties

There was no disposal of unquoted investments, or properties during the quarter.

B8. Purchase or Disposal of Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter.

B9. Corporate Proposals

The following are the corporate proposals that have been announced by the Company which are not yet completed as at 17 February 2017, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report:

- (a) Proposed establishment and implementation of an Employees' Share Option Scheme ("ESOS") for the eligible employees and eligible Executive Directors of Ge-Shen and its subsidiaries (excluding subsidiaries which are dormant).

The Proposed ESOS were approved by shareholders at the EGM held on 12 May 2016 and effective date of implementation is on 21 September 2016.

B10. Borrowings (Secured)

The Group's borrowings, all are repayable in Ringgit Malaysia and secured, as of the end of the quarter are as follows:

	<u>Unaudited</u> 31 Dec 2016 RM'000	<u>Audited</u> 31 Dec 2015 RM'000
Short term borrowings:		
Bankers' acceptance	8,391	5,490
Bank overdraft	7,289	921
Hire purchase payables	2,795	1,675
Term loans	5,310	175
	-----	-----
	23,785	8,261
	=====	=====
Long term borrowings:		
Hire purchase payables	5,347	2,220
Term loans	26,611	1,874
	-----	-----
	31,958	4,094
	-----	-----
	55,743	12,355
	=====	=====

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B12. Material Litigation

The directors do not have any knowledge of any proceedings pending or threatened against the Group as the date of this report.

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B13. Dividends

There was no dividend declared or proposed by the company for the current quarter ended 31 December 2016.

B14. Earnings per Share (EPS)**Basic earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Profit attributable to ordinary shareholders (RM'000)	6,699	1,834	15,155	11,988
Weighted average number of shares in issue ('000)*	76,908	76,908	76,908	76,908
Basic EPS (Sen)	8.71	2.38	19.71	15.59
	=====	=====	=====	=====

Diluted earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Profit attributable to ordinary shareholders (RM'000)	6,699	1,834	15,155	12,692
Impact of assumed conversion, interest on RCPS (RM'000)	43	53	194	227
	-----	-----	-----	-----
	6,742	1,887	15,349	12,919
	=====	=====	=====	=====
Weighted average number Of shares in issue ('000)	76,908	76,908	76,908	76,908
Weighted average number of new ordinary shares, assumption on conversion of the remaining RCPS ('000)	30,000	21,534	30,000	21,534
	-----	-----	-----	-----
	106,908	98,442	106,908	98,442
	=====	=====	=====	=====
Diluted EPS (Sen)	6.31	1.92	14.36	13.12
	=====	=====	=====	=====

Note:

* Upon deducting 3,092,000 treasury shares held by the company as at end of the quarter under review.

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B15. Audit Report

The auditors' report of the company for the financial year ended 31 December 2015 was not subject to any qualification.

B16. Notes to the Statement of Comprehensive Income

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>	<u>31 Dec</u> <u>2015</u> <u>RM'000</u>	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>	<u>31 Dec</u> <u>2015</u> <u>RM'000</u>
Profit before taxation is arrived at after crediting:				
Interest income	22	18	100	114
Gain on foreign exchange				
- realised	1,269	1,552	1,119	2,974
- unrealised	1,878	(1,914)	1,841	1,680
and charging:				
Allowance for impairment loss on deposits	-	105	-	105
Allowance for impairment loss on receivables	-	49	-	49
Bad debts written off	2	130	2	130
Depreciation of property, plant and equipment	2,249	1,765	7,499	6,328
Impairment loss on property, plant and equipment	-	418	-	418
Interest expense	810	77	2,093	697
Loss on disposal of property, plant and equipment	22	(5)	30	63
Plant and equipment written off	-	122	-	187
	=====	=====	=====	=====

Save as disclosed in the above, there were no gain/(loss) on disposal of quoted/unquoted investments, exceptional items, and other items required to be disclosed under the additional disclosure requirement for public listed companies that are listed on Main or Ace Markets of the Bursa Malaysia Securities Berhad.

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B17. Breakdown of Retained Profits

	<u>Unaudited</u> 31 Dec 2016 RM'000	<u>Audited</u> 31 Dec 2015 RM'000
Total retained profits:		
- realised	19,376	7,144
- unrealised	5,594	7,600
	----- 24,970 =====	----- 14,744 =====