



# **LION FOREST INDUSTRIES BERHAD** (82056-X)

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(Incorporated in Malaysia)

## **Interim Financial Report for the Second Quarter Ended 31 December 2016**

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(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2016

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

|  | Note  | 3 MONTHS ENDED       |                      | YEAR-TO-DATE ENDED   |                      |
|--|-------|----------------------|----------------------|----------------------|----------------------|
|  |       | 31.12.2016<br>RM'000 | 31.12.2015<br>RM'000 | 31.12.2016<br>RM'000 | 31.12.2015<br>RM'000 |
| Revenue  |       | 85,431               | 158,101              | 162,577              | 260,657              |
| Operating expenses   |       | (86,588)             | (156,466)            | (164,122)            | (259,148)            |
| Other operating income   |       | 3,450                | 4,272                | 6,323                | 7,905                |
| Profit from operations   |       | 2,293                | 5,907                | 4,778                | 9,414                |
| Finance costs  |       | (240)                | (200)                | (449)                | (411)                |
| Share in results of associated companies                         |       | (560)                | (776)                | (799)                | 123                  |
| Exceptional item   | 23(k) | -                    | -                    | (899)                | (353)                |
| Profit before tax  | 23    | 1,493                | 4,931                | 2,631                | 8,773                |
| Income tax expense   | 16    | (998)                | (1,833)              | (1,986)              | (3,312)              |
| Profit for the period  |       | 495                  | 3,098                | 645                  | 5,461                |
| Profit attributable to :   |       |                      |                      |                      |                      |
| - Owners of the Company  |       | 493                  | 3,000                | 640                  | 5,276                |
| - Non-controlling interests                                      |       | 2                    | 98                   | 5                    | 185                  |
| Profit for the period  |       | 495                  | 3,098                | 645                  | 5,461                |
| Earnings per share attributable to owners of the Company (sen) : | 21    |                      |                      |                      |                      |
| - Basic  |       | 0.22                 | 1.31                 | 0.28                 | 2.29                 |
| - Diluted  |       | 0.22                 | 1.31                 | 0.28                 | 2.29                 |

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)*

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(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | <u>3 MONTHS ENDED</u>       |                             | <u>YEAR-TO-DATE ENDED</u>   |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <u>31.12.2016</u><br>RM'000 | <u>31.12.2015</u><br>RM'000 | <u>31.12.2016</u><br>RM'000 | <u>31.12.2015</u><br>RM'000 |
| Profit for the period  | 495                         | 3,098                       | 645                         | 5,461                       |
| <u>Other comprehensive income/(loss)</u>   |                             |                             |                             |                             |
| <u>Items that will not be reclassified subsequently to profit or loss</u>                    | -                           | -                           | -                           | -                           |
| <u>Items that may be reclassified subsequently to profit or loss</u>                         |                             |                             |                             |                             |
| Foreign currency translation differences arising from foreign operations and other movements | 10,408                      | (6,810)                     | 14,892                      | 17,944                      |
| Net (loss)/gain on available-for-sale financial assets:                                      |                             |                             |                             |                             |
| - Fair value changes   | (7,047)                     | 106                         | (7,047)                     | 219                         |
| Other comprehensive income/(loss) for the period   | 3,361                       | (6,704)                     | 7,845                       | 18,163                      |
| Total comprehensive income/(loss) for the period   | <u>3,856</u>                | <u>(3,606)</u>              | <u>8,490</u>                | <u>23,624</u>               |
| Total comprehensive income/(loss) attributable to:   |                             |                             |                             |                             |
| - Owners of the Company  | 3,854                       | (3,339)                     | 8,485                       | 22,798                      |
| - Non-controlling interests  | 2                           | (267)                       | 5                           | 826                         |
|  | <u>3,856</u>                | <u>(3,606)</u>              | <u>8,490</u>                | <u>23,624</u>               |

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)*

**LION FOREST INDUSTRIES BERHAD (82056-X)**

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2016

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   | <u>Note</u> | <b>AS AT<br/>31.12.2016<br/>RM'000</b> | <b>AS AT<br/>30.6.2016<br/>RM'000</b> |
|---|-------------|--|---------------------------------------|
| <b>ASSETS</b>   |             |  |                                       |
| <b>Non-Current Assets</b>                                       |             |  |                                       |
| Property, plant and equipment                                   |             | 28,006                                 | 29,325                                |
| Investment properties   |             | 587                                    | 596                                   |
| Investment in associated companies                              |             | 35,433                                 | 33,945                                |
| Other investments   |             | 36,900                                 | 2,785                                 |
| Deferred tax assets   |             | 5,638                                  | 5,638                                 |
| Total Non-Current Assets  |             | <u>106,564</u>                         | <u>72,289</u>                         |
| <b>Current Assets</b>   |             |  |                                       |
| Inventories   |             | 13,777                                 | 15,085                                |
| Trade receivables   |             | 90,280                                 | 98,663                                |
| Other receivables and prepayments                               |             | 139,028                                | 126,415                               |
| Amount owing by immediate holding company                       |             | 105,051                                | 120,963                               |
| Amount owing by other related companies                         |             | 89,520                                 | 106,405                               |
| Tax recoverable   |             | 5,021                                  | 4,232                                 |
| Fixed deposits, cash and bank balances                          |             | 106,931                                | 103,930                               |
| Total Current Assets  |             | <u>549,608</u>                         | <u>575,693</u>                        |
| <b>Total Assets</b>   |             | <b><u>656,172</u></b>                  | <b><u>647,982</u></b>                 |
| <b>EQUITY AND LIABILITIES</b>                                   |             |  |                                       |
| <b>Capital and Reserves</b>                                     |             |  |                                       |
| Share capital   |             | 231,572                                | 231,572                               |
| Reserves  |             | 291,799                                | 283,734                               |
| Equity attributable to owners of the Company                    |             | <u>523,371</u>                         | <u>515,306</u>                        |
| Non-controlling interests                                       |             | 749                                    | 744                                   |
| Total Equity  |             | <u>524,120</u>                         | <u>516,050</u>                        |
| <b>Non-Current and Deferred Liabilities</b>                     |             |  |                                       |
| Hire-purchase payables  |             | 183                                    | 266                                   |
| Deferred tax liabilities  |             | 1,762                                  | 1,762                                 |
| Total Non-Current and Deferred Liabilities                      |             | <u>1,945</u>                           | <u>2,028</u>                          |
| <b>Current Liabilities</b>                                      |             |  |                                       |
| Trade payables  |             | 33,633                                 | 39,734                                |
| Other payables and accrued expenses                             |             | 65,657                                 | 62,096                                |
| Amount owing to other related companies                         |             | 5,130                                  | 4,882                                 |
| Hire-purchase payables  |             | 196                                    | 228                                   |
| Bank borrowings   | 18          | 24,774                                 | 22,321                                |
| Tax liabilities   |             | 717                                    | 643                                   |
| Total Current Liabilities                                       |             | <u>130,107</u>                         | <u>129,904</u>                        |
| <b>Total Liabilities</b>  |             | <b><u>132,052</u></b>                  | <b><u>131,932</u></b>                 |
| <b>Total Equity and Liabilities</b>                             |             | <b><u>656,172</u></b>                  | <b><u>647,982</u></b>                 |
| Net assets per share attributable to owners of the Company (RM) |             | <u>2.30</u>                            | <u>2.25</u>                           |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)

**LION FOREST INDUSTRIES BERHAD (82056-X)**

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(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|   | ← Attributable to owners of the Company → |                            |                              |                             |                                 | Total<br>RM'000 | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
|---|---|----------------------------|------------------------------|-----------------------------|---------------------------------|-----------------|--|---------------------------|
|   | Share<br>capital<br>RM'000                | Share<br>premium<br>RM'000 | Treasury<br>shares<br>RM'000 | Other<br>reserves<br>RM'000 | Accumulated<br>losses<br>RM'000 |                 |  |                           |
| <b><u>31 December 2016</u></b>                  |   |                            |                              |                             |                                 |                 |  |                           |
| At 1 July 2016                                  | 231,572                                   | 689,330                    | (1,857)                      | 45,574                      | (449,313)                       | 515,306         | 744  | 516,050                   |
| Total comprehensive<br>income for the<br>period | -   | -                          | -                            | 7,845                       | 640                             | 8,485           | 5  | 8,490                     |
| Purchase of treasury<br>shares (Note 5)         | -   | -                          | (420)                        | -                           | -                               | (420)           | -  | (420)                     |
| At 31 December 2016                             | 231,572                                   | 689,330                    | (2,277)                      | 53,419                      | (448,673)                       | 523,371         | 749  | 524,120                   |
| <b><u>31 December 2015</u></b>                  |   |                            |                              |                             |                                 |                 |  |                           |
| At 1 July 2015                                  | 231,572                                   | 689,330                    | (49)                         | 38,729                      | (72,120)                        | 887,462         | 24,375                                     | 911,837                   |
| Total comprehensive<br>income for<br>the period | -   | -                          | -                            | 17,522                      | 5,276                           | 22,798          | 826  | 23,624                    |
| Acquisition of<br>non-controlling<br>interests  | -   | -                          | -                            | -                           | 19                              | 19              | (24)                                       | (5)                       |
| Purchase of treasury<br>shares                  | -   | -                          | (1,368)                      | -                           | -                               | (1,368)         | -  | (1,368)                   |
| At 31 December 2015                             | 231,572                                   | 689,330                    | (1,417)                      | 56,251                      | (66,825)                        | 908,911         | 25,177                                     | 934,088                   |

*(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)*

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|  | YEAR-TO-DATE ENDED   |                      |
|--|----------------------|----------------------|
|  | 31.12.2016<br>RM'000 | 31.12.2015<br>RM'000 |
| <b>OPERATING ACTIVITIES</b>  |                      |                      |
| Profit before tax  | 2,631                | 8,773                |
| Adjustments for:   |                      |                      |
| Non-cash items   | 5,179                | 3,682                |
| Non-operating items  | (4,725)              | (6,240)              |
| Operating profit before changes in working capital   | 3,085                | 6,215                |
| Changes in working capital:  |                      |                      |
| Net changes in current assets  | 17,924               | (39,350)             |
| Net changes in current liabilities   | 3,404                | (1,640)              |
| Others   | (2,397)              | (5,954)              |
|  | 22,016               | (40,729)             |
| <b>INVESTING ACTIVITIES</b>  |                      |                      |
| Purchase of property, plant and equipment  | (557)                | (681)                |
| Decrease in amount owing by other related companies  | 20,000               | 37,000               |
| (Increase)/Decrease in cash at banks held under Escrow Account<br>and fixed deposits pledged | (2,072)              | 1,483                |
| Acquisition of quoted and unquoted shares  | (42,064)             | (850)                |
| Acquisition of non-controlling interests   | -                    | (5)                  |
| Interest received  | 1,554                | 2,100                |
| Proceeds from disposal of property, plant and equipment                                      | 441                  | 290                  |
| Dividend income received from an associated company  | 465                  | 452                  |
| Others   | 237                  | 380                  |
|  | (21,996)             | 40,169               |
| <b>FINANCING ACTIVITIES</b>  |                      |                      |
| Decrease in bank borrowings  | (97)                 | (745)                |
| Increase in amount owing to other related companies  | 248                  | 524                  |
| Purchase of treasury shares  | (420)                | (1,368)              |
| Others   | (562)                | (483)                |
|  | (831)                | (2,072)              |
| Net changes in cash and cash equivalents   | (811)                | (2,632)              |
| Effect of exchange differences   | 1,740                | 412                  |
| Cash and cash equivalents at beginning of the period   | 78,258               | 93,945               |
| Cash and cash equivalents at end of the period   | 79,187               | 91,725               |

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)*

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**1. Accounting policies and methods of computation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("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 30 June 2016. These explanatory notes 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 30 June 2016.

The significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2016 except for the adoption of the following MFRSs and Amendments to MFRSs effective for the financial period beginning 1 July 2016:

|  |   |
|--|---|
| MFRS 14  | Regulatory Deferred Accounts  |
| Amendments to MFRS 10,<br>MFRS 12 and MFRS 128 | Investment Entities: Applying the Consolidation Exception               |
| Amendments to MFRS 11                          | Accounting for Acquisition of Interests in Joint Operations             |
| Amendments to MFRS 101                         | Disclosure Initiative   |
| Amendments to MFRS 116 and<br>MFRS 138         | Clarification of Acceptable Methods of Depreciation and<br>Amortisation |
| Amendments to MFRS 116 and<br>MFRS 141         | Agriculture: Bearer Plants  |
| Amendments to MFRS 127                         | Equity Method in Separate Financial Statements                          |
| Amendments to MFRSs                            | Annual Improvement to MFRSs 2012-2014 Cycle                             |

The adoption of the abovementioned MFRSs and Amendments to MFRSs did not have material impact on the financial statements of the Group in the period of initial application.

**2. Comments about seasonal or cyclical factors**

The Group's performance is not affected by any material seasonal or cyclical factors.

**3. 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 financial year-to-date, except as disclosed in the Interim Financial Report.

**4. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter and financial year-to-date results.

**5. Debt and equity securities**

During the financial year-to-date, the Company repurchased a total of 797,500 ordinary shares of its issued ordinary shares from the open market at an average price of RM0.53 per share. The total consideration paid for the shares repurchased including transaction costs amounting to RM419,966 was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 31 December 2016, the number of treasury shares held were 3,745,000 shares.

Other than as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

**6. Dividend paid**

There were no dividends paid during the current quarter and financial year-to-date.

**7. Segmental information**

The Group's segmental report for the financial year-to-date was as follows :

|   | <b>Building<br/>materials<br/>and steel<br/>products</b> | <b>Lubricants,<br/>petroleum and<br/>automotive<br/>products</b> | <b>Others</b> | <b>Eliminations</b> | <b>Total</b>          |
|---|--|--|---------------|---------------------|-----------------------|
|   | RM'000   | RM'000   | RM'000        | RM'000              | RM'000                |
| <b>Revenue</b>                              |  |  |               |                     |                       |
| External customers                          | 119,169  | 39,791   | 3,617         | -                   | 162,577               |
| Inter-segment sales                         | -  | -  | 10            | (10)                | -                     |
| Total revenue                               | <u>119,169</u>   | <u>39,791</u>  | <u>3,627</u>  | <u>(10)</u>         | <u>162,577</u>        |
| <b>Results</b>                              |  |  |               |                     |                       |
| Segment results                             | 1,146  | 5,366  | (1,734)       | -                   | 4,778                 |
| Finance costs                               | (5)  | (18)   | (426)         | -                   | (449)                 |
| Share in results of<br>associated companies | -  | -  | (799)         | -                   | (799)                 |
| Exceptional item                            | (185)  | (255)  | (459)         | -                   | (899)                 |
| Profit before tax                           |  |  |               |                     | <u>2,631</u>          |
| Income tax expense                          |  |  |               |                     | (1,986)               |
| Profit for the period                       |  |  |               |                     | <u><u>645</u></u>     |
| <b>Assets</b>                               |  |  |               |                     |                       |
| Segment assets                              | 220,992  | 86,811   | 211,035       | -                   | 518,838               |
| Investment in associated<br>companies       | -  | -  | 35,433        | -                   | 35,433                |
| Unallocated corporate assets                |  |  |               |                     | <u>101,901</u>        |
|   |  |  |               |                     | <u><u>656,172</u></u> |

**8. Subsequent events**

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

**9. Changes in composition of the Group**

There were no changes in the composition of the Group during the financial year-to-date.

**10. Changes in contingent liabilities and contingent assets**

There were no changes in contingent liabilities or contingent assets since 30 June 2016.



**11. Performance review**

|   | Note  | 3 MONTHS ENDED       |                      | YEAR-TO-DATE ENDED   |                      |
|---|-------|----------------------|----------------------|----------------------|----------------------|
|   |       | 31.12.2016<br>RM'000 | 31.12.2015<br>RM'000 | 31.12.2016<br>RM'000 | 31.12.2015<br>RM'000 |
| <b>Revenue</b>                                |       |                      |                      |                      |                      |
| Building materials and steel products         |       | 63,065               | 135,371              | 119,169              | 215,005              |
| Lubricants, petroleum and automotive products |       | 20,586               | 19,242               | 39,791               | 38,161               |
| Others  |       | 1,780                | 3,488                | 3,617                | 7,491                |
|   |       | <u>85,431</u>        | <u>158,101</u>       | <u>162,577</u>       | <u>260,657</u>       |
| <b>Segment results</b>                        |       |                      |                      |                      |                      |
| Building materials and steel products         |       | 602                  | 2,137                | 1,146                | 1,860                |
| Lubricants, petroleum and automotive products |       | 2,504                | 2,689                | 5,366                | 5,504                |
| Others  |       | (813)                | 1,081                | (1,734)              | 2,050                |
| Profit from operations                        |       | <u>2,293</u>         | <u>5,907</u>         | <u>4,778</u>         | <u>9,414</u>         |
| Finance costs                                 |       | (240)                | (200)                | (449)                | (411)                |
| Share in results of associated companies      |       | (560)                | (776)                | (799)                | 123                  |
| Exceptional item                              | 23(k) | -                    | -                    | (899)                | (353)                |
| Profit before tax                             | 23    | <u>1,493</u>         | <u>4,931</u>         | <u>2,631</u>         | <u>8,773</u>         |
| Income tax expense                            | 16    | <u>(998)</u>         | <u>(1,833)</u>       | <u>(1,986)</u>       | <u>(3,312)</u>       |
| Profit for the period                         |       | <u>495</u>           | <u>3,098</u>         | <u>645</u>           | <u>5,461</u>         |

Group revenue for the first six months of the financial year 2017 was 38% lower at RM162.6 million and Group operating profit was also lower at RM4.8 million compared with that recorded in the preceding year corresponding period. This was largely due to the lower sales of building materials, steel related products, and lower revenue from the transportation business.

Building Materials and Steel Products Division recorded a 45% lower revenue of RM119.2 million as compared with the preceding year corresponding period due to the lower demand for steel related products from the local steel mills, and building materials from the property sector.

Lubricants, Petroleum and Automotive Products Division delivered a growth of 4% in revenue of RM39.8 million from the preceding year corresponding period largely due to the higher sales of lubricants. The Division, however, registered a lower profit of RM5.4 million mainly due to different sales mix and higher operating expenses.

Others include mainly the transportation business, investment holding and agriculture. These activities collectively contributed a lower revenue of RM3.6 million compared with RM7.5 million recorded in the same period a year ago largely due to the lower revenue from the transportation business. Coupled with lower interest income, this Division recorded a loss of RM1.7 million against a profit of RM2.1 million in the preceding year.

After accounting for an impairment loss on other investments of RM0.9 million and share in losses of associated companies of RM0.8 million, the Group registered a lower profit before tax of RM2.6 million compared with RM8.8 million in the same period last year.

**12. Material changes in the results for the current quarter compared with the immediate preceding quarter**

|                        | <b>Current<br/>Year<br/>Quarter</b> | <b>Immediate<br/>Preceding<br/>Quarter</b> |
|------------------------|-------------------------------------|--|
|                        | <b>31.12.2016</b>                   | <b>30.9.2016</b>                           |
|                        | RM'000                              | RM'000                                     |
| Revenue                | 85,431                              | 77,146                                     |
| Profit from operations | 2,293                               | 2,485                                      |
| Profit before tax      | 1,493                               | 1,138                                      |

For the quarter under review, the Group posted a revenue of RM85.4 million representing a growth of 11% compared with the immediate preceding quarter on the back of higher sales of building materials and lubricants while Group operating profit was lower at RM2.3 million mainly due to higher operating costs.

After accounting for a share in the losses of associated companies of RM0.6 million (Last quarter: RM0.2 million), the Group recorded a higher profit before tax of RM1.5 million as compared with the immediate preceding quarter, as the results for the immediate preceding quarter included an impairment loss on other investments of RM0.9 million.

**13. a) Prospects**

Local market sentiment is anticipated to remain low with competition remaining intense in the next quarter. Notwithstanding the challenging operating environment, the Group will continue with its efforts in exploring opportunities and identifying new growth areas, widening product range and services to meet customer needs, as well as focusing on managing costs to sustain operating performance.

**b) Forecast or target previously announced**

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

**14. Statement of the Board of Directors' opinion on achievement of forecast or target**

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

**15. Profit forecast or profit guarantee**

No profit forecast or profit guarantee was published.

**16. Income tax expense**

|                                 | <b>3 MONTHS ENDED</b> |                   | <b>YEAR-TO-DATE ENDED</b> |                   |
|---------------------------------|-----------------------|-------------------|---------------------------|-------------------|
|                                 | <b>31.12.2016</b>     | <b>31.12.2015</b> | <b>31.12.2016</b>         | <b>31.12.2015</b> |
|                                 | RM'000                | RM'000            | RM'000                    | RM'000            |
| Estimated tax payable           |                       |                   |                           |                   |
| - Current provision             | 998                   | 1,796             | 1,986                     | 3,275             |
| Deferred tax                    |                       |                   |                           |                   |
| - Underprovision in prior years | -                     | 37                | -                         | 37                |
|                                 | <u>998</u>            | <u>1,833</u>      | <u>1,986</u>              | <u>3,312</u>      |

After excluding the results of associated companies, the effective tax rate of the Group for the current quarter and year-to-date were higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

**17. Corporate proposals**Status of corporate proposals

There were no corporate proposals for the current quarter and financial year-to-date.

**18. Borrowings**

The Group's borrowings as at end of the reporting period were as follows :

|                        | <b>Short Term</b> | <b>Long Term</b> | <b>Total</b>  |
|------------------------|-------------------|------------------|---------------|
|                        | RM'000            | RM'000           | RM'000        |
| <u>Bank borrowings</u> |                   |                  |               |
| Secured                | 24,144            | -                | 24,144        |
| Unsecured              | 630               | -                | 630           |
|                        | <u>24,774</u>     | <u>-</u>         | <u>24,774</u> |

**Foreign  
Currency**

The Group's borrowings were denominated in the following currencies:

|                        |       |               |
|------------------------|-------|---------------|
|                        | '000  | RM'000        |
| - Ringgit Malaysia     | -     | 630           |
| - United States Dollar | 5,387 | 24,144        |
|                        |       | <u>24,774</u> |

**19. Changes in material litigation**

There was no material litigation since 30 June 2016.

**20. Dividend proposed**

The Board of Directors does not recommend any dividend for the current quarter and financial year-to-date.

**21. Earnings per share ("EPS")****Basic**

Basic EPS is calculated by dividing the Group's profit attributable to owners of the Company for the period by the weighted average number of ordinary shares of the Company in issue during the financial period as follows:

|   | <u>3 MONTHS ENDED</u> |                   | <u>YEAR-TO-DATE ENDED</u> |                   |
|---|-----------------------|-------------------|---------------------------|-------------------|
|   | <u>31.12.2016</u>     | <u>31.12.2015</u> | <u>31.12.2016</u>         | <u>31.12.2015</u> |
| Profit attributable to owners of the Company (RM'000) | <u>493</u>            | <u>3,000</u>      | <u>640</u>                | <u>5,276</u>      |
| Weighted average number of shares in issue ('000)     | <u>227,840</u>        | <u>229,800</u>    | <u>228,062</u>            | <u>230,473</u>    |
| Basic EPS (sen)                                       | <u>0.22</u>           | <u>1.31</u>       | <u>0.28</u>               | <u>2.29</u>       |

The basic EPS and the diluted EPS are equal as the Company has no dilutive potential ordinary shares as of the end of the reporting period.

**22. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 30 June 2016 was not qualified.

**23. Profit before tax**

Profit before tax is arrived at after crediting/(charging) the following:

|   | <b>3 MONTHS ENDED</b> |                   | <b>YEAR-TO-DATE ENDED</b> |                   |
|---|-----------------------|-------------------|---------------------------|-------------------|
|   | <b>31.12.2016</b>     | <b>31.12.2015</b> | <b>31.12.2016</b>         | <b>31.12.2015</b> |
|   | RM'000                | RM'000            | RM'000                    | RM'000            |
| a) Interest income  | 2,737                 | 3,627             | 5,174                     | 6,651             |
| b) Other income including investment income   | 713                   | 645               | 1,149                     | 1,254             |
| c) Interest expense   | (240)                 | (200)             | (449)                     | (411)             |
| d) Depreciation and amortisation  | (1,394)               | (1,448)           | (2,778)                   | (2,934)           |
| e) Provision for and write off of receivables   | (755)                 | (831)             | (1,406)                   | (1,833)           |
| f) Provision for and write off of inventories   | -                     | -                 | -                         | -                 |
| g) Gain or (loss) on disposal of<br>- quoted or unquoted investments or<br>properties | -                     | -                 | -                         | -                 |
| h) Impairment of assets (refer to item (k))   | -                     | -                 | -                         | -                 |
| i) Foreign exchange gain or (loss)  | 228                   | (133)             | 327                       | 351               |
| j) Gain or (loss) on derivatives  | -                     | -                 | -                         | -                 |
| k) Exceptional item   | -                     | -                 | (899)                     | (353)             |
| - impairment loss on other investments  | -                     | -                 | (899)                     | (353)             |

**24. Realised and Unrealised Earnings/Losses Disclosure**

|   | <b>AS AT</b>      | <b>AS AT</b>     |
|---|-------------------|------------------|
|   | <b>31.12.2016</b> | <b>30.6.2016</b> |
|   | RM'000            | RM'000           |
| Accumulated losses of the Company and its subsidiary companies: |                   |                  |
| - Realised  | (460,002)         | (463,777)        |
| - Unrealised  | (16,073)          | (13,902)         |
|   | (476,075)         | (477,679)        |
| Share of accumulated losses from associated companies:          |                   |                  |
| - Realised  | (23,265)          | (22,441)         |
| - Unrealised  | (252)             | 188              |
|   | (23,517)          | (22,253)         |
| Consolidation adjustments                                       | 50,919            | 50,619           |
| Consolidated accumulated losses                                 | (448,673)         | (449,313)        |