

**FARM'S BEST BERHAD** (Company No: 301653 - V)

Incorporated in Malaysia

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 MARCH 2017**

	Note	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		31/03/2017 Unaudited RM'000	31/03/2016 Unaudited RM'000	31/03/2017 Unaudited RM'000	31/03/2016 Unaudited RM'000
<b>Continuing Operations</b>					
Revenue	9, 14 & 15	81,796	89,533	81,796	89,533
Cost of sales		(73,911)	(76,840)	(73,911)	(76,840)
<b>Gross profit</b>		<b>7,885</b>	<b>12,693</b>	<b>7,885</b>	<b>12,693</b>
Other income		2,580	467	2,580	467
Administrative expenses		(8,391)	(6,213)	(8,391)	(6,213)
Selling and marketing expenses	9	(1,580)	(3,031)	(1,580)	(3,031)
		494	3,916	494	3,916
Finance costs		(3,318)	(4,816)	(3,318)	(4,816)
Interest income		663	414	663	414
<b>Loss before tax</b>	9	<b>(2,161)</b>	<b>(486)</b>	<b>(2,161)</b>	<b>(486)</b>
Income tax expense	20	(152)	(36)	(152)	(36)
<b>Loss for the period</b>		<b>(2,313)</b>	<b>(522)</b>	<b>(2,313)</b>	<b>(522)</b>
<b>Other comprehensive income/(loss), net of tax:</b>					
Exchange differences arising on translation of foreign operation		0	0	0	0
<b>Other comprehensive income/(loss), net of tax</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive loss for the period</b>		<b>(2,313)</b>	<b>(522)</b>	<b>(2,313)</b>	<b>(522)</b>
<b>Loss attributable to:</b>					
Owners of the Parent	14 & 15	(2,333)	(520)	(2,333)	(520)
Non-Controlling Interest		20	(2)	20	(2)
		<b>(2,313)</b>	<b>(522)</b>	<b>(2,313)</b>	<b>(522)</b>
<b>Total comprehensive loss attributable to:</b>					
Owners of the Parent		(2,333)	(520)	(2,333)	(520)
Non-Controlling Interest		20	(2)	20	(2)
		<b>(2,313)</b>	<b>(522)</b>	<b>(2,313)</b>	<b>(522)</b>
<b>Loss per ordinary share attributable to owners of the parent:</b>					
Basic(sen)	26	(3.82)	(0.85)	(3.82)	(0.85)
Fully diluted(sen)	26	(3.82)	(0.85)	(3.82)	(0.85)

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

**FARM'S BEST BERHAD** (Company No: 301653 - V)*Incorporated in Malaysia***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE QUARTER ENDED 31 MARCH 2017**

	Note	As At 31 March 2017 (Unaudited) RM'000	As At 31 December 2016 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		18,858	54,282
Prepaid lease payments		40	44
Investment in associated companies		-	-
Quoted investments		-	-
Goodwill		2,264	2,264
Deferred tax assets		1,380	1,380
<b>Total non-current assets</b>		<u>22,542</u>	<u>57,970</u>
<b>Current Assets</b>			
Property development costs		16,177	14,513
Biological assets		-	-
Inventories		14,968	14,876
Accrued billing in respect to development cost		1,402	1,014
Trade receivables		149,461	164,806
Other receivables		12,263	12,388
Tax recoverable		1,631	1,295
Held-to-maturity investments		44,509	58,716
Cash and bank balances		3,250	2,566
		<u>243,661</u>	<u>270,174</u>
Assets held for sale		49,581	15,696
<b>Total current assets</b>		<u>293,242</u>	<u>285,870</u>
<b>TOTAL ASSETS</b>		<u>315,784</u>	<u>343,840</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		123,493	61,083
Share Premium		-	62,410
Other reserves		3,706	3,706
Accumulated losses		(34,886)	(32,553)
<b>Equity attributable to owners of the parent</b>		<u>92,313</u>	<u>94,646</u>
<b>Non-controlling interest</b>		<u>1,263</u>	<u>1,243</u>
<b>Total equity</b>		<u>93,576</u>	<u>95,889</u>
<b>Non-current liabilities</b>			
Bank borrowings	22	14,092	13,912
Deferred tax liabilities		3,939	3,988
		<u>18,031</u>	<u>17,900</u>
<b>Current Liabilities</b>			
Bank borrowings	22	140,927	171,909
Trade payables		25,682	23,474
Other payables		36,504	33,693
Amount due to directors		357	357
Tax payable		707	618
		<u>204,177</u>	<u>230,051</u>
<b>Total liabilities</b>		<u>222,208</u>	<u>247,951</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>315,784</u>	<u>343,840</u>
Net assets per share attributable to owners of the parent (RM)		<u>1.5113</u>	<u>1.5495</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

**FARM'S BEST BERHAD** (Company No: 301653 - V)  
*Incorporated in Malaysia*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE QUARTER ENDED 31 MARCH 2017**

Note	Capital	Attributable to Owners of the Parent		Warrants		Share Premium	Accumulated Losses	Total	Non-Controlling Interest	Total Equity
		RM '000	RM '000	Reserves interests	RM '000					
	61,083	62,410	3,706	(47,823)	79,376	1,223	80,599			
	-	-	-	(520)	(520)	(2)	(522)			
<b>At 1 January 2016</b>	<b>61,083</b>	<b>62,410</b>	<b>3,706</b>	<b>(47,823)</b>	<b>79,376</b>	<b>1,223</b>	<b>80,599</b>			
Total comprehensive loss for the period				(520)	(520)	(2)	(522)			
<b>At 31 March 2016</b>	<b>61,083</b>	<b>62,410</b>	<b>3,706</b>	<b>(48,343)</b>	<b>78,856</b>	<b>1,221</b>	<b>80,077</b>			
<b>At 1 January 2017</b>	<b>61,083</b>	<b>62,410</b>	<b>3,706</b>	<b>(32,553)</b>	<b>94,646</b>	<b>1,243</b>	<b>95,889</b>			
Adjustment for effects of Companies Act 2016 (a)	62,410	(62,410)	-	-	-	-	-			
Total comprehensive income/(loss) for the period	-	-	-	(2,333)	(2,333)	20	(2,313)			
<b>At 31 March 2017</b>	<b>123,493</b>	<b>-</b>	<b>3,706</b>	<b>(34,886)</b>	<b>92,313</b>	<b>1,263</b>	<b>93,576</b>			

**Note (a)**

With the Companies Act 2016 ("CA 2016") that has taken effect on 31 January 2017, the credit standing in the share premium account of RM62,410,000 has been transferred to the share capital account. Pursuant to sub-section 618(3) and 618(4) of the CA 2016, the Group may exercise its right to use the credit amounts being transferred from share premium account within twenty four (24) months after commencement of the CA 2016. The Board of Directors will make a decision thereon by 31 January 2019.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

**FARM'S BEST BERHAD** (Company No: 301653 - V)*Incorporated in Malaysia***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 MARCH 2017**

		Cumulative Current Year To-Date Unaudited 31/3/2017	Cumulative Preceding Year To-Date Unaudited 31/3/2016
	Note	RM'000	RM'000
<b>Net loss before tax</b>	9	(2,161)	(486)
Adjustment for non-cash flow:-			
Depreciation and amortisation		1,202	1,884
Non cash items		2,079	(15)
Interest expense		3,318	4,816
Interest income		(663)	(414)
<b>Operating profit before changes in working capital</b>		<u>3,775</u>	<u>5,785</u>
<b>Changes in working capital</b>			
Net decrease in current assets		24,695	1,540
Net increase in current liabilities		5,019	2,627
<b>Net cash generated from operating activities</b>		<u>33,489</u>	<u>9,952</u>
Interest received		663	414
Interest paid		(3,318)	(4,816)
Tax paid		(112)	(495)
<b>Net cash flows generated from operating activities</b>		<u>30,722</u>	<u>5,055</u>
<b>Investing Activities</b>			
Purchase of property, plant and equipment		(211)	(103)
Proceeds from sale of property, plant and equipment		973	15
<b>Net cash flows generated from/(used in) investing activities</b>		<u>762</u>	<u>(88)</u>
<b>Financing Activities</b>			
Net (repayments on bank borrowings)/proceeds on drawdown of bank borrowings		(28,341)	(5,310)
<b>Net cash flows used in financing activities</b>		<u>(28,341)</u>	<u>(5,310)</u>
<b>Net Change in Cash &amp; Cash Equivalents</b>		3,143	(343)
<b>Effects of exchange rate changes</b>		-	-
<b>Cash &amp; Cash Equivalents at beginning of period</b>		(13,796)	(7,959)
<b>Cash &amp; Cash Equivalents at end of period</b>		<u>(10,653)</u>	<u>(8,302)</u>
<b>Cash &amp; Cash Equivalents comprises:</b>			
Cash & bank balances		3,250	6,293
Overdraft	22	(13,903)	(14,595)
<b>Cash &amp; Cash equivalents at end of period</b>		<u>(10,653)</u>	<u>(8,302)</u>
<b>Included in the cash flows from operating activities are</b>			
Cash receipts from customers		85,314	108,321
Cash payments to suppliers, contractors and employees		(69,805)	(103,504)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

**FARM'S BEST BERHAD (301653-V)**  
**(Incorporated in Malaysia)**

**A) Notes in accordance to requirements under Financial Reporting Standards ("FRS")**  
**No. 134 - Interim Financial Reporting**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. 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 2016.

**2. Changes in Accounting Policies**

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2016.

On 1 January 2017, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 107: Disclosure Initiative	1 Jan 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Annual Improvements to FRSs 2014 - 2016 Cycle: Amendments to FRS 12	1 Jan 2017

The adoption of the above standards did not have any material impact on the financial performance or position of the Group.

At the date of these interim financial statements, the following FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to FRSs 2014 - 2016 Cycle: Amendments to FRS 1	1 Jan 2018

Amendments to FRS 128	1 Jan 2018
FRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 Jan 2018
Amendments to FRS 2: Classification and measurement of Share-based payment Transactions	1 Jan 2018
Amendments to FRS 140: Transfers of Investment Property	1 Jan 2018
Amendments to FRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 Jan 2018*
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 Jan 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

- \* Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

### **Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these interim financial statements for the period ended 31 March 2017 could be different if prepared under the MFRS Framework.

### **3. Auditors' Report on Preceding Annual Financial Statements**

The audited financial statements for the year ended 31 December 2016 were reported without any qualification.

### **4. Comments about Seasonal or Cyclical factors**

The Company operations are not affected by any seasonal or cyclical factors.

### **5. 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 period ended 31 March 2017.

### **6. Changes in Estimates**

There were no changes in estimates that had any material effect to the financial statements in the quarter under review.

### **7. Debt and equity securities**

There were no issuances, repurchases and repayments of debt and equity securities for the current quarter and financial year to-date.

### **8. Dividends paid**

No dividend has been declared for the current quarter ended 31 March 2017.

### **9. Segmental information**

The Group is organized into two main business segments:

- (i) Poultry - This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.
- (ii) Property development - This consists of development and construction of residential and commercial properties.

#### **Business segment**

Segment information for the three months ended 31 March 2017 was as follows:

	<u>Poultry</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
<b><u>2017</u></b>				
<b>Revenue</b>	209,402	4,920	(132,525)	81,796
<b>Results</b>				
Segment results	1,088	(493)	-	595
Unallocated costs				(101)
Profit from operations				494
Finance income				663
Finance costs				(3,318)
Loss before tax				(2,161)

Segment information for the three months ended 31 March 2016 was as follows:

	<u>Poultry</u> RM'000	<u>Property development</u> RM'000	<u>Eliminations</u> RM'000	<u>Group</u> RM'000
<b><u>2016</u></b>				
<b>Revenue</b>	199,663	2,871	(113,001)	89,533
<b>Results</b>				
Segment results	4,662	(603)	-	4,059
Unallocated costs				(143)
Profit from operations				3,916
Finance income				414
Finance costs				(4,816)
Loss before tax				(486)

Unallocated costs represent common costs and expenses incurred in dormant subsidiary companies.

## 10. Subsequent Events

As at the date of this report, there were no material events subsequent to the current quarter ended 31 March 2017, except for the following:

Two of the Company's subsidiaries were issued with additional tax assessments and penalties amounting to a total of RM5.56 million pursuant to findings of tax audit on group relief conducted by the Inland Revenue Board for the years of assessments 2008 to 2013. The two subsidiaries had filed Form Q to appeal against the additional tax assessments and penalties.



The additional tax assessments and penalties of RM5.56 million will be taken up in the books of the respective subsidiaries during the second quarter ending 30 June 2017.

#### **11. Changes to the composition of the Group**

There were no changes in the composition of the Group in the current quarter under review.

#### **12. Contingent Liabilities**

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM152.66 million as at 31 March 2017.

#### **13. Capital Commitments**

There were no material capital commitments during the quarter under review.

**FARM'S BEST BERHAD (301653-V)**  
**(Incorporated in Malaysia)**

B) Notes in accordance to requirements under Chapter 9, Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements

**14. Review of Current Quarter Events and Performance**

The Group's performance for the current year's first quarter ended 31 March 2017 compared to the preceding year's first quarter ended 31 March 2016 is as shown in Table A below:

Table A

Description	3 months ended 31 Mar 2017 RM'000	3 months ended 31 Mar 2016 RM'000	Increase/(Decrease)	
			RM'000	%
<b>Revenue</b>				
-Poultry	79,164	88,434	(9,270)	(10)
-Property development	2,632	1,099	1,533	>100
	-----	-----		
	81,796	89,533		
	-----	-----		
<b>Loss attributable to owners of the parent</b>	(2,133)	(520)	(1,613)	(>100)

Detailed analysis for current quarter and corresponding quarter

For the current quarter ended 31 March 2017, the poultry segment recorded a lower revenue of RM79.16 million as compared with RM88.43 million in the corresponding quarter ended 31 March 2016, a decrease of 10%. The decrease was mainly due to decrease in sales volume of live broilers during the current quarter ended 31 March 2017 as compared to corresponding quarter ended 31 March 2016.

The property development segment posted a higher revenue of RM2.63 million in the current quarter ended 31 March 2017 as compared to the revenue of RM1.10 million in the corresponding quarter ended 31 March 2016, an increase of more than 100%. This was due to higher recognition of revenue on the percentage completion basis in the current quarter ended 31 March 2017 as compared to corresponding quarter ended 31 March 2016.

As total revenue decreased, the Group posted a higher loss attributable to owners of the parent of RM2.33 million during the current quarter ended 31 March 2017 as compared to a loss attributable to owners of the parent of RM0.52 million in the corresponding quarter ended 31 March 2016. This was mainly due to impairment loss on trade receivables of RM2.50 million during the current quarter under review.

## 15. Comparison to Preceding Quarter's Results

The Group's performance for the current quarter ended 31 March 2017 compared to the previous quarter ended 31 December 2016 is as shown in Table B below:

Table B

Description	3 months ended 31 Mar 2017 RM'000	3 months ended 31 Dec 2016 RM'000 (Restated)	Increase/(Decrease)	
			RM'000	%
<b>Revenue</b>				
-Poultry	79,164	76,206	2,958	4
-Property development	2,632	6,640	(4,008)	(60)
	-----	-----		
	81,796	82,846		
	-----	-----		
<b>Loss attributable to owners of the parent</b>	(2,133)	(4,025)	1,892	47

For the current quarter ended 31 March 2017, the poultry segment posted a higher revenue of RM79.16 million compared to the turnover of RM76.21 million recorded in the previous quarter ended 31 December 2016, an increase of 4%. The increase was mainly due sales of broilers to the poultry processing plant during the current quarter ended 31 March 2017 are now treated as third party sales and form part of the Groups' revenue.

The property development segment posted a lower revenue of RM2.63 million in the current quarter ended 31 March 2017 as compared to the revenue of RM6.64 million in the preceding quarter ended 31 December 2016, a decrease of 60%. This was due to lower recognition of revenue on the percentage completion basis in the current quarter ended 31 March 2017 as compared to previous quarter ended 31 December 2016.

The Group posted a loss attributable to owners of the parent of RM2.33 million during the current quarter ended 31 March 2017 as compared to a loss attributable to owners of the parent of RM4.03 million during the previous quarter ended 31 December 2016. This was mainly due to increase in average selling price of live broilers during the current quarter ended 31 March 2017.

## 16. Prospects

As at the date of this report, the average purchase costs of imported raw materials remain stable and approximate the average prices during the quarter under review. The average selling price of live broilers is also expected to be similar to the average selling price during the quarter under review. However, as explained in Note 10 above, the Group will be hit by additional tax assessments and penalties totaling RM5.56 million during the second quarter ending 30 June 2017.

The Group has filed an appeal against the additional tax assessment and penalties imposed by the Inland Revenue Board and notwithstanding the result of the appeal, the Group expects a very challenging second quarter of the financial year ending 31 December 2017.

#### 17. Disclosure of Realised and Unrealised Profits or Losses

The accumulated losses as at 31 March 2017 and 31 December 2016 are analysed as follows:

	As at 31 Mar 2017 RM'000 (Unaudited)	As at 31 Dec 2016 RM'000 (Audited)
Total accumulated losses of the Group and its subsidiaries:		
- Realised	63,351	112,041
- Unrealised	1,880	9,240
	<u>65,231</u>	<u>121,281</u>
Less: Consolidation adjustments	(32,812)	(88,728)
	<u>32,420</u>	<u>32,553</u>

The disclosure of realised and unrealised losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

The significant decrease in realised and unrealised losses and consolidation adjustments were mainly due to the disposal of a subsidiary in the previous quarter ended 31 December 2016.

#### 18. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

#### 19. Profit/(Loss) before tax

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

	Current Year Quarter ended 31 Mar 2017 RM'000	Preceding Year Quarter ended 31 Mar 2016 RM'000	Current Year to- date 31 Mar 2017 RM'000	Preceding Year to- date 31 Mar 2016 RM'000
Depreciation and amortization	1,202	1,884	1,202	1,884
Foreign exchange loss / (gain)	44	7	44	7
(Gain) / loss on disposal of properties, plant and equipment	(422)	(15)	(422)	(15)
Loss on disposal of subsidiary companies	-	-	-	-
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment loss on trade receivables	2,500	-	2,500	-
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(663)	(414)	(663)	(414)
Interest expense	3,318	4,816	3,318	4,816

## 20. Taxation

The income tax (expense)/income to the Group for the current quarter under review is as follows:

	Quarter ended 31 Mar 2017 RM '000	Year to-date 31 Mar 2017 RM '000	Quarter ended 31 Mar 2016 RM '000	Year to-date 31 Mar 2016 RM '000
Current tax	(201)	(201)	(343)	(343)
Deferred tax	49	49	307	307
Total tax expense	(152)	(152)	(36)	(36)

The tax charge is in respect of profits of certain subsidiaries which do not enjoy group loss relief and other tax incentives.

## 21. Corporate Proposals

There were no corporate proposals in the current quarter under review, except for the following:

On 21 April 2017, the Company announced that the Memorandum of Understanding

("MOU") between Sinmah Development Sdn. Bhd., a wholly-owned subsidiary of the Company and Encorp Bukit Katil Sdn. Bhd. have been mutually extended to a further 3 months period with effect from 30 April 2017. Hence, the MOU will therefore expire on 30 July 2017 in order for both parties to negotiate the proposed Joint Venture Agreement and reach a mutual agreement and finalization thereof. Other than the aforementioned, all other terms stated in the MOU remain unchanged.

## 22. Group Borrowings

Group borrowings and debt securities as at the end of the reporting period:

- (a) The borrowings of the Group are secured by way of fixed and floating charges over certain assets and negative pledges over assets of the Group, corporate guarantees from the Company's certain existing operating subsidiaries and undertaking by the holding company to fully repay the facilities should the Company be unable to meet its obligations.

- (b) Group borrowings as at the end of the reporting period are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Bank Overdraft	13,903	-	13,903
Bankers Acceptance	30,013	-	30,013
Revolving Credit	86,737	-	86,737
Hire Purchase Creditors	1,028	1,334	2,362
Term Loans	9,246	12,758	22,004
	<u>140,927</u>	<u>14,092</u>	<u>155,019</u>

## 23. Financial Instruments

### Fair value hierarchy

As at 31 March 2017, the Group held the following financial instruments carried at fair value on the statement of financial position:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2:** Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

**At 31 March 2017**

	Level 1	Level 2	Total
	RM '000	RM '000	RM '000
Assets measured at fair value Quoted investments at fair value through profit or loss	-	-	-

**At 31 March 2016**

	Level 1	Level 2	Total
	RM '000	RM '000	RM '000
Assets measured at fair value Quoted investments at fair value through profit or loss	-	-	-

There were no off balance sheet financial instruments as at 29 May 2017.

**24. Material Litigations**

There was no material litigation for the current quarter under review.

**25. Dividend**

No interim dividend has been declared for the quarter ended 31 March 2017 (31 March 2016: Nil).

**26. Earnings Per Share**

**Basic earnings/(loss) per share**

The basic loss per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the current quarter and current year-to-date respectively as follows:

	Current Year Quarter Ended 31/03/2017	Preceding Year Quarter Ended 31/03/2016	Current Year To-Date 31/03/2017	Preceding Year To-Date 31/03/2016
Loss attributable to owners of the parent (RM'000)	(2,133)	(520)	(2,133)	(520)
Weighted average number of shares - ('000)	61,083	61,083	61,083	61,083
Basic loss per share (sen)	(3.82)	(0.85)	(3.82)	(0.85)

Basic loss per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

## **27. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 29 May 2017.