



## **CARING PHARMACY GROUP BERHAD**

(Company No.1011859-D)

### **INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2016**

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**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 30 November 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
Note	30 November 2016	30 November 2015	30 November 2016	30 November 2015
	RM000	RM000	RM000	RM000
REVENUE	113,862	98,288	224,800	190,841
COST OF SALES	(91,651)	(79,312)	(182,513)	(154,205)
GROSS PROFIT	22,211	18,976	42,287	36,636
OTHER OPERATING INCOME	6,536	7,844	12,182	14,852
	28,747	26,820	54,469	51,488
SELLING AND DISTRIBUTION EXPENSES	(16,141)	(16,480)	(33,057)	(32,672)
ADMINISTRATIVE EXPENSES	(6,448)	(6,358)	(12,710)	(12,357)
OTHER OPERATING EXPENSES	(994)	(1,052)	(1,968)	(2,116)
FINANCE COSTS	(27)	(63)	(72)	(109)
PROFIT BEFORE TAXATION	B5 5,137	2,867	6,662	4,234
TAXATION	B6 (1,438)	(804)	(1,865)	(1,187)
PROFIT AFTER TAXATION	3,699	2,063	4,797	3,047
OTHER COMPREHENSIVE INCOME , NET OF TAX	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	3,699	2,063	4,797	3,047
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-				
- Owners of the Company	2,764	1,915	3,485	2,934
- Non-Controlling interests	935	148	1,312	113
	3,699	2,063	4,797	3,047
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-				
- Owners of the Company	2,764	1,915	3,485	2,934
- Non-Controlling interests	935	148	1,312	113
	3,699	2,063	4,797	3,047
Earning per share (Sen) attributable to Owners of the Company				
- Basic <sup>(2)</sup>	B12 1.27	0.88	1.60	1.35
- Diluted	N/A	N/A	N/A	N/A

**Notes:**

N/A Not applicable.

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying explanatory notes attached to these financial statements.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B12.

**Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2016**

	Note	AS AT 30 November 2016 RM'000	AS AT 31 May 2016 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		37,674	36,363
Intangible assets		3,476	2,996
Deferred tax assets		301	19
		<u>41,451</u>	<u>39,378</u>
<b>CURRENT ASSETS</b>			
Inventories		82,984	91,240
Trade receivables		570	973
Other receivables, deposits and prepayments		7,923	7,723
Tax recoverable		3,598	3,490
Deposits with financial institutions		29,672	32,316
Cash and bank balances		46,241	45,616
		<u>170,988</u>	<u>181,358</u>
<b>TOTAL ASSETS</b>		<u>212,439</u>	<u>220,736</u>

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**Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2016 (Cont'd)**

	Note	AS AT 30 November 2016 RM'000	AS AT 31 May 2016 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		217,706	217,706
Share premium		7,402	7,402
Retained profits		79,333	79,447
Merger deficit		(181,984)	(181,984)
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>122,457</b>	<b>122,571</b>
NON-CONTROLLING INTERESTS		1,575	2,017
<b>TOTAL EQUITY</b>		<b>124,032</b>	<b>124,588</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	<b>B8</b>	8,442	8,988
Deferred tax liabilities		38	38
		<b>8,480</b>	<b>9,026</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		69,489	74,657
Other payables and accruals		5,259	6,524
Amount owing to non-controlling shareholders		3,020	3,752
Provision for taxation		638	670
Short term borrowings	<b>B8</b>	1,521	1,519
		<b>79,927</b>	<b>87,122</b>
<b>TOTAL LIABILITIES</b>		<b>88,407</b>	<b>96,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>212,439</b>	<b>220,736</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM) <sup>(2)</sup></b>			
		<b>0.56</b>	<b>0.56</b>

**Notes:**

(1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying explanatory notes attached to these financial statements.*

(2) *Based on the issued share capital of 217,706,400 shares*

**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 November 2016**

	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Period Ended 30 November 2015</u></b>							
<b>At 31 May 2015</b>	217,706	7,402	(181,984)	76,918	120,042	804	120,846
Total comprehensive income for the period	-	-	-	2,934	2,934	113	3,047
Dilution in equity interest in a subsidiaries	-	-	-	94	94	(94)	-
Effect of issue of share capital by a subsidiary	-	-	-	-	-	60	60
Dividends paid	-	-	-	(4,354)	(4,354)	-	(4,354)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(242)	(242)
<b>At 30 November 2015</b>	217,706	7,402	(181,984)	75,592	118,716	641	119,357

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**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 November 2016 (Cont'd)**

	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Period Ended 30 November 2016</u></b>							
<b>At 31 May 2016</b>	217,706	7,402	(181,984)	79,447	122,571	2,017	124,588
Total comprehensive income for the period	-	-	-	3,485	3,485	1,312	4,797
Dilution in equity interest in subsidiaries	-	-	-	(334)	(334)	(297)	(631)
Dividends paid	-	-	-	(3,265)	(3,265)	-	(3,265)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(1,457)	(1,457)
<b>At 30 November 2016</b>	217,706	7,402	(181,984)	79,333	122,457	1,575	124,032

Notes :

- (1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2015 and the accompanying explanatory notes attached to these financial statements.*

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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 November 2016**

	Current Year To Date 30 November 2016 RM'000	Preceding Year To Date 30 November 2015 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	6,662	4,234
<b>Adjustments for:-</b>		
Depreciation of property, plant and equipment	1,824	1,848
Equipment written off	13	-
Interest expense	72	109
Gain on disposal of property, plant and equipment	(16)	-
Interest income	(657)	(672)
Rental income	(74)	(75)
Operating profit before working capital changes	7,824	5,444
Decrease/(Increase) in inventories	8,256	(4,082)
Increase in trade and other receivables	203	476
Decrease in trade and other payables	(6,433)	(12,409)
<b>CASH FROM OPERATION</b>	9,850	(10,571)
Tax paid	(2,287)	(2,137)
Interest paid	(72)	(109)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	7,491	(12,817)
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Dilution in equity interest in subsidiaries	(631)	-
Interest received	657	672
Proceeds from disposal of property, plant and equipment	16	-
Purchase of property, plant and equipment	(3,148)	(1,702)
Payment of goodwill	(480)	(50)
Rental received	74	75
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(3,512)	(1,005)
<b>CASH FOR FINANCING ACTIVITIES</b>		
Dividend paid to :		
- shareholders of the Company	(3,265)	(4,354)
- non-controlling shareholders of subsidiaries	(1,457)	(242)
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	-	60
Repayment of hire purchase obligations	(31)	-
Repayment of term loan	(513)	(491)
Net (repayment to)/advances from non-controlling shareholders	(732)	188
<b>NET CASH FOR FINANCING ACTIVITIES</b>	(5,998)	(4,839)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,019)	(18,661)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	77,932	86,501
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	75,913	67,840
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-</b>		
- Deposits with financial institutions	29,672	25,924
- Cash and bank balances	46,241	41,916
	75,913	67,840

**Notes:**

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying explanatory notes attached to these financial statements.*

**Interim Financial Report for the Financial Period Ended 30 November 2016**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Para 9.22 and 9.40 (Appendix 9B Part A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying explanatory notes attached to these financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 May 2016. The interim consolidated financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The group has adopted merger accounting method for the preparation of this Interim Financial Statements.

**A2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the adopted as disclosed in the Audited Financial Statements for the financial year ended 31 May 2016.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018



**Interim Financial Report for the Financial Period Ended 30 November 2016**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**A2. Changes in Accounting Policies (Cont’d)**

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective (Cont’d):-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 15: Clarifications to MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above mentioned accounting standards and interpretations (including the consequential amendments) is not expected to have any material impact on the Group’s financial statements upon their initial application.

**A3. Auditors' Report on Preceding Annual Financial Statements**

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2016.

**A4. Seasonal or Cyclical Factors**

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors save for the materialization of purchase rebate entitlements from our suppliers which can only be determined in the third quarter of the financial year.

**A5. Item of Unusual Nature**

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

**Interim Financial Report for the Financial Period Ended 30 November 2016**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)  
134, Interim Financial Reporting**


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**A6. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

**A7. Changes in Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

**A8. Dividend Paid**

A final single tier tax exempt dividend of 1.5sen per ordinary share amounting to RM3,265,596 in respect of the financial year ended 31 May 2016 is paid on 23 November 2016.

There was no dividend paid in respect of the current financial period to date.

**A9. Segmental Information**

No segmental analysis is prepared as the Group is primarily engaged in retail pharmacy and related activities in Malaysia.

**A10. Capital Commitments**

Capital commitment for property and equipment not provided for as at 30 November 2016 are as follows:-

<b>Capital expenditure commitments</b>	<b>As at 30-November-16 RM'000</b>
Contracted but not provided for: - Property, plant and equipment	1,548

**Interim Financial Report for the Financial Period Ended 30 November 2016****Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)  
134, Interim Financial Reporting**

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**A11. Material Events Subsequent To the End of the Interim Period**

There were not material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report save for the below:

- a) Acquisition of 40,000 ordinary shares of RM1.00 each in United RX Care Sdn. Bhd. on 1 December 2016 for a total cash consideration of RM2.00 resulting an increase in CPRM's effective equity interest in the subsidiary from 60% to 100%; and
- b) Acquisition of 24,500 ordinary shares of RM1.00 each in Stay Caring Sdn. Bhd. on 1 January 2017 for a total cash consideration of RM200,000.00 resulting an increase in CPRM's effective equity interest in the subsidiary from 75.5% to 100%.

**A12. Changes in Composition of the Group**

There were no changes in the composition of the Group for the current quarter under review saves for the acquisition and disposal of shares in subsidiaries by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”) as detailed below:

- a) Disposal of 147,000 ordinary shares of RM1.00 each in Caring Pharmacy (SW) Sdn. Bhd. for a total consideration of RM147,000.00 on 1 October 2016 by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”) resulting a decrease in CPRM's effective equity interest in the subsidiary from 100% to 51%;
- b) Disposal of 124,000 ordinary shares of RM1.00 each in Green Surge Sdn. Bhd. for a total consideration of RM124,000.00 on 1 October 2016 by CPRM resulting a decrease in CPRM's effective equity interest in the subsidiary from 100% to 60%; and
- c) Acquisition of 25,000 ordinary shares of RM1.00 each in Caring Pharmacy (Kinrara) Sdn. Bhd. for a total cash consideration of RM901,953.00 resulting an increase in CPRM's effective equity interest in the subsidiary from 75% to 100%.

**A13. Contingent Liabilities or Contingent Assets**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

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**Interim Financial Report for the Financial Period Ended 30 November 2016****Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

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**B1. Review of Performance of the Group**

The Group registered a revenue of RM113.86 million and profit before tax of RM5.14 million for the current financial quarter as compared to a revenue of RM98.29 million and profit before tax of RM2.87 million reported in the previous year corresponding quarter. The higher revenue was mainly contributed by the higher sales generated from existing outlets due to low sales recorded in the previous year corresponding quarter which impacted from the implementation of Goods and Services Tax ("GST") in April 2015.

During the quarter under review, we have established additional of 2 high street outlets, 1 complex outlet and closed down 1 complex outlet and 2 Tesco outlets. As of 30 November 2016, we have a total of 105 community pharmacies.

The increase in profit before taxation for the current quarter compared to the corresponding quarter in the preceding year is mainly contributed by higher sales as explained above.

**B2. Variation of Results with the Immediate Preceding Quarter**

For the current quarter under review, the Group reported an increase in profit before tax by RM3.61 million, from RM1.53 million (immediate preceding quarter) to RM5.14 million. This was mainly due to the higher sales and the higher advertising and promotional income for the current quarter compared to the immediate preceding quarter. Higher sales were mainly due to Warehouse Sales launched in end September while the higher advertising and promotion income were arising from the marketing and promotional activities.

**B3. Prospect for the Group**

Challenging economic conditions coupled with the depreciation of Ringgit Malaysia against major currencies continue to force consumers to stay cautious in their spending. The Group will therefore carry out effective sales campaign especially for the upcoming festive seasons and is expecting to bring in more revenue in the next quarter.

The Group remains optimistic that the Group will continue to be profitable in the next quarter.

**B4. Profit Forecast and Profit Estimate**

The Group did not issue any profit forecast or profit estimate previously in any public document.

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**Interim Financial Report for the Financial Period Ended 30 November 2016**
**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**
**B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Quarter	Year To Date	To Date
	30-November-16	30-November-15	30-November-16	30-November-15
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	928	784	1,824	1,848
Equipment written off	-	-	13	-
Gain on disposal of equipment	(1)	-	(16)	-
Interest expense	27	63	72	109
Interest income	(293)	(324)	(657)	(672)
Rental income	(37)	(37)	(74)	(75)

*Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.*

**B6. Income Tax Expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Quarter	Year To Date	To Date
	30-November-16	30-November-15	30-November-16	30-November-15
	RM'000	RM'000	RM'000	RM'000
<b><u>Income Tax</u></b>				
Current Tax - Current	1,438	804	1,865	1,187
Tax expense	1,438	804	1,865	1,187

*Note:*

*The effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate of 24% mainly due to deferred tax assets not recognized.*

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**Interim Financial Report for the Financial Period Ended 30 November 2016**
**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**


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**B7. Status of Corporate Proposals**

There were no corporate proposals commenced but not completed as at the date of this report.

**B8. Group Borrowings**

The Group's borrowings as at 30 November 2016 are as follows:

	As at 30-November-16 RM'000	As at 30-November-15 RM'000
Long term borrowings		
Secured:		
Hire purchase	90	-
Term loan	8,352	9,369
	<u>8,442</u>	<u>9,369</u>
Short term borrowings		
Secured:		
Hire purchase	64	-
Term loan	1,457	1,457
	<u>1,521</u>	<u>1,457</u>
Total borrowings	<u>9,963</u>	<u>10,826</u>

**B9. Material Litigation**

There was no material litigation and the Directors do not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

**B10. Dividends**

No dividend was declared or recommended for payment by the Company for the quarter under review.

**Interim Financial Report for the Financial Period Ended 30 November 2016**
**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**
**B11. Realised and Unrealised Profits**

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	As at 30-November-16 RM'000	As at 30-November-15 RM'000
Total retained earnings		
- realised	79,353	75,068
- unrealised	263	(250)
	79,616	74,818
Add: consolidated adjustments	(283)	774
Total retained earnings	79,333	75,592

**B12. Earnings Per Share**
**(a) Basic Earnings Per Share**

The basic earnings per share for the current quarter and financial year to date are computed as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-November-16 RM'000	Preceding Year Quarter 30-November-15 RM'000	Current Year To Date 30-November-16 RM'000	Preceding Year To Date 30-November-15 RM'000
Profit for the period	2,764	1,915	3,485	2,934
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	1.27	0.88	1.60	1.35

**(b) Diluted Earnings Per Share**

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.

By order of the Board  
24 January 2017