DeGem Berhad (416726-T)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2018**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | CURRENT YEAR QUARTER ENDED 30.09.2018 **RM'000** | PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.09.2017 **RM'000** | CURRENT YEAR YEAR TO DATE ENDED 30.09.2018 **RM'000** | PRECEDING YEAR CORRESPONDING YEAR TO DATE ENDED 30.09.2017 **RM'000** |
| **Revenue** | 41,806 | 43,810 | 117,671 | 139,156 |
| Cost of sales | (25,409) | (25,355) | (70,976) | (79,119) |
| **Gross Profit** | 16,397 | 18,455 | 46,695 | 60,037 |
| Other Income | 2,642 | 1,379 | 4,276 | 4,156 |
| Administrative expenses | (9,635) | (6,820) | (23,375) | (24,960) |
| Other operating expenses | (7,995) | (9,153) | (24,698) | (26,553) |
| Finance costs | (372) | (261) | (1,152) | (665) |
| **Profit before tax** | 1,037 | 3,600 | 1,746 | 12,015 |
| Tax expense *(Note B5)* | (427) | (1,841) | (1,909) | (3,293) |
| **Profit/(Loss) for the period** | 610 | 1,759 | (163) | 8,722 |
| **Profit/(Loss) attributable to:** | | | | |
| Owners of the Company | 592 | 1,549 | (186) | 9,021 |
| Non-controlling interests | 18 | 210 | 23 | (299) |
| **Profit/(Loss) for the period** | 610 | 1,759 | (163) | 8,722 |
| Basic earnings/(loss) per ordinary share (sen) *(Note B11)* | 0.45 | 1.19 | (0.14) | 6.89 |

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2018**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | CURRENT YEAR QUARTER ENDED 30.09.2018 **RM'000** | PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.09.2017 **RM'000** | CURRENT YEAR TO DATE ENDED 30.09.2018 **RM'000** | PRECEDING YEAR CORRESPONDING YEAR TO DATE ENDED 30.09.2017 **RM'000** |
| **Profit/(Loss) for the period** | 610 | 1,759 | (163) | 8,722 |
| *Other comprehensive income, net of tax:* | | | | |
| Foreign currency translation differences for foreign operations | (131) | (288) | (837) | (1,454) |
| **Total comprehensive income/(loss) for the period** | 479 | 1,471 | (1,000) | 7,268 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company | 461 | 1,592 | (1,023) | 8,032 |
| Non-controlling interests | 18 | (121) | 23 | (764) |
| **Total comprehensive income/(loss) for the period** | 479 | 1,471 | (1,000) | 7,268 |

(The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 SEPTEMBER 2018

| | As at 30.09.2018 RM'000 *(Unaudited)* | As at 31.12.2017 RM'000 *(Audited)* |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 29,648 | 29,562 |
| Investment properties | 29,275 | 29,493 |
| Deferred tax assets | 885 | 1,798 |
| | 59,808 | 60,853 |
| **Current assets** | | |
| Inventories | 209,203 | 215,296 |
| Trade and other receivables | 12,242 | 35,477 |
| Current tax assets | 3,637 | 1,898 |
| Other investments | 2,565 | 2,501 |
| Fixed deposits placed with licensed banks | 386 | 571 |
| Cash and cash equivalents | 33,247 | 32,692 |
| | 261,280 | 288,435 |
| **TOTAL ASSETS** | **321,088** | **349,288** |
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to owners of the Company** | | |
| Share capital | 77,435 | 77,435 |
| Reserves | 169,526 | 171,858 |
| | 246,962 | 249,293 |
| **Non-controlling interests** | 1,236 | 1,213 |
| **Total equity** | **248,198** | **250,506** |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Loans and borrowings | 37,612 | 37,131 |
| Deferred tax liabilities | 601 | 667 |
| | 38,213 | 37,798 |
| **Current liabilities** | | |
| Loans and borrowings | 2,552 | 6,689 |
| Trade and other payables | 30,454 | 52,354 |
| Deferred revenue | 1,589 | 1,440 |
| Current tax liabilities | 82 | 501 |
| | 34,677 | 60,984 |
| **Total liabilities** | **72,890** | **98,782** |
| **TOTAL EQUITY AND LIABILITIES** | **321,088** | **349,288** |
| Net assets per share (RM) | 1.90 | 1.91 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE PERIOD ENDED 30 SEPTEMBER 2018

| | <---------- Attributable to owners of the Company ----------> | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | < ---------- Non-distributable ----------> | | | | | Distributable | | | |
| | Share capital RM'000 | Share premium RM'000 | Other reserve RM'000 | Exchange reserve RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| **At 1 January 2018** | 77,435 | - | 2,500 | 1,711 | (3,202) | 170,849 | 249,293 | 1,213 | 250,506 |
| Total comprehensive income for the period | - | - | - | (837) | - | (186) | (1,023) | 23 | (1,000) |
| Dividends to shareholders | - | - | - | - | - | (1,308) | (1,308) | - | (1,308) |
| **At 30 September 2018** | **77,435** | **-** | **2,500** | **874** | **(3,202)** | **169,355** | **246,962** | **1,236** | **248,198** |
| **At 1 January 2017** | 67,000 | 10,435 | 2,500 | 13,548 | (3,194) | 155,457 | 245,746 | 13,906 | 259,652 |
| Total comprehensive income for the period | - | - | - | (989) | - | 9,021 | 8,032 | (764) | 7,268 |
| Shares repurchased | - | - | - | - | (5) | - | (5) | - | (5) |
| Dividend paid to non controlling interest | - | - | - | - | - | - | - | (7,194) | (7,194) |
| Changes in non controlling interest transactions | - | - | - | - | - | | - | (2,110) | (2,110) |
| Dividends to shareholders | - | - | - | - | - | (1,963) | (1,963) | - | (1,963) |
| **At 30 September 2017** | **67,000** | **10,435** | **2,500** | **12,559** | **(3,199)** | **162,515** | **251,810** | **3,838** | **255,648** |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2018**
*These figures have not been audited*

| | 30.09.2018 RM'000 | 30.09.2017 RM'000 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before tax | 1,746 | 12,015 |
| Adjustments for: | | |
| Depreciation | 2,443 | 2,580 |
| Loss on disposal of a subsidiary | - | 87 |
| Interest expense | 1,152 | 665 |
| Provision for slow moving inventories | 348 | 293 |
| Property, plant and equipment written off | 238 | 1,169 |
| Gain on disposal of property, plant and equipment | (334) | (186) |
| Interest income | (141) | (197) |
| Unrealised foreign exchange gain | (139) | (1,804) |
| **Operating profit before working capital changes** | 5,313 | 14,622 |
| Inventories | 5,746 | (16,235) |
| Receivables | 24,423 | (1,411) |
| Payables | (22,640) | (2,821) |
| **Cash generated from/(used in) operations** | 12,842 | (5,845) |
| Interest paid | (129) | (665) |
| Income tax paid | (3,239) | (2,580) |
| Interest received | 141 | 197 |
| **Net cash generated from/(used in) operating activities** | 9,615 | (8,893) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Acquisition of property, plant and equipment | (1,769) | (3,184) |
| Proceeds from disposal of property, plant and equipment | 417 | 186 |
| Proceeds from disposal of subsidiary company | - | 3,379 |
| Withdrawal/(Placement) of fixed deposits | 185 | (511) |
| Placement of other investments | (64) | - |
| **Net cash used in investing activities** | (1,231) | (130) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Dividends paid | (1,308) | (1,963) |
| Dividends paid to non controlling interest | - | (7,194) |
| Changes in non controlling interest transactions | - | (2,110) |
| Net repayment from borrowings | (1,369) | (4,337) |
| Net repayment of finance lease liabilities | (183) | 144 |
| Shares repurchased | - | (5) |
| Interest paid | (1,023) | - |
| **Net cash used in financing activities** | (3,883) | (15,465) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | 4,501 | (24,488) |
| Effects of foreign exchange rate changes | (871) | (1,069) |
| **CASH AND CASH EQUIVALENTS AT 1 JANUARY** | 28,865 | 47,325 |
| **CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER** | **32,495** | **21,768** |
| **Represented by:** | | |
| Fixed deposits with licensed banks | 386 | 511 |
| Cash and bank | 33,247 | 25,548 |
| | 33,633 | 26,059 |
| Less: Fixed deposits pledged with licensed banks | (386) | (511) |
| Less: Bank overdrafts | (752) | (3,780) |
| | 32,495 | 21,768 |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018**
**A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

## A1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017. 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 financial year ended 31 December 2017.

The accounting policies applied by the Group in these interim financial statements are consistent with those applied by the Group in its annual audited financial statements for the year ended 31 December 2017 except for the adoption of the following Amendments to Standards during the current financial period.

## A2. Changes in Accounting Policies

The significant accounting policies adopted by the Group are consistent with those of the audited financial statements for the year ended 31 December 2017, except for the new Malaysian Financial Reporting Standards("MFRSs"), amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int with effect from 1 January 2018.

| | | Effective for financial periods beginning on or after |
|---|---|---|
| New MFRSs | | |
| MFRS 16 | Leases | 1 January 2019 |
| MFRS 17 | Insurance Contracts | 1 January 2021 |
| Amendments/Improvements to MFRSs | | |
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards | 1 January 2021" |
| MFRS 2 | Share-based Payment | 1 January 2020* |
| MFRS 3 | Business Combinations | 1 January 2019/ 1 January 2020* |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2021" |
| MFRS 6 | Exploration for and Evaluation of Mineral Resources | 1 January 2020* |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2021" |
| MFRS 9 | Financial Instruments | 1 January 2019 |
| MFRS 10 | Consolidated Financial Statements | Deferred |
| MFRS 11 | Joint Arrangements | 1 Jaunary 2019 |
| MFRS 14 | Regulatory Deferral Accounts | 1 January 2020* |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2021" |
| MFRS 101 | Presentation of Financial Statements | 1 January 2020* |
| MFRS 107 | Statements of Cash Flows | 1 January 2021" |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Error | 1 January 2020* |
| MFRS 112 | Income Taxes | 1 January 2019 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2021" |
| MFRS 119 | Employee Benefits | 1 January 2019 |
| MFRS 123 | Borrowing Costs | 1 January 2019 |
| MFRS 128 | Investments in Associates and Joint Ventures | 1 January 2019/ Deferred |
| MFRS 132 | Financial Instruments: Presentation | 1 January 2021" |
| MFRS 134 | Interim Financial Reporting | 1 January 2020* |
| MFRS 136 | Impairment of Assets | 1 January 2021" |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets | 1 January 2020* |
| MFRS 138 | Intangible Assets | 1 January 2020* |
| MFRS 140 | Investment Property | 1 January 2021" |
| New IC Int | | |
| IC Int 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |
| Amendments to IC Int | | |
| IC Int 12 | Service Concession Arrangements | 1 January 2020* |
| IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 January 2020* |
| IC Int 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2020* |
| IC Int 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2020* |
| IC Int 132 | Intangible Assets - Web Site Costs | 1 January 2020* |

** Amendments to References to the Conceptual Framework in MFRS Standards*

*\# Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

**A3. Audit Qualification**

There was no audit qualification in the auditors' report of the Company's previous financial statements for the financial year ended 31 December 2017.

**A4. Seasonality or Cyclicality of Operations**

Festive seasons do have an effect on the operations of the Group.

**A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial period.

**A6. Changes in Estimates**

There were no material changes in the estimates used for the preparation of interim financial report.

**A7. Issuance, Cancellation or Repayments of Debt and Equity Securities**

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities by the Company for the current financial period-to-date:

During the current quarter, there was no share repurchased. As at 30 September 2018, a total of 3,167,900 shares repurchased were held at a total cost of RM3,201,991.22 The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. None of the treasury shares held were resold or cancelled during the quarter under review and up to the date of this report.

**A8. Dividend Paid**

An interim single tier dividend of 1.0 sen per share in respect of the financial year ending 31 December 2018 was paid on 5 September 2018.

**A9. Segmental Information**

| | Retail RM'000 | Manufacturing RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|
| **9 months period ended 30 September 2018** | | | | | |
| **Revenue** | | | | | |
| External | 110,353 | 4,596 | 2,723 | - | 117,671 |
| Inter-segment revenue | 37,374 | 27,854 | 10,609 | (75,837) | - |
| **Total revenue** | 147,727 | 32,449 | 13,332 | (75,837) | 117,671 |
| **Segment results** | | | | | |
| Profit before tax | (547) | 812 | 1,480 | - | 1,746 |
| Tax expense | | | | | (1,909) |
| Loss for the period | | | | | (163) |
| **Loss attributable to:** | | | | | |
| - Owners of the Company | | | | | (186) |
| - Non-controlling interests | | | | | 23 |
| **Loss for the period** | | | | | (163) |
| **9 months period ended 30 September 2017** | | | | | |
| **Revenue** | | | | | |
| External | 127,887 | 6,992 | 4,277 | - | 139,156 |
| Inter-segment revenue | 65,114 | 26,470 | 18,530 | (110,114) | - |
| **Total revenue** | 193,001 | 33,462 | 22,807 | (110,114) | 139,156 |
| **Segment results** | | | | | |
| Profit before tax | 6,115 | 3,078 | 2,822 | - | 12,015 |
| Tax expense | | | | | (3,293) |
| Profit for the period | | | | | 8,722 |
| **Profit attributable to:** | | | | | |
| - Owners of the Company | | | | | 9,021 |
| - Non-controlling interests | | | | | (299) |
| **Profit for the period** | | | | | 8,722 |

**A10. Valuations of property, plant and equipment**

The values of property, plant and equipment have been brought forward without amendments from the previous financial statements for the year ended 31 December 2017.

**A11. Material Events Subsequent To The Financial Period**

There were no subsequent material events as at the date of this report.

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

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

**A13. Contingent Liabilities**

There were no contingent liabilities as at the date of this report.

**A14. Capital Commitments**

The Group did not have any capital commitments which were contracted but not provided for as at 30 September 2018.

**A15. Significant Related Party Transactions**

There were no significant related party transactions during the current quarter under review.

## B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

**B1. Review of Performance**

| | Current Year Quarter 30/09/2018 RM'000 | Preceding Year Corresponding Quarter 30/09/2017 RM'000 | Current Year To date 30/09/2018 RM'000 | Preceding Year Corresponding Year To Date 30/09/2017 RM'000 |
|---|---|---|---|---|
| Revenue | 41,806 | 43,810 | 117,671 | 139,156 |
| Profit before tax | 1,037 | 3,600 | 1,746 | 12,015 |
| Profit / (Loss) after tax | 610 | 1,759 | (163) | 8,722 |

**Quarter results**

For the quarter under review, the Group recorded a revenue of RM41.8 million and a profit before tax ("PBT") of RM1.0 million as compared with a revenue of RM43.8 million and PBT of RM3.6 million for the preceding year corresponding quarter. The decrease in profit was mainly due to the lower revenue and expenses incurred for early termination of rental agreement of a retail outlet for a foreign subsidiary.

Performance for the respective operating business segments for the current quarter as at 30 September 2018 as compared to the previous year's corresponding quarter is analysed as follows:

1) Retail operations – Segmental revenue increased to RM40.3 million in current quarter compared to RM38.0 million in previous year corresponding quarter due to higher sales volume. However it reported a loss before tax of RM0.3 million in current quarter as compared to profit before tax of RM0.4 million in the previous year's corresponding quarter due to expenses incurred for early termination of a retail outlet for a foreign subsidiary of approximately RM1.5m offset by lower expenses from disposal of foreign subsidiaries in preceding year corresponding quarter.

2) Manufacturing operations – Segmental revenue decreased to RM0.6 million in current quarter compared to RM3.3 million in previous year corresponding quarter due to lower sales volume. As a results, it reported a profit before tax of RM0.4 million during the current quarter as compared to profit before tax of RM0.7 million in previous year's corresponding quarter. Segmental profit comprised mainly by rental income, interest income and foreign exchange gain classified in other income.

3) Others – Segmental revenue decreased to RM0.9 million in current quarter compared to RM2.5 million in previous year corresponding quarter. Segmental profit decreased to RM1.0 million as compared to RM2.5 million resulted from lower sales. Segmental profit comprised mainly by rental income and interest income classified in other income.

**Year to Date results**

For the current year to date, the Group recorded a revenue of RM117.7 million and a profit before tax ("PBT") of RM1.7 million as compared with a revenue of RM139.2 million and PBT of RM12.0 million for the corresponding previous year to date. The decrease in profit was mainly due to the lower sales, lower gross profit margin and expenses incurred for early termination of rental agreement of a retail outlet for a foreign subsidiary. This was offset by lower expenses for current year to date resulted from disposal of foreign subsidiaries in previous year.

Performance for the respective operating business segments for the current year to date as at 30 June 2018 as compared to the previous year to date is analysed as follows:

1) Retail operations – Segmental revenue decreased by 13.7% to RM110.4 million in current year to date compared to RM127.9 million in previous year to date due to lower sales volume. As a result, it reported a loss before tax of RM0.5 million in current year to date as compared to PBT of RM6.1 million in the previous year to date.

2) Manufacturing operations – Segmental revenue decreased by 34.3% to RM4.6 million was lower than previous year to date of RM7.0 million. As a result, it reported a lower profit before tax of RM0.8 million in the current year to date compared to profit before tax of RM3.1 million in previous year to date. During the current year to date, segmental profit also contributed by rental income, interest income and foreign exchange gain classified in other income.

3) Others – Segmental revenue decreased by 36.3% to RM2.7 million as compared to previous year's corresponding period of RM4.3 million. As a result, segmental profit decreased to RM1.5 million in current year to date as compared to RM2.8 million in previous year to date. During the current year to date, segmental profit contributed mainly by rental income, interest income and foreign exchange gain classified in other income.

## B2. Material Changes in Current Quarter Results compared to Immediate Preceding Quarter

| | Current Quarter Ended | Preceding Quarter Ended |
|---|---|---|
| | 30/09/2018 | 30/06/2018 |
| | RM'000 | RM'000 |
| Revenue | 41,806 | 38,061 |
| Profit before tax | 1,037 | 569 |

For the current quarter under review, the Group recorded revenue and profit before tax of RM41.8 million and RM1.0 million respectively as compared to revenue of RM38.1 million and profit before tax of RM0.6 million, reported in the immediate preceding quarter. The higher profit before tax was mainly due to higher revenue in the current quarter.

## B3. Prospects For Financial Year 2018

The Group expect market sentiment will gradually improve, given the sales tax exemption for jewellery industry. The Group will continue to be vigilant and actively undertake to streamline its operations, enhance product innovation, develop talent and implement new marketing strategies to boost sales and ensure sustainable growth.

## B4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee.

## B5. Taxation

| | Current Year Quarter 30.09.2018 RM'000 | Preceding Year Corresponding Quarter 30.09.2017 RM'000 | Current Year To date 30.09.2018 RM'000 | Preceding Year Corresponding Year To Date 30.09.2017 RM'000 |
|---|---|---|---|---|
| Income Tax | | | | |
| - Current period | 526 | 1,811 | 1,271 | 4,042 |
| - (Over) / Under provision in prior period | (171) | 30 | (171) | 30 |
| Deferred Taxation | | | | |
| - Prior period | 72 | - | 808 | (779) |
| | 427 | 1,841 | 1,909 | 3,293 |

**B6. Status of Corporate Proposals**

There were no corporate proposals being announced during the current quarter under review.

**B7. Borrowings and Debt Securities**

The Group's borrowings as at 30 September 2018 are as follows:-

| | Secured RM'000 | Total RM'000 |
|---|---|---|
| *Current* | | |
| Finance lease liabilities | 837 | 837 |
| Bank overdraft | 752 | 752 |
| Term loans (in RM) | 925 | 925 |
| Term loans (in SGD) | 38 | 38 |
| | 2,552 | 2,552 |
| *Non-current* | | |
| Finance lease liabilities | 733 | 733 |
| Term loans (in RM) | 33,699 | 33,699 |
| Term loans (in SGD) | 3,180 | 3,180 |
| | 37,612 | 37,612 |
| Total | 40,164 | 40,164 |

**B8. Material Litigation**

There was no material litigation as at the date of this quarterly report and the financial year to date.

**B9. Dividend**

The Board do not recommend any dividend during the current quarter.

**B10. Qualification of Audit Report of the Preceding Annual Financial Statements**

There was no qualification on audit report of the preceding annual financial statements.

**B11. Earnings Per Share**

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

| | Current Year Quarter 30.09.2018 | Preceding Year Corresponding Quarter 30.09.2017 | Current Year To date 30.09.2018 | Preceding Year Corresponding Year To Date 30.09.2017 |
|---|---|---|---|---|
| Profit attributable to the owners (RM'000) | 592 | 1,549 | (186) | 9,021 |
| Weighted average number of ordinary shares in issue ('000) | 130,832 | 130,835 | 130,832 | 130,835 |
| Basic earnings/(loss) per share (sen) | 0.45 | 1.19 | (0.14) | 6.89 |

Diluted earnings per share is not applicable for the Group.

**B12. Notes To Condensed Consolidated Income Statements For The Quarter And Year-To-Date**

| | Current Year Quarter 30.09.2018 RM'000 | Preceding Year Corresponding Quarter 30.09.2017 RM'000 | Current Year To date 30.09.2018 RM'000 | Preceding Year Corresponding Year To Date 30.09.2017 RM'000 |
|---|---|---|---|---|
| *After crediting :-* | | | | |
| Interest income | 51 | 39 | 141 | 197 |
| Foreign exchange gain - unrealised | 139 | 543 | 139 | 1,804 |
| Gain on disposal of property, plant and equipment | - | 111 | 334 | 186 |
| *After charging :-* | | | | |
| Interest expense | 372 | 261 | 1,152 | 665 |
| Depreciation | 757 | 933 | 2,443 | 2,580 |
| Provision for slow moving inventories | 1 | 198 | 348 | 293 |
| Property, plant and equipment written off | 7 | 1,150 | 238 | 1,169 |

**BY ORDER OF THE BOARD**

**ANDREA HUONG JIA MEI**
Company Secretary
MIA 36347

Dated: 21 November 2018