# CHIN HIN GROUP BERHAD

# INTERIM FINANCIAL REPORT
# THIRD QUARTER ENDED 30TH SEPTEMBER 2018

**CHIN HIN GROUP BERHAD**
Company No.: 1097507-W
(Incorporated in Malaysia under the Companies Act, 1965)

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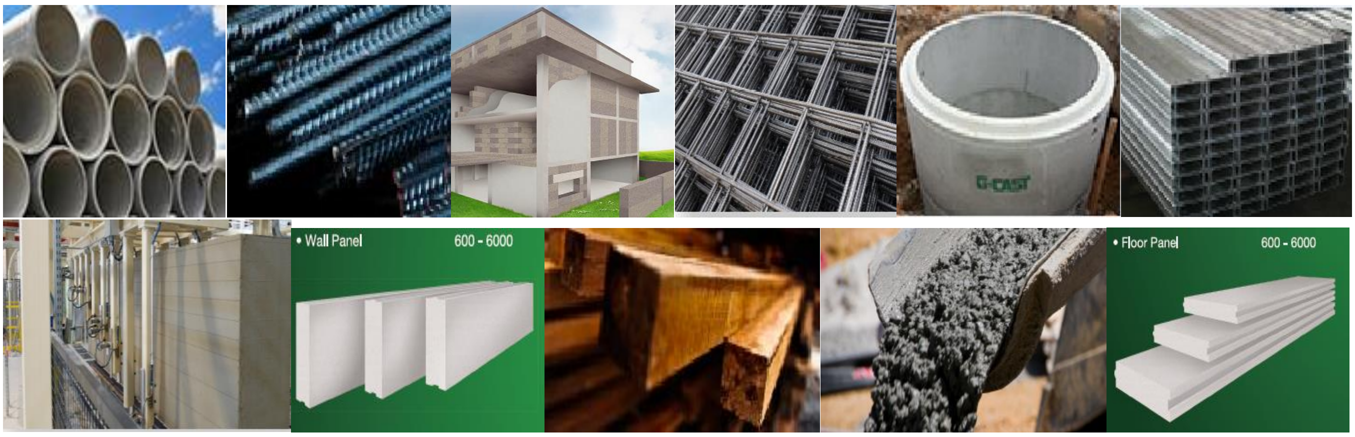

## CONTENTS

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018**
*(The figures have not been audited)*

| | Note | Individual Quarter 30 Sep 2018 RM'000 | Individual Quarter 30 Sep 2017 RM'000 | Changes % | Cumulative Quarter 30 Sep 2018 RM'000 | Cumulative Quarter 30 Sep 2017 RM'000 | Changes % |
|---|---|---|---|---|---|---|---|
| Revenue | | 278,707 | 260,899 | 7% | 828,340 | 759,732 | 9% |
| Cost of sales | | (253,102) | (235,918) | | (752,744) | (682,926) | |
| Gross profit | | 25,605 | 24,981 | | 75,596 | 76,806 | |
| Other operating income | | 1,814 | 1,556 | | 5,410 | 4,997 | |
| Administrative expenses | | (15,746) | (14,406) | | (47,010) | (42,050) | |
| Operating profit | | 11,673 | 12,131 | -4% | 33,996 | 39,753 | -14% |
| Finance costs | | (5,966) | (4,002) | | (16,287) | (11,854) | |
| Share of results of associates | | 2,523 | 559 | | 3,392 | 559 | |
| Profit before taxation | | 8,230 | 8,688 | -5% | 21,101 | 28,458 | -26% |
| Taxation | B5 | (2,193) | (2,677) | | (5,808) | (7,359) | |
| Profit after taxation | | 6,037 | 6,011 | 0% | 15,293 | 21,099 | -28% |
| Other comprehensive income | | | | | | | |
| Exchange translation differences | | 187 | 381 | | (94) | 198 | |
| Total comprehensive income for the financial period | | 6,224 | 6,392 | | 15,199 | 21,297 | |
| **PROFIT AFTER TAX ATTRIBUTABLE TO:** | | | | | | | |
| Owners of the Company | | 6,399 | 6,011 | 6% | 14,722 | 21,099 | -30% |
| Non-controlling interests | | (362) | - | | 571 | - | |
| | | 6,037 | 6,011 | | 15,293 | 21,099 | |

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (Cont'd)**
*(The figures have not been audited)*

| | | Individual Quarter | | | Cumulative Quarter | | |
|---|---|---|---|---|---|---|---|
| | | 30 Sep 2018 | 30 Sep 2017 | Changes | 30 Sep 2018 | 30 Sep 2017 | Changes |
| | Note | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | | | | | |
| Owners of the Company | | 6,586 | 6,392 | | 14,628 | 21,297 | |
| Non-controlling interests | | (362) | - | | 571 | - | |
| | | 6,224 | 6,392 | | 15,199 | 21,297 | |
| Earnings per share attributable to owners of the Company (sen): | | | | | | | |
| - Basic | B11 | 1.15 | 1.17 | | 2.65 | 4.11 | |
| - Diluted | B11 | N/A | N/A | | N/A | N/A | |
| Profit Before Interest and Tax | | 11,673 | 12,131 | -4% | 33,996 | 39,753 | -14% |

*Notes:*
The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 30 SEPTEMBER 2018**
*(The figures have not been audited)*

| | 30 September 2018 RM'000 | (Audited) 31 December 2017 RM'000 |
|---|---|---|
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | 409,031 | 381,198 |
| Investment properties | 71,430 | 71,430 |
| Investment in an associate | 30,051 | 26,948 |
| Goodwill | 30,958 | 30,958 |
| Other investment | 27 | 39 |
| **TOTAL NON-CURRENT ASSETS** | 541,497 | 510,573 |
| **CURRENT ASSETS** | | |
| Amount due from customers | 7,305 | - |
| Inventories | 88,007 | 71,561 |
| Trade receivables | 359,664 | 310,388 |
| Other receivables | 51,588 | 22,028 |
| Hire purchase receivables | 488 | 197 |
| Tax recoverable | 6,431 | 3,119 |
| Fixed deposits with licensed banks | 19 | 19 |
| Cash and bank balances | 29,358 | 49,992 |
| **TOTAL CURRENT ASSETS** | 542,860 | 457,304 |
| **TOTAL ASSETS** | **1,084,357** | **967,877** |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| Share capital | 325,796 | 325,796 |
| Treasury shares | (4,992) | - |
| Merger reserve | (153,192) | (153,192) |
| Foreign currency translation reserve | 219 | 313 |
| Revaluation reserve | 8,768 | 8,768 |
| Retained earnings | 232,588 | 217,866 |
| Total equity attributable to Owners of the Company | 409,187 | 399,551 |
| Non-controlling interests | 2,535 | 764 |
| **TOTAL EQUITY** | 411,722 | 400,315 |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018 (Cont'd)

*(The figures have not been audited)*

| | 30 September 2018 RM'000 | (Audited) 31 December 2017 RM'000 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Trade payables | 134,362 | 130,181 |
| Other payables | 36,068 | 45,368 |
| Amount owing to directors | 5 | 56 |
| Finance lease payables | 565 | 1,923 |
| Derivative financial liabilities | 34 | 34 |
| Bank borrowings | 396,992 | 315,601 |
| Tax payable | 2,403 | 769 |
| **TOTAL CURRENT LIABILITIES** | 570,429 | 493,932 |
| | | |
| **NON-CURRENT LIABILITIES** | | |
| Finance lease payables | 302 | 607 |
| Bank borrowings | 95,582 | 66,876 |
| Deferred tax liabilities | 6,322 | 6,147 |
| **TOTAL NON-CURRENT LIABILITIES** | 102,206 | 73,630 |
| | | |
| **TOTAL LIABILITIES** | 672,635 | 567,562 |
| **TOTAL EQUITY AND LIABILITIES** | **1,084,357** | **967,877** |
| | | |
| **NET ASSET PER SHARE (RM)** | 0.74 | 0.78 |

*Notes:*

(1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Net asset per share for the current quarter and comparative financial period is calculated based on the total equity divided by the weighted average number of ordinary shares in issue for the quarter and comparative financial period.*

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018
*(The figures have not been audited)*

| | <------ | ---------- | Attributable to owners of the parent | ---------- | ---------- | ------> | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | <------ | ---------- | Non-Distributable | ---------- | ------> | | Distributable | | | |
| | Share Capital RM'000 | Treasury Shares RM'000 | * Share Premium RM'000 | Merger Reserve RM'000 | Foreign Currency Translation Reserve RM'000 | Revaluation Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
| **Balance as at 1 January 2017** | 252,944 | - | 7,656 | (153,192) | 545 | 8,768 | 207,592 | 324,313 | - | 324,313 |
| Profit for the financial year | - | - | - | - | - | - | 21,099 | 21,099 | - | 21,099 |
| Foreign exchange translation | - | - | - | - | 198 | - | - | 198 | - | 198 |
| Total comprehensive income | - | - | - | - | 198 | - | 21,099 | 21,297 | - | 21,297 |
| | | | | | | | | | | |
| **Transactions with owners:** | | | | | | | | | | |
| Issue of shares | 65,650 | - | - | - | - | - | - | 65,650 | - | 65,650 |
| Share issuance expenses # | - | - | (454) | - | - | - | - | (454) | - | (454) |
| Dividend paid | - | - | - | - | - | - | (11,128) | (11,128) | - | (11,128) |
| Total transactions with owners | 65,650 | - | (454) | - | - | - | (11,128) | 54,068 | - | 54,068 |
| | | | | | | | | | | |
| **Balance as at 30 Sep 2017** | 318,594 | - | 7,202 | (153,192) | 743 | 8,768 | 217,563 | 399,678 | - | 399,678 |

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (Cont'd)
*(The figures have not been audited)*

| | <------Attributable to owners of the parent | | | | | | | | ------> | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | <------ Non-Distributable | | | | ------> | Distributable | | Non- | |
| | Share Capital RM'000 | Treasury Shares RM'000 | * Share Premium RM'000 | Merger Reserve RM'000 | Foreign Currency Translation Reserve RM'000 | Revaluation Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | Controlling Interests RM'000 | Total Equity RM'000 |
| **Balance as at 1 January 2018** | 325,796 | - | - | (153,192) | 313 | 8,768 | 217,866 | 399,551 | 764 | 400,315 |
| Profit for the financial year | - | - | - | - | - | - | 14,722 | 14,722 | 571 | 15,293 |
| Foreign exchange translation | - | - | - | - | (94) | - | - | (94) | - | (94) |
| Total comprehensive income | - | - | - | - | (94) | - | 14,722 | 14,628 | 571 | 15,199 |
| **Transactions with owners:** | | | | | | | | | | |
| Non-controlling interests arising from additional subscription of | - | - | - | - | - | - | - | - | - | - |
| shares in subsidiary companies | - | - | - | - | - | - | - | - | 1,200 | 1,200 |
| Shares repurchased | - | (4,992) | - | - | - | - | - | (4,992) | - | (4,992) |
| Total transactions with owners | - | (4,992) | - | - | - | - | - | (4,992) | 1,200 | (3,792) |
| **Balance as at 30 Sep 2018** | 325,796 | (4,992) | - | (153,192) | 219 | 8,768 | 232,588 | 409,187 | 2,535 | 411,722 |

*Notes:*
*The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.*

** Pursuant to subsection 618(3) and 618(4) of the Companies Act, 2016, the Group may exercise its right to use the share premium amount within 24 months after the commencement of the Companies Act, 2016. The Board of Directors will make a decision thereon by 31 January 2019.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018**
*(The figures have not been audited)*

| | Cumulative quarter | |
|---|---|---|
| | 30 Sep 2018 RM'000 | 30 Sep 2017 RM'000 |
| **Cash Flows From Operating Activities** | | |
| Profit before taxation | 21,101 | 28,458 |
| Adjustment for: | | |
| Bad debts written-off | 60 | 210 |
| Depreciation of property, plant and equipment | 15,557 | 13,364 |
| Gain on disposal of assets held for sale | - | (2) |
| Gain on disposal of investment in a subsidiaries | (590) | - |
| Gain on disposal of other investment | (3) | - |
| Impairment on trade receivables | 2,868 | 793 |
| Interest expense | 16,278 | 11,854 |
| Interest income | (669) | (684) |
| Inventories written off | 12 | 33 |
| Loss/(Gain) on disposal of property, plant and equipment | 23 | (286) |
| Reversal of impairment on trade receivables | (241) | (211) |
| Share of results of associates | (3,103) | (559) |
| Unrealised loss on foreign exchange | (62) | 2 |
| **Operating profit before working capital changes** | 51,231 | 52,972 |
| **Changes in working capital:** | | |
| Amount due from customers | (7,305) | - |
| Inventories | (25,823) | (12,777) |
| Trade receivables | (57,093) | (1,235) |
| Other receivables | (29,551) | 1,661 |
| Hire purchase receivables | (291) | 3,338 |
| Trade payables | 6,119 | (13,749) |
| Other payables | (2,598) | 112 |
| Exchange differences | 614 | (430) |
| Amount due to directors | (52) | 55 |
| | (115,980) | (23,025) |
| Cash (used in)/generated from operations | (64,749) | 29,947 |
| Interest paid | (16,278) | (11,854) |
| Interest received | 669 | 684 |
| Tax paid | (7,361) | (10,325) |
| Tax refund | 50 | 64 |
| Net cash (used in)/from operating activities | (87,669) | 8,516 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (Cont'd)**
*(The figures have not been audited)*

| | Cumulative Quarter | |
|---|---|---|
| | 30 Sep 2018 RM'000 | 30 Sep 2017 RM'000 |
| **Cash Flows From Investing Activities** | | |
| Purchase of property, plant and equipment | (48,813) | (68,841) |
| Capital contribution by non-controlling interests | 1,200 | - |
| Acquisition of associate companies | - | (24,750) |
| Acquisition of subsidiaries | - | (32,025) |
| Proceeds from disposal of assets held for sales | - | 1,235 |
| Proceeds from disposal of other investment | 14 | - |
| Proceeds from disposal of investment in subsidiary companies | 10,221 | - |
| Proceeds from disposal of property, plant and equipment | 122 | 542 |
| Net cash used in investing activities | (37,256) | (123,839) |
| **Cash Flows From Financing Activities** | | |
| Dividend paid | - | (10,118) |
| Drawdown of bank borrowings | 40,115 | 1,260 |
| Net changes on bankers' acceptance, trust receipt and revolving credits | 83,627 | 41,312 |
| Release in fixed deposits pledged | - | 1,582 |
| Repayment of finance lease payables | (1,662) | (3,203) |
| Repayment of bank borrowings | (12,781) | (19,591) |
| Payment of listing expenses | - | (454) |
| Proceeds from issue of share capital | - | 65,650 |
| Shares repurchased | (4,992) | - |
| Net cash generated from financing activities | 104,307 | 76,438 |
| **Net decrease in cash and cash equivalents** | (20,618) | (38,885) |
| **Cash and cash equivalents at the beginning of the financial period** | 47,073 | 69,352 |
| Effect of exchange translation differences on cash and cash equivalents | (33) | 8 |
| **Cash and cash equivalents at the end of the financial period** | 26,422 | 30,475 |
| Cash and cash equivalents at the end of the financial year comprises: | | |
| Cash and bank balances | 29,358 | 33,397 |
| Bank overdrafts | (2,936) | (2,922) |
| Fixed deposits with licensed banks | 19 | 15 |
| | 26,441 | 30,490 |
| Less: Fixed deposits pledged to licensed banks | (19) | (15) |
| | 26,422 | 30,475 |

Notes:
*The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.*

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## NOTES TO THE INTERIM FINANCIAL REPORT- THIRD QUARTER ENDED 30 SEPTEMBER 2018

## A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

### A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134- Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017, except for the adoption of standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2018:

| | |
|---|---|
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in July 2014) |
| MFRS 15 | Revenue from Contracts with Customers |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysia Accounting Standards Boards as they have yet to be effective for the Group:

| **MFRSs AND IC Interpretations (Including The Consequential Amendments)** | **Effective dates for financial period beginning on and after** |
|---|---|
| MFRS 10 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) | Deferred |
| MFRS 16 – Leases | 1 January 2019 |
| MFRS 17 – Insurance Contracts | 1 January 2021 |
| IC Interpretation 23 – Uncertainty over Income Tax Treatments | 1 January 2019 |

The adoption of these new MFRSs, amendments and IC interpretations did not have any material impact on the interim financial report of the Group except for the following:

I. <u>MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)</u>

MFRS 9, Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 Financial Instruments: Recognition and measurement.

a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

I. MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

a) Classification of financial assets

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost ("AC")
- Fair value through Other Comprehensive Income ("FVOCI"); and
- Fair value through Profit or Loss ("FVTPL")

The standards eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Based on its assessment, the financial assets held by the Group and the Company as at 30 September 2018 will be reclassified to the following classification:

| Group | 30 September 2018 RM'000 | Existing classification under MFRS 139 | New classification under MFRS 9 |
|---|---|---|---|
| **Financial assets** | | | |
| Trade receivables | 359,664 | L&R | AC |
| Other receivables | 51,588 | L&R | AC |
| Hire purchase receivables | 488 | L&R | AC |
| Fixed deposits with licensed banks | 19 | L&R | AC |
| Cash and bank balances | 29,358 | L&R | AC |

b) Impairment of financial assets

MFRS 9 replaces the "incurred loss" model in MFRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. A financial asset's credit risk deemed not increased significantly if the asset has low credit risk at the reporting date. However, the Group and the Company have adopted lifetime ECL measurements for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

I. MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes is that, in case where the fair value option is taken for financial liabilities, the part of fair value change due to entity's own credit risk is recoded in other comprehensive income rather than in profit or loss, unless this create an accounting mismatch.

Based on the assessments undertaken to date, the Group and the Company do not expect the above new requirements to affect the classification and measurements of its financial assets and financial liabilities. On the ECL impact, the Group and the Company expects an increase in the Group's and the Company's allowance for impairment by less than 5% of loans and receivables.

II. MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Based on the preliminary initial assessment, the Group does not expect the application of MFRS 15 to have a significant impact on financial statements except for extensive new disclosure in financial statements, in particular information about the Group's remaining performance obligations.

Revenue from sale of goods will be recognised when control of the products has transferred, being the point when products are delivered to customers. As the transfer of risk and rewards generally coincides with the transfer of control at point in time, the timing and amount of revenue recognised under MFRS 15 is unlikely to be materially different from its current practice.

III. MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis.

III. MFRS 16 Leases (Cont'd)

The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and the Company are assessing the impact of the above new standard on the financial statements of the Group and of the Company in the year of initial adoption.

**A2. Auditors' report of preceding annual audited financial statements**

The auditors' report on the preceding year's audited financial statements of the Company and of the Group was not subject to any qualification.

**A3. Seasonal or cyclical factors**

The businesses of the Group were not affected by seasonal or cyclical factors during the current financial quarter and financial period-to-date.

**A4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

**A5. Material changes in estimates**

There were no material changes in estimates used in reporting the current financial quarter and financial period-to-date as compared to the audited financial statements of the Group for the financial year ended 31 December 2017.

**A6. Debt and equity securities**

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

During the current financial quarter and period to date, the Company repurchase 6,320,000 ordinary shares of its issued share capital from the open market, at an average of RM0.790 per share. The total consideration paid for the share buy-back and transaction costs amounted to RM4,991,708 and RM3,993 respectively were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 (6) of the Companies Act 2016.

During the current financial quarter and period to date, none of the treasury shares is distributed as share dividend to the shareholders.

As at 30 September 2018, the number of treasury shares held was 6,320,000 ordinary shares.

## A7. Segmental information

The Group's operating activities were derived from five (5) main business segments, namely the following:-

| | Unaudited Individual quarter 30 Sep 2018 RM'000 | Unaudited Individual quarter 30 Sep 2017 RM'000 | Unaudited Cumulative quarter 30 Sep 2018 RM'000 | Unaudited Cumulative quarter 30 Sep 2017 RM'000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| • Investment holding and management services | 1,801 | 2,089 | 6,273 | 6,529 |
| • Distribution of building materials and logistics services | 173,470 | 165,084 | 475,716 | 470,702 |
| • Ready-mixed concrete | 23,972 | 22,989 | 77,165 | 73,657 |
| • Manufacturing of fire-rated door | 6,516 | 7,279 | 17,497 | 23,158 |
| • Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete | 55,051 | 45,795 | 151,105 | 133,224 |
| • Manufacturing of wire mesh and metal roofing systems | 40,427 | 50,062 | 125,712 | 131,193 |
| • Modular building Solutions | 1,585 | - | 45,594 | - |
| | 302,822 | 293,298 | 899,062 | 838,463 |
| Adjustments and eliminations | (24,115) | (32,399) | (70,722) | (78,731) |
| | 278,707 | 260,899 | 828,340 | 759,732 |
| **Profit/(Loss) before taxation** | | | | |
| • Investment holding and management services | (151) | 9,807 | (67) | 9,696 |
| • Distribution of building materials and logistics services | 3,079 | 2,981 | 5,568 | 10,642 |
| • Ready-mixed concrete | 848 | 489 | 2,804 | 1,574 |
| • Manufacturing of fire-rated door | 679 | 911 | 1,619 | 3,198 |
| • Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete | 1,338 | 4,521 | 9,302 | 17,212 |
| • Manufacturing of wire mesh and metal roofing systems | 169 | (525) | (1,894) | (4,091) |
| • Modular building Solutions | (134) | - | 5,472 | - |
| | 5,828 | 18,184 | 22,804 | 38,231 |
| Share of results of associates | 2,523 | 559 | 3,392 | 559 |
| | 8,351 | 18,743 | 26,196 | 38,790 |
| Adjustments and eliminations | (121) | (10,055) | (5,095) | (10,332) |
| | 8,230 | 8,688 | 21,101 | 28,458 |

No other segmental information such as segment assets and liabilities are presented as the Group is principally engaged in one industry that is the building material industry.

**A8. Dividend paid**

There was no dividend paid for the current financial quarter and financial period-to-date.

**A9. Valuation of property, plant and equipment**

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter and financial period to-date.

**A10. Valuation of investment properties**

The Group has not carried out any valuation on its investment properties in the current financial quarter and financial period to-date.

**A11. Capital commitments**

The capital commitments of the Group were as follows:-

| | Unaudited<br>30 September 2018<br>RM'000 | Audited<br>31 December 2017<br>RM'000 |
|---|---|---|
| Authorised and contracted for: | | |
| -acquisition of property, plant and equipment | 11,083 | 30,691 |

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

Save as disclosed in Note B6(i) on the Status of Corporate Proposal Announced, there were no material changes in the composition of the Group for the current quarter ended 30 September 2018.

**A13. Contingent liabilities and contingent assets**

There were no contingent assets as at the date of this interim financial report. Contingent liabilities of the Group were as follows:-

| | Unaudited<br>30 September 2018 | Audited<br>31 December 2017 |
|---|---|---|
| **Unsecured** | **RM'000** | **RM'000** |
| Corporate guarantees given to the licensed banks for credit facility granted to related companies | 520,073 | 830,006 |

**A14. Material events subsequent to the end of the quarter**

There were no other material events subsequent to the end of current quarter and financial period-to-date that have not been reflected in this interim financial report.

**A15. Related party transactions**

(1) Our Group's transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 30 September 2018 were as follows:-

| | **Unaudited RM'000** |
|---|---|
| Transaction with companies in which the Directors or substantial shareholders have financial interest: | |
| -Transportation services | 3,042 |
| -Sales of goods | 2,012 |
| -Purchase of goods | 8,556 |
| -Purchase of vehicles | 287 |
| -Rental received/receivables | 941 |
| -Rental paid/payables | 133 |
| -Insurance and road tax received | 89 |
| -Hotel accommodation paid | 6 |

These transactions have been entered into in the normal course of business.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

**B1. Review of performance**

**Comparison with Corresponding results of Last Quarter**

For the current financial quarter under review, the Group reported a revenue of RM278.71 million, an increase of RM17.81 million or 6.83% as compared to RM260.90 million in the preceding year corresponding quarter. The increase in revenue for the current quarter were mainly derived from the higher revenue from the autoclaved aerated concrete ("AAC") block, precast concrete products, Starken drymix products, green cement, distribution of building materials and ready-mixed concrete sector despite the decrease in revenue from our manufacturing of fire rated door business and the mesh products segment. The higher revenue from the manufacturing of autoclaved aerated concrete ("AAC") block was driven by the growth in market demand for panel whereas the increase in revenue from the precast concrete products were due to the surge in sales volume for box culvert and U-shape drain pipe from Rawang plant, jacking pipe from Serendah plant, ogee pipes, spun spigot and socket joint pipe from Bidor plant and the increase in export of polymer pipes to Singapore market. Growth in the revenue for the distribution of building materials segment was mainly due to the expansion of imported plywood sales to the local market, increase in the trading of tiles and steel bar despite the drop in the cement sales. The cumulative quarter ended 30 September 2018 cement sales were decline by approximately 14.18% as compared to the preceding year corresponding cumulative quarter. The decline was in line with the continue softening of housing construction activities. The Group's gross profit was increased by RM0.62 million or 2.50% from RM24.98 million in the preceding year corresponding quarter of 2017 to RM25.61 million in the current quarter of 2018. The higher gross profit for the current quarter were mainly due to the additional sales generated from AAC block from Kota Tinggi plant and drymix products from Bidor plant which had started their production this year and the concrete design mix optimisation through green material initiatives which has lower down the raw material cost.

**B1. Review of performance (Cont'd)**

**Comparison with Corresponding results of Last Quarter (Cont'd)**

The gross profit margin for the current quarter was recorded at 9.19%, a decline of 0.38% as compared to the preceding year corresponding quarter of 9.57%. The decline was primarily due to the gross loss of RM1.85 million suffered by the two new start-up companies i.e. Sage Evergreen Sdn Bhd (AAC plant at Kota Tinggi, Johor) and G-Cast UHPC Sdn Bhd. These negative impacts have been partially off-set by the improved performance of the manufacturing of AAC block and precast concrete, ready-mixed concrete segment and manufacturing of wire mesh. The improved gross profit margin for AAC products was due to selling of higher proportion of wall panel which can fetch a higher margin than AAC block. The better performance for ready-mixed concrete segment was due to the selling of higher grade concrete and ice concrete in the central region. For comparative purposes if the new start-up companies gross losses of RM1.85 million were excluded from current quarter gross profit, our Group's gross profit margin would worked out to be 9.85% as compared to 9.57% of the corresponding quarter of last year.

Other operating income has increased by approximately RM0.26 million or 16.58% from RM1.56 million in the preceding year corresponding quarter to RM1.81 million in the current quarter was due the recovery of solar related income after the TNB renewable energy meter malfunction issue has been resolved in the current quarter.

The Group's current quarter administration expenses has increased by RM1.34 million as compared to the preceding year corresponding quarter mainly due to the new start-up companies, i.e. Starken Drymix Solutions Sdn Bhd, Sage Evergreen Sdn Bhd, Green Cement Sdn Bhd and G-Cast UHPC Sdn Bhd's administration expenses charged out of RM1.09 million. The increase also contributed by the increase of the staff cost for G-Cast Sdn Bhd's Rawang plant and Metex Modular Sdn Bhd which have fully kick start their operation in 2018.

The Group's finance cost for the current quarter has increased by RM1.96 million due to the drawdown of additional bankers' acceptance, revolving credit and term loan to finance Starken AAC Sdn Bhd's working capital and the capital expenditures on the new Autoclaved Aerated Concrete (AAC) block and panel plant at Kota Tinggi, Johor. Besides that, the increase in finance cost also due to the drawdown of additional bankers' acceptance facility to fund the hedging of wire rod for mesh business.

Share of profit of associate companies of RM2.52 million for the current quarter were mainly contributed by the speeding up of the two big projects on hand i.e. 62MWp large scale solar photovoltaic ("LSSPV") project in Gambang, Pahang and the 58.5MWp LSSPV project in Kuala Kertih, Kedah which has reached the stage of completion of 85% and 39% respectively. Besides, the higher profit were contributed from the profit recognised on the Net Energy Metering ("NEM") roof-top projects and the service income derived from the operations and maintenance contracts.

The Group registered a lower profit before tax of RM8.23 million in the current financial quarter as compared to RM8.69 million in the corresponding quarter of 2017. The new start-up companies' gross losses, administration expenses and the finance cost charged out totalling RM4.16 million have adversely impacted the Group's profit before tax. Besides, the performance of the Group was also pulled down by the additional finance costs incurred to fund the working capital and capital expenditures spent on the AAC block and panel plant located at Kota Tinggi, Johor.

**B1. Review of performance (Cont'd)**

**Comparison with Corresponding results of Last Quarter (Cont'd)**

For the cumulative quarter ended 30 September 2018 ("Q3 2018"), the Group reported a Profit before Tax ("PBT") of RM21.10 million as compared to the PBT of RM28.46 million reported for the cumulative quarter ended 30 September 2017 ("Q3 2017"). The lower PBT for Q3 2018 is due mainly to new start-up companies' initial production cost, administration expenses and the finance cost charged out of totalling RM11.25 million. Excluding those said costs, the underlying PBT for Q3 2018 shall recorded at RM32.35 million which is much higher than the underlying PBT of RM28.46 million for Q3 2017.

The current financial quarter effective tax rate of 26.65% was higher than the corresponding quarter of 2017 of 30.81% mainly due to the considerable losses suffered by the new start-up companies which has pulled down the denominator i.e. profit before tax.

**B2. Comparison with immediate preceding quarter's results**

**CURRENT QUARTER vs. PRECEDING QUARTER**

| | **Unaudited Individual quarter 30 Sep 2018 RM'000** | **Unaudited Individual quarter 31 June 2018 RM'000** | **Changes %** |
|---|---|---|---|
| Revenue | 278,707 | 284,309 | -2% |
| Operating Profit | 11,673 | 13,471 | -13% |
| Profit Before Interest and Tax | 11,673 | 13,471 | -13% |
| Profit Before Tax | 8,230 | 7,148 | 15% |
| Profit After Tax | 6,037 | 5,082 | 19% |
| Profit Attributable to Ordinary Equity Holders of the Parent | 6,037 | 5,082 | 19% |

For the quarter under review, the Group posted a revenue of RM278.71 million as compared to RM284.31 million in the preceding quarter, a decrease of RM5.60 million. The main reason for the lower revenue recorded in the third quarter primarily due to Metex Modular Sdn Bhd's slower progress work at site pending revision of building plan layout by the Developer. However the rest of the business segments' revenue were higher than the preceding quarter except for manufacturing of fire-rated door and wire mesh segment. The lower revenue recorded for the said segments were due to the deferment of new launches of property projects as there were more unsold homes under construction and unconstructed in 2018 as compared to 2017.

The Group's profit before tax was higher by RM1.08 million in the current quarter as compared to the preceding quarter primarily due to the higher share of results from our associates companies involved in the solar business, better performance from the distribution of building materials and logistics services as well as the manufacturing of fire-rated door.

## B3. Prospects

The operating environment is envisaged to remain even more challenging after the tabling of 2019 Budget. Our new autoclaved aerated concrete ("AAC") production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor which has started its testing and commissioning in early June 2018 has ramped up to 25% capacity as of end October 2018. Nonetheless, the hiccups faced at this new plant since its commissioning has yet to be resolved. This plant has been scheduled to produce higher margin wall panel to meet the growing demand from Siangapore. Starken Drymix Solutions Sdn Bhd which is located at Bidor, specialising in the production of thin adhesive base, render, skim coat, tile adhesive, panel plaster and basic skim continue to maintain its production capacity at 40% level as at end October 2018 due to the factory had focus its attention on the new robotic arms installation.

The Company via its wholly-owned subsidiary, Midah Industries Sdn Bhd has entered into Share Sale Agreement ("SSA") on 23 October 2018 to acquire all the shares in Kempurna, a company specialises in the manufacturing of metal doors and window frames for a total consideration of RM4,144,668.60. The new acquisition would able to complement the Group's fire-rated door business besides enabling Chin Hin to enhance its involvement and market share in the door manufacturing business.

For the Ultra High Performance Concrete (UHPC) business, the Company has managed to secure some sizeable projects in November 2018 with the total contract value of approximately RM10.00 million. These projects are expected to kick start and contribute positively to the bottom line of the Group in 2019.

## B4. Estimates/Forecast

The Group has not provided any revenue or profit guidance in any public documents.

## B5. Taxation

The applicable income tax rate is 24% except for the Group's subsidiary companies, PP Chin Hin Pte Ltd and MI Polymer Concrete Pipes Pte Ltd which are subject to the statutory rate of 17% based on Singapore's tax regime.

| | Individual Quarter Unaudited | | Cumulative Quarter Unaudited | |
|---|---|---|---|---|
| | 30 Sep 2018 RM'000 | 30 Sep 2017 RM'000 | 30 Sep 2018 RM'000 | 30 Sep 2017 RM'000 |
| Income tax expense | | | | |
| - Current financial period | 1,974 | 1,798 | 6,124 | 6,441 |
| - Under/(Over)rprovision in prior year | 219 | 379 | (491) | 393 |
| | 2,193 | 2,177 | 5,633 | 6,834 |
| Deferred tax | | | | |
| - Current financial period | - | 100 | 175 | 125 |
| - (Over)/Underprovision in prior year | - | 400 | - | 400 |
| Total tax expense | 2,193 | 2,677 | 5,808 | 7,359 |

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**B6. Status of corporate proposals and utilisation of proceeds**

**(i) Status of corporate proposal**

There are no corporate proposals that were announced but not completed as at the date of this report except as below:

1) On 14 August 2018, G-Cast Concrete Sdn Bhd ("G-Cast"), an indirect wholly-owned subsidiary of the Company had entered into a Coal Ash Offtake Agreement with Tanjung Bin Power Sdn Bhd ("TBP") whereby G-Cast is desirous of collecting bottom ash and fly ash (collectively hereinafter referred to as the "Coal Ash") on a non-exclusive basis (the "Agreement"). Coal Ash is by-product from the combustion of 3x700 MW coal fired power station plant located at Tanjung Bin, Johor Darul Takzim which is owned by TBP ('Plant").

   The Agreement is conditional upon, amongst others, G-Cast obtaining all necessary clearances, authorisations, approvals and permissions required for any dealings with the Coal Ash in accordance with the requirements of the Malaysian laws.

   Once all the conditions have been met, the Agreement shall be effective and valid for a period of ten (10) years, with an option to extend for additional three (3) years, or any period to be agreed by both parties.

2) On 20 August 2018, Midah Industries Sdn Bhd ('MISB"), an indirect wholly-owned subsidiary of the Company had incorporated a new subsidiary, namely Midah Industries (North) Sdn Bhd ("MINSB") with the registered share capital of RM100.00, represented by 100 ordinary shares each in MINSB.

   Upon incorporation of MINSB, the shareholdings structure of MINSB are as follow:

| Shareholder's name | No.of Shares | % |
|---|---|---|
| MISB | 51 | 51 |
| POH WAY CHARD | 49 | 49 |
| Total | 100 | 100 |

   The intended principal activity of MINSB is relating to manufacturing and marketing of door sets and dealing in consumer product including lock sets, alarm systems and other related business.

3) On 23 October 2018, Midah Industries Sdn Bhd ("MISB"), an indirect wholly-owned subsidiary of the Company had entered into a share sale agreement ("SSA") with the vendors of Kempurna Sdn Bhd ("KEMPURNA") to acquire the entire issued and paid up share capital of KEMPURNA comprising 340,000 ordinary shares for a total cash consideration of RM4,144,668.60 ("Proposed Acquisition"). The details of the purchase consideration are as follow:

| Vendors | Shareholdings (%) | No. of share to be acquired | Purchase consideration (RM) |
|---|---|---|---|
| Cheong Nam | 11.76 | 40,000 | 487,413.03 |
| Wong Tuck Fock | 66.18 | 225,000 | 2,742,941.68 |
| Ng Moy Ying | 22.06 | 75,000 | 914,313.89 |
| Total | 100.00 | 340,000 | 4,144,668.60 |

**B6. Status of corporate proposals and utilisation of proceeds (Cont'd)**

**(i) Status of corporate proposal (Cont'd)**

3) The Purchase consideration was arrived on a willing buyer –willing seller basis after given due consideration to the net tangible assets and order book of KEMPURNA as at 21 September 2018. The purchase consideration was arrived at 1.77 times of KEMPURNA's net tangible assets of RM2,343,175 as per the latest available audited financial statements for the financial year ended 31 July 2017 as well as taking into account the order book of RM6,909,911 as at 21 September 2018.

Prior to the SSA, Kempurna has entered into an assets sale and purchase agreement ("Asset SPA") with HF Industries for the acquisition of fixed assets (including plant, equipment and machineries) and stocks (including raw materials, semi and finished products) in HF Industries free from encumbrances.

The principal activity of KEMPURNA is manufacturing of Metal doors window frames. Upon the completion of the Proposed Acquisition, KEMPURNA will become a wholly-owned direct subsidiary of MISB.

4) On 29 October 2018, PP Chin Hin Sdn Bhd, a direct wholly-owned subsidiary of the Company had entered into two separate Share Sale Agreement with Chin Hin Group Berhad (the Company) and Midah Industries Sdn Bhd ("MISB") respectively, pursuant to the Internal Reorganisation, details are as follows:

| Target Company | | | Vendor | Purchaser | Consideration (RM) |
|---|---|---|---|---|---|
| Name | Equity interest to disposed of | Principal Activity | | | |
| Midah Industries Sdn Bhd | 100% equity interest comprising 500,000 ordinary shares | Principally involved in the manufacturing and trading in wood based products | PP Chin Hin Sdn Bhd | Chin Hin Group Berhad | 13,648,265 |

Upon completion of the Internal Reorganisation, MISB will become a direct-wholly owned subsidiary of the Company.

| Target Company | | | Vendor | Purchaser | Consideration (RM) |
|---|---|---|---|---|---|
| Name | Equity interest to disposed of | Principal Activity | | | |
| Epic Diversity Sdn Bhd | 100% equity interest comprising 300,000 ordinary shares | Dealing in consumer products including lock set, alarm system and other related business | PP Chin Hin Sdn Bhd | Midah Industries Sdn Bhd | 3,430,735 |

**B6. Status of corporate proposals and utilisation of proceeds (Cont'd)**

**(i) Status of corporate proposal (Cont'd)**

4) Upon completion of the Internal Reorganisation, Epic Diversity Sdn Bhd will become a direct wholly-owned subsidiary of MISB, which in turn is an indirect wholly-owned subsidiary of the Company.

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**B6. Status of corporate proposals and utilisation of proceeds (Cont'd)**

**(ii) Utilisation of proceeds**

(a) The status of utilisation of the proceeds of approximately RM41.079 million from the IPO as at 30 September 2018 are as follow:-

| | | Utilisation [1] | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Details of the utilisation of proceeds** | **Proposed RM'000** | **Actual RM'000** | **Balance RM'000** | **Variantions of IPO Proceeds RM'000** | **After Variantions of IPO Proceeds RM'000** | **Balance of IPO Proceeds RM'000** | **Estimated timeframe for utilisation from the listing date** | **Revised expected timeframe for utilisation of proceeds (from the listing date) [3]** |
| i) | Expansion of existing manufacturing facility and purchase of new equipment and machinery | 15,000 | 9,310 | 5,690 | [2]5,690 | 5,690 | - | Within 24 months | Within 36 months |
| ii) | Repayment of bank borrowings | 15,000 | 15,000 | - | - | - | - | Within 6 months | No change |
| iii) | Working capital requirements | 7,079 | 7,079 | - | - | - | - | Within 24 months | No change |
| iv) | Listing expenses | 4,000 | 4,000 | - | - | - | - | Immediately | No change |
| | | **41,079** | **35,389** | **5,690** | **5,690** | **5,690** | **-** | | |

Note:

*(1)* The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 18 February 2016.

*(2)* The amount budgeted for expansion of existing manufacturing facility and purchase of new equipment and machineries has been re-allocated for the purchase of the following machineries:

| No. | Machineries | No.of units | Total (RM'000) |
|---|---|---|---|
| (a) | Autoclave | 4 | 4,482 |
| (b) | Spinning moulds | 30 | 345 |
| (c) | Reinforced concrete moulds | 10 | 863 |
| | **Total** | **44** | **5,690** |

## B6. Status of corporate proposals and utilisation of proceeds (Cont'd)

### (ii) Utilisation of proceeds (Cont'd)

*(3)* The proposed variation of the utilisation of proceeds is on revised expected timeframe for utilisation of proceeds from the listing date only.

(b) The status of utilisation of the proceeds of approximately RM65.650 million from the private placement as at 30 September 2018 are as follow:-

| | | Utilisation | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Details of the utilisation of proceeds** | **Proposed RM'000** | **Actual RM'000** | **Balance RM'000** | **Variantions of Private Placement Proceeds RM'000** | **After Variantions of Private Placement Proceeds RM'000** | **Balance of Private Placement Proceeds RM'000** | **Estimated timeframe for utilisation from the listing date** |
| i) | Construction of new manufacturing and operation facility of G-Cast Concrete Sdn Bhd ("GCCSB") in Kota Tinggi, Johor | 12,000 | 1,606 | 10,394 | - | - | 10,394 | Within 18 months |
| ii) | Expansion of existing manufacturing facilities and purchase of new equipment and machineries of GCCSB in Rawang, Selangor | 6,200 | 6,200 | - | - | - | - | Within 12 months |
| iii) | Expansion of existing manufacturing facilities, purchase of new equipment and machineries of MI Polymer Concrete Pipes Sdn Bhd ("MIPCP") in Batu Pahat, Johor as well as undertaking related product testing, certification and related works for its products | 2,693 | 2,247 | 446 | - | - | 446 | Within 12 months |
| iv) | Repayment of bank borrowings | 23,600 | 23,600 | - | - | - | - | Within 6 months |
| v) | Future expansion plans # | 10,000 | 10,000 | - | - | - | - | Within 24 months |
| vi) | Working capital purposes | 9,757 | 10,622 | (865) | *865 | 865 | - | Within 6 months |
| vii) | Expenses for the Private Placement | 1,400 | 535 | 865 | (*865) | - | - | Within 1 month |
| | | **65,650** | **54,810** | **10,840** | **-** | **865** | **10,840** | |

Note: # To reimburse partially the internal generated fund used for the acquisition of Atlantic Blue of RM24.75 million.

* As provided in the Company's announcement made on 6 June 2017, if the actual expenses incurred for the Private Placement exercise are higher than the amount budgeted, the deficit will be funded out of the working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for the working capital.

**B7. Borrowings**

The Group's borrowings are all secured and denominated in Ringgit Malaysia, details are as follows:-

| | As at 30 September 2018 RM'000 | (Audited) As at 31 December 2017 RM'000 |
|---|---|---|
| Bank overdrafts | 2,936 | 2,919 |
| Revolving credits | 78,910 | 61,300 |
| Bankers' acceptance | 282,933 | 234,937 |
| Trade financing | 18,113 | - |
| Trust Receipts | 393 | 486 |
| Term loans | 109,288 | 82,835 |
| **Total bank borrowings** | **492,573** | **382,477** |
| **Total bank borrowings comprise:-** | | |
| **Current:** | | |
| Bank overdraft | 2,936 | 2,919 |
| Revolving credits | 78,910 | 61,300 |
| Bankers' acceptance | 282,933 | 234,937 |
| Trade financing | 18,113 | - |
| Trust Receipts | 393 | 486 |
| Term loans | 13,706 | 15,959 |
| | **396,991** | **315,601** |
| **Non-current:** | | |
| Term loans | 95,582 | 66,876 |
| | **492,573** | **382,477** |

**B8. Finance lease payables**

The Group's finance lease payables are denominated in Ringgit Malaysia, details are as follows:-

| | As at 30 September 2018 | (Audited) As at 31 December 2017 |
|---|---|---|
| Present value of minimum lease payments: | RM'000 | RM'000 |
| Repayable within twelve months | 565 | 1,923 |
| Repayables after twelve months | 302 | 607 |
| | **867** | **2,530** |

**B9. Changes in material litigation**

As at a date not earlier than seven (7) days from the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

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**B10. Dividend Proposed**

There was no dividend declared for the current financial quarter.

**B11. Earnings per share**
**Basic earnings per ordinary share**

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | 30 Sep 2018 | 30 Sep 2017 | 30 Sep 2018 | 30 Sep 2017 |
| Profit attributable to ordinary equity holders of the Group (RM'000) | 6,399 | 6,011 | 14,722 | 21,099 |
| Number of ordinary shares in issues as at 1 January ('000) | 556,388 | 505,888 | 556,388 | 505,888 |
| Effect of shares issued during the financial period ('000) | - | 7,000 | - | 7,000 |
| Weighted average number of ordinary shares in issue ('000) | 556,388 | 512,888 | 556,388 | 512,888 |
| Basic earnings per share (sen) | 1.15 | 1.17 | 2.65 | 4.11 |

**Diluted earnings per ordinary share**

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the end of this quarter.

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | 30 Sep 2018 | 30 Sep 2017 | 30 Sep 2018 | 30 Sep 2017 |
| Profit attributable to ordinary equity holders of the Group (RM'000) | 6,399 | 6,011 | 14,722 | 21,099 |
| Weighted average number of ordinary shares as above | 556,388 | 512,888 | 556,388 | 512,888 |
| Basic earnings per share (sen) | 1.15 | 1.17 | 2.65 | 4.11 |

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**B12. Disclosure on selected expense/income items as required by the Listing Requirements**

Included in profit before tax comprised the following expense/(income) items:

| | Unaudited As at 30 Sep 2018 RM'000 | Unaudited As at 30 Sep 2017 RM'000 |
|---|---|---|
| Profit before taxation is arrived at after charging/(crediting):- | | |
| Auditor remuneration | | |
| - Current year | 195 | 240 |
| - (Over)/Underprovision in prior year | (2) | 23 |
| Bad debts recovered | (119) | (26) |
| Bad debts written-off | 60 | 210 |
| Depreciation of property, plant and equipment | 15,557 | 13,364 |
| Directors' fee | 180 | 180 |
| Directors remuneration | | |
| - Salary, EPF and Socso | 1,320 | 1,342 |
| - Other emoluments | 259 | 198 |
| Gain on disposal of assets held for sale | - | (2) |
| Gain on disposal of investment in a subsidiaries | (590) | - |
| Gain on disposal of other investment | (3) | - |
| Impairment on trade receivables | 2,868 | 793 |
| Interest expense | 16,287 | 11,854 |
| Interest income | (669) | (684) |
| Inventories written off | 12 | 33 |
| Loss/(Gain) on disposal of property, plant and equipment | 23 | (286) |
| Realised loss/(gain) on foreign exchange | 309 | 70 |
| Rental income | (3,788) | (3,840) |
| Rental expenses | 5,308 | 3,009 |
| Reversal of impairment on trade receivables | (241) | (211) |
| Share of results of associates | (3,103) | (559) |
| Unrealised loss on foreign exchange | (62) | 2 |

**B14. Comparative figures**

Comparatives figures, where applicable, have been modified to conform to the current presentation.

**BY ORDER OF THE BOARD**

**26th November 2018**