



KIM TECK CHEONG CONSOLIDATED BERHAD
(Company No: 1113927-H)

**INTERIM FINANCIAL REPORT FOR THE
FOURTH (4TH) QUARTER ENDED 30 JUNE 2017**

Contents	Pages
Unaudited Condensed Consolidated Statement of Comprehensive Income	1
Unaudited Condensed Consolidated Statement of Financial Position	2
Unaudited Condensed Consolidated Statement of Changes in Equity	3
Unaudited Condensed Consolidated Statement of Cash Flows	5
Notes to the Condensed Consolidated Financial Statements	7

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

Unaudited Condensed Consolidated Statement of Comprehensive Income⁽¹⁾

	Note	Individual Quarter 3 months period ended		Cumulative Quarter 12 months period ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Revenue		116,760	98,018	428,482	341,126
Cost of sales		(102,048)	(85,866)	(375,988)	(297,950)
Gross profit		14,712	12,152	52,494	43,176
Other income		2,095	350	3,907	^3,069
Administrative expenses		(4,757)	(3,183)	(14,638)	(13,803)
Selling and distribution expenses		(7,797)	(5,763)	(29,036)	(22,013)
Other operating expenses		(1,331)	(663)	(2,752)	(2,237)
Operating profit		2,922	2,893	9,975	8,192
Finance costs		(2,119)	(1,078)	(7,202)	(4,975)
Profit before tax	B13	803	1,815	2,773	3,217
Income tax credit / (expense)		(1,366)	(753)	(1,443)	(1,287)
Net profit / (loss) for the period		(563)	1,062	1,330	1,930
Other comprehensive income, net of tax					
Exchange difference on transaction of foreign operation		(76)	-	(76)	-
Total comprehensive income for the year		(639)	1,062	1,254	1,930
Profit attributable to:					
Owners of the Company		(785)	1,041	1,089	1,852
Non-controlling interests		146	21	165	78
		(639)	1,062	1,254	1,930
Earnings per share attributable to Owners of the Company					
- Basic (sen)	B10	(0.15)	0.23	0.21	0.41
- Diluted (sen)	B10	(0.12)	0.17	0.16	0.30

Notes:

(1) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of Kim Teck Cheong Consolidated Berhad ("KTC Consolidated" or the "Company") and its subsidiaries ("KTC Group" or the "Group") for the financial year ended ("FYE") 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.

^ Included in other income is the gain on bargain purchase arising from acquisition of subsidiaries which had been adjusted from RM2.85 million to RM1.83 million retrospectively upon completion of the purchase price allocation in June 2016.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

Unaudited Condensed Consolidated Statement of Financial Position⁽¹⁾

	As at 30 June 2017 RM'000 (Unaudited)	As at 30 June 2016 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	73,186	60,302
Goodwill on consolidation	5,981	5,981
Intangible asset	158	237
Deferred tax assets	127	268
	<u>79,452</u>	<u>66,788</u>
Current Assets		
Inventories	80,423	60,414
Trade and other receivables	115,117	93,954
Tax assets	2,785	1,270
Deposits, cash and bank balances	2,777	21,999
Total Current Assets	<u>201,102</u>	<u>177,637</u>
Total Assets	<u>280,554</u>	<u>244,425</u>
EQUITY AND LIABILITIES		
Share capital	99,361	75,030
Share premium ⁽²⁾	-	24,331
Revaluation reserve	9,312	9,496
Reorganisation deficit	(47,963)	(47,963)
Exchange reserve	(76)	-
Retained earnings	30,245	28,896
	<u>90,879</u>	<u>89,790</u>
Non-controlling interests	2,835	866
Total Equity	<u>93,714</u>	<u>90,656</u>
Non-current Liabilities		
Finance lease liabilities	4,310	3,266
Borrowings	15,235	11,438
Deferred tax liabilities	6,557	5,657
Total Non-current Liabilities	<u>26,102</u>	<u>20,361</u>
Current Liabilities		
Trade payables and other payables	26,807	31,209
Finance lease liabilities	1,833	1,095
Borrowings	131,757	101,074
Current tax liabilities	341	30
Total Current Liabilities	<u>160,738</u>	<u>133,408</u>
Total Liabilities	<u>186,840</u>	<u>153,769</u>
Total Equity and Liabilities	<u>280,554</u>	<u>244,425</u>
Number of ordinary shares of RM0.10 each ('000)	510,277	510,277
Net assets attributable to ordinary shareholders of the Company, per ordinary share (RM)	0.18	0.18

Note:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.
- (2) Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 use the amount standing to the credit of the share premium account of RM24,331,000 for the purposes set out in Section 618(3) of the CA 2016.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

Unaudited Condensed Consolidated Statement of Changes in Equity⁽¹⁾

	Attributable to Equity Owners of the Company						Sub-total RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Non-Distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reorganisation Deficit RM'000	Exchange Reserve RM'000	Retained Earnings RM'000			
Current period-to-date ended 30 June 2017									
As at 1 July 2016	75,030	24,331	9,496	(47,963)	-	28,896	89,790	866	90,656
Exchange difference on transaction of foreign operation	-	-	-	-	(76)	-	(76)	-	(76)
Profit for the period	-	-	-	-	-	1,165	1,165	165	1,330
Realisation of revaluation reserve	-	-	(184)	-	-	184	-	-	-
Transaction with owners									
Adjustment for effect of CA 2016 ⁽²⁾	24,331	(24,331)	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	1,804	1,804
Balance as at 30 June 2017	99,361	-	9,312	(47,963)	(76)	30,245	90,879	2,835	93,714
Corresponding period-to-date ended 30 June 2016									
As at 1 July 2015	⁽³⁾	-	9,672	(64)	-	26,868	36,476	-	36,476
Profit for the period, representing total comprehensive income	-	-	-	-	-	1,852	1,852	78	1,930
Realisation of revaluation reserve	-	-	(176)	-	-	176	-	-	-
Transaction with owners									
Shares issued for acquisition of subsidiaries	60,830	18,414	-	(47,899)	-	-	31,345	788	32,133
Public issue of shares	14,200	7,100	-	-	-	-	21,300	-	21,300
Share issue expenses	-	(1,183)	-	-	-	-	(1,183)	-	(1,183)
Balance as at 30 June 2016	75,030	24,331	9,496	(47,963)	-	28,896	89,790	866	90,656

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

Unaudited Condensed Consolidated Statement of Changes in Equity⁽¹⁾ (Cont'd)

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.
- (2) Pursuant to Section 618(2) of the CA 2016, any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 use the amount standing to the credit of the share premium account of RM24,331,000 for the purposes set out in Section 618(3) of the CA 2016.
- (3) RM2.00

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

Unaudited Condensed Consolidated Statement of Cash Flows⁽¹⁾

	Current Period Ended 30 June 2017 RM'000	Corresponding Period Ended 30 June 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,773	3,217
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	3,504	2,958
Amortisation of intangible asset	79	79
Bad debts written off	2	39
Interest income	(228)	(265)
Income distribution from short-term funds	-	(55)
Interest expenses	7,202	4,975
Gain on disposal of property, plant and equipment	(8)	(79)
Gain on bargain purchase arising from the acquisition of subsidiaries	(2,173)	^(1,825)
Inventories written off	2,089	2,113
Allowance for impairment loss on trade receivables	409	49
Allowance for impairment loss on inventories	253	
Property, plant and equipment write off	*	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	13,902	11,206
<u>Changes in working capital:</u>		
Inventories	(17,620)	(1,355)
Receivables	(16,432)	(6,151)
Payables	(9,463)	(47,410)
Cash used in operating activities	(29,613)	(43,710)
Interests received	228	265
Interests paid	(1,137)	(1,084)
Tax paid	(2,152)	(3,138)
NET OPERATING CASH FLOWS	(32,674)	(47,667)
CASH FLOWS FROM INVESTING ACTIVITIES		
Income distribution from short-term funds	-	55
Purchase of property, plant and equipment	(5,559)	(2,006)
Proceeds from the disposal of property, plant and equipment	-	180
Acquisition of subsidiary companies, net of cash acquired	(3,676)	(6,614)
NET INVESTING CASH FLOWS	(9,235)	(8,385)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interests paid	(6,065)	(3,891)
Drawdown of term loans	1,880	1,822
Repayment of term loans	(1,355)	(754)
Proceeds of bankers' acceptance	402,950	251,132
Repayments of bankers' acceptance	(395,927)	(224,513)
Payments of hire purchase payables	(2,064)	(636)
Proceeds of revolving credit	8,000	10,000
Proceeds from issue of shares	-	21,300
Share issue expenses	-	(1,183)
NET FINANCING CASH FLOWS	7,419	53,277
NET CHANGE IN CASH AND CASH EQUIVALENTS	(34,490)	(2,775)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	10,898	13,673
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	(23,592)	10,898

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

Unaudited Condensed Consolidated Statement of Cash Flows⁽¹⁾ (Cont'd)

	Current Period Ended 30 June 2017 RM'000	Corresponding Period Ended 30 June 2016 RM'000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,777	21,661
Cash deposits placed with licensed banks	-	338
Less: Bank overdrafts	(26,369)	(11,101)
	<u>(23,592)</u>	<u>10,898</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.
- ^ Included in other income is the gain on bargain purchase arising from acquisition of subsidiaries which had been adjusted from RM2.85 million to RM1.83 million retrospectively upon completion of the purchase price allocation in June 2016.
- * RM3.00

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 30 June 2017

A1 Basis of Preparation

The interim financial report of the Group are unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”), International Accounting Standard (“**IAS**”) 34: Interim Financial Reporting issued by the Institutional Accounting Standard Board (“**IASB**”), rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This interim financial statement should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2016.

A2 Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group are consistent with those adopted for the audited financial statements of the Group for the FYE 30 June 2016 and the accompanying explanatory notes as attached to this interim financial report.

A3 Auditors’ Report

There was no qualification on the audited financial statements of the Company and its subsidiaries for the FYE 30 June 2016.

A4 Seasonal or Cyclical Factors

The Group does not experience significant fluctuations in operations due to seasonal factors or cyclical factors during the current financial quarter and current year-to-date under review.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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

A6 Material Changes in Estimates

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

A7 Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial quarter and current year-to-date under review.

A8 Dividend Paid

No dividend was paid during the current financial quarter and current year to-date under review.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 30 June 2017 (Cont'd)

A9 Segmental Information

(a) Revenue by Business Activities

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Distribution of third party brands of consumer packaged goods	114,023	94,398	416,126	325,836
Distribution of own brands of consumer packaged goods	1,517	2,054	6,328	8,323
Manufacturing of bakery products	1,220	1,566	6,028	6,967
Total	116,760	98,018	428,482	341,126

(b) Revenue by Geographical Market

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
East Malaysia				
Sabah	80,317	83,448	305,552	299,024
Sarawak	27,021	10,154	99,391	25,540
Labuan	4,398	4,416	16,857	16,562
Brunei	5,024	-	6,682	-
Total	116,760	98,018	428,482	341,126

A10 Material Events Subsequent to the end of the Current Financial Quarter

There are no other material events subsequent to the end of the current financial quarter and up to the date of this report.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017
A Explanatory Notes to the Unaudited Interim Financial Report for the period ended 30 June 2017 (Cont'd)
A11 Changes in the Composition of the Group

Saved as disclosed below, there were no changes in the composition of the Group during the current financial quarter and current year to-date under review:

- (i) On 7 September 2016, KTC Consolidated entered into a share sale and purchase agreement to acquire 100% equity interest in Trans Paint Sdn Bhd ("**Trans Paint**"), which is the sole registered and beneficial owner of a property i.e. a warehousing facility located at Kuching, Sarawak, for a purchase consideration of RM2,535,482 which was funded via proceeds raised from its initial public offering. The acquisition was completed on 28 February 2017 and Trans Paint became a wholly-owned subsidiary of KTC Consolidated.
- (ii) On 16 March 2016, KTC Consolidated entered into the following two (2) conditional agreements:
- (1) conditional share purchase agreement to acquire a total of 80,000 ordinary shares of B\$1.00 each in Grandtop Marketing Sdn Bhd ("**Grandtop Marketing**") for a cash consideration of B\$80,000.00, and
 - (2) conditional share subscription agreement to subscribe for 520,000 new ordinary shares of B\$1.00 each in Grandtop Marketing for a cash consideration of B\$520,000.00.

Both conditional agreements were completed on 8 March 2017 and Grandtop Marketing became a 60% owned subsidiary of KTC Consolidated.

A12 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at the end of the current financial quarter and up to the date of this report.

A13 Capital Commitments

Saved as disclosed below, there were no other material capital commitments as at the end of the current financial quarter:

	As at 30 June 2017 RM'000
Approved and/or contracted for:	
- Construction of new warehousing facility in Kota Kinabalu, Sabah	4,049
Total	4,049

A14 Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter and current year-to-date under review.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

B Additional Information Required by Appendix 9B of the Listing Requirements

B1 Review of Performance

Comparison with preceding year's corresponding quarter

The Group recorded revenue of RM116.76 million for the fourth quarter ended 30 June 2017. Of this, distribution of third party brands of consumer packaged goods (“CPG”) accounted for RM114.02 million or 97.66% of the Group's total revenue while distribution of own brands of CPG and manufacturing of bakery products represented RM1.52 million or 1.30% and RM1.22 million or 1.04%, respectively.

The Group's revenue for the current quarter ended 30 June 2017 (“Q4 2017”) increased 19.12% to RM116.76 million, from RM98.02 million for the preceding year's corresponding quarter ended 30 June 2016 (“Q4 2016”).

The Group's profit before tax (“PBT”) decrease from RM1.82 million (Q4 2016) to RM0.80 million (Q4 2017) due to challenging business conditions amidst the global economic slowdown, particularly contributed by the following factors:

- (i) allowance for impairment loss on trade receivables amounting to RM0.41 million and allowance for impairment loss on inventories amounting to RM0.25 million initiated by the Group primarily attributed by overall slow down in the economic sentiment regionally; and
- (ii) increase in Group's finance cost from RM1.08 million (Q4 2016) to RM RM2.12 million (Q4 2017) due to prolonged customers payment term.

B2 Comparative with Immediate Preceding Quarter's Results

The Group's PBT increased from RM0.42 million for the immediate preceding quarter ended 31 March 2017 to RM0.80 million (Q4 2017) was mainly attributed by the gain on bargain purchase arising from the acquisition of Trans Paint Sdn Bhd.

B3 Prospects

In light of the weak global and economic outlook, the Group has embarked on major rationalisation and business process improvement programmes to manage the cost base in a more efficient way. The Group is also reviewing the existing distributorship of third party CPG brands to improve margin, cash management and working capital.

The Board of Directors of KTC Consolidated (“Board of Directors”) is of the view that the Group's overall performance for the financial year ending 30 June 2018 will remain satisfactory.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)****B4 Variance of Actual Profit from Profit Forecast or Profit Guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5 Taxation

	Current Quarter 30 June 2017 RM'000	Cumulative Quarter 30 June 2017 RM'000
Current tax expenses	905	982
Deferred taxation	461	461
	1,366	1,443
Effective tax rate	170.11%	52.03%

The Group's effective tax rate is higher than the statutory tax rate of 24% mainly due to expenses incurred which were not deductible for tax purpose and under provision in prior year.

Income tax is calculated at the Malaysian statutory rate 24% of the estimated assessable profit for the fiscal year.

B6 (a) Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of this report.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)**(b) Utilisation of proceeds from the IPO**

The status of utilisation of the gross proceeds from the IPO amounting to RM21.30 million are as follows:

	Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Initial timeframe for utilisation (from the listing date)
(i)	Acquisition of warehousing facilities including land and building, in Sibul, Miri and Kuching	9,000	3,000	6,000	Within 24 months
(ii)	Construction of new warehousing facility in Kota Kinabalu, Sabah	2,000	2,000	-	Within 18 months
(iii)	Purchase of equipment for the following:				
	(a) new warehousing facility in Kota Kinabalu, Sabah	1,000	1,000	-	Within 18 months
	(b) three (3) production lines for bakery products in Sabah	1,000	1,000	-	Within 12 months
	(c) a production line for bakery products in Sarawak	1,000	-	1,000	Within 24 months*
(iv)	Working capital	4,700	4,700	-	Within 12 months
(v)	Estimated listing expenses	2,600	2,600	-	Upon Listing
	Total gross proceeds	21,300	14,300	7,000	

Note:

* As per the announcement dated 25 November 2016, the timeframe for utilisation has been extended for an additional 12 months from its initial utilisation timeframe of within 12 months from the listing date as per the Prospectus of the Company dated 28 October 2015.

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 October 2015.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)**B7 Group's Borrowings and Debt Securities**

The Group's borrowings as at 30 June 2017 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Unsecured</u>			
Bankers' acceptances	86,140	-	86,140
Bank overdrafts	26,369	-	26,369
Revolving credit	18,000	-	18,000
	130,509	-	130,509
<u>Secured</u>			
Term loans	1,248	15,235	16,483
Hire purchase payables	1,833	4,310	6,143
	3,081	19,545	22,626
Total	133,590	19,545	153,135

All the Group's borrowings are denominated in Ringgit Malaysia.

B8 Derivative Financial Instruments

There is no derivative financial instrument as at the date of this report.

B9 Material Litigation

As at 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 of Directors is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)**B10 Earnings Per Share ("EPS")**

The basic and diluted EPS for the current quarter and financial year-to-date are computed as follows:

	Current Quarter ended		Year-to-date ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit / (Loss) attributable to ordinary equity owners of the Company	(785)	1,041	1,090	1,852
Weighted average number of ordinary shares for basic earnings per share	510,277	453,244	510,277	453,244
Effect of dilution from:				
- redeemable convertible preference shares	160,012	160,012	160,012	160,012
	<u>670,289</u>	<u>613,256</u>	<u>670,289</u>	<u>613,256</u>
Basic EPS (sen)	<u>(0.15)</u>	<u>0.23</u>	<u>0.21</u>	<u>0.41</u>
Diluted EPS ⁽²⁾ (sen)	<u>(0.12)</u>	<u>0.17</u>	<u>0.16</u>	<u>0.30</u>

Notes:

- (1) 20 shares.
- (2) The diluted EPS is computed based on the profit attributable to the owners of the Company divided by the number of ordinary shares in issue and assume the full conversion of the redeemable convertible preference shares into 160,012,387 ordinary shares in the Company.

B11 Dividends

No dividends have been declared or proposed for the current financial quarter under review.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

B Additional Information Required by Appendix 9B of the Listing Requirements (Cont'd)**B12 Disclosure of Realised and Unrealised Profits / (Losses)**

The determination of realised and unrealised profits is based on Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities' Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The realised and unrealised retained earnings of the Group as at 30 June 2017 are analysed as follows:

	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
The retained earnings of the Company and its subsidiaries:		
- Realised	51,283	52,139
- Unrealised	(6,452)	(5,389)
Less: Consolidated adjustments	(14,586)	(17,854)
Total Group retained earnings as per unaudited condensed financial statements	30,245	28,896

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Quarter ended		Year-to-date	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit before taxation is arrived at after charging:-				
Depreciation of property, plant and Equipment	968	782	3,504	2,958
Amortisation of intangible asset	19	20	79	79
Inventories written off	670	563	2,089	2,113
Bad debts written off	-	39	2	39
Allowance for impairment loss on trade receivables	409	49	409	49
Allowance for impairment loss on inventories	253	-	253	-
Finance costs	2,119	1,078	7,202	4,975
Rental expenses	598	263	2,027	1,335
After crediting:-				
Gain on bargain purchase arising from the acquisition of subsidiaries	(1,367)	-	(2,173)	^(1,825)
Interest income	(64)	(50)	(228)	(265)

Notes:

(1) Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

^ Included in other income is the gain on bargain purchase arising from acquisition of subsidiaries which had been adjusted from RM2.85 million to RM1.83 million retrospectively upon completion of the purchase price allocation in June 2016.