

YTL E-SOLUTIONS BERHAD

Company No. 236137-K

Incorporated in Malaysia

Interim Financial Report

31 December 2015

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YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 31 December 2015.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	6 Months Ended	
			31.12.2015 RM'000	31.12.2014 RM'000
REVENUE	21,979	22,856	42,786	44,367
COST OF SALES	(2,321)	(2,452)	(3,974)	(4,823)
GROSS PROFIT	19,658	20,404	38,812	39,544
OTHER OPERATING INCOME	1,311	1,671	3,006	3,367
ADMINISTRATION EXPENSES	(1,993)	(2,062)	(3,947)	(3,766)
FINANCE COSTS	-	(2)	(1)	(4)
SHARE OF PROFIT OF ASSOCIATED COMPANY	286	140	168	306
PROFIT BEFORE TAX	19,262	20,151	38,038	39,447
INCOME TAX EXPENSE	(4,622)	(4,984)	(9,257)	(9,798)
PROFIT FOR THE PERIOD	14,640	15,167	28,781	29,649
ATTRIBUTABLE TO:				
Owners of the Parent	9,218	9,786	17,859	18,914
Non-Controlling Interests	5,422	5,381	10,922	10,735
	14,640	15,167	28,781	29,649
EARNINGS PER 10 SEN SHARE				
Basic (sen)	0.69	0.73	1.33	1.41

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	6 Months Ended	
			31.12.2015 RM'000	31.12.2014 RM'000
PROFIT FOR THE PERIOD	14,640	15,167	28,781	29,649
OTHER COMPREHENSIVE INCOME/(LOSS):				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(1,032)	326	1,106	(75)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(1,032)	326	1,106	(75)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,608	15,493	29,887	29,574
ATTRIBUTABLE TO:				
Owners of the Parent	8,186	10,112	18,965	18,839
Non-Controlling Interests	5,422	5,381	10,922	10,735
	13,608	15,493	29,887	29,574

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.12.2015 RM'000	Audited As at 30.06.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,018	2,071
Goodwill on consolidation	2,490	2,490
Other intangible assets	51	60
Investment in associated company	8,595	8,427
Investment	898	898
Deferred tax asset	185	185
	-----	-----
	14,237	14,131
	-----	-----
Current assets		
Inventories	44	-
Trade and other receivables	1,460	1,416
Income tax assets	460	149
Amount due from related parties	14,023	14,365
Cash and cash equivalents	163,420	188,059
	-----	-----
	179,407	203,989
	-----	-----
TOTAL ASSETS	193,644	218,120
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(1,928)	(3,124)
Retained earnings	31,492	67,536
Treasury shares, at cost	(2,143)	(2,143)
	-----	-----
Equity attributable to Owners of the Parent	163,896	198,744
Non-Controlling Interests	13,757	2,835
	-----	-----
TOTAL EQUITY	177,653	201,579
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	Unaudited As at 31.12.2015 RM'000	Audited As at 30.06.2015 RM'000
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	165	165
	-----	-----
	165	165
	-----	-----
Current liabilities		
Trade and other payables	12,106	14,202
Provisions	10	14
Amount due to related parties	1,190	25
Loan and borrowings	18	61
Income tax liabilities	2,502	2,074
	-----	-----
	15,826	16,376
	-----	-----
TOTAL LIABILITIES	15,991	16,541
	-----	-----
TOTAL EQUITY AND LIABILITIES	193,644	218,120
	=====	=====
Net assets per 10 sen share (RM)	0.12	0.15
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	← Attributable to Owners of the Parent →						Total RM'000	Non-Controlling Interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Treasury shares RM'000			
At 1 July 2015	135,000	1,475	10	(3,134)	67,536	(2,143)	198,744	2,835	201,579
Profit for the financial period	-	-	-	-	17,859	-	17,859	10,922	28,781
Other comprehensive income for the financial period, net of tax	-	-	-	1,106	-	-	1,106	-	1,106
Total comprehensive income for the financial period	-	-	-	1,106	17,859	-	18,965	10,922	29,887
Transaction with owners:									
Capitalised of bonus shares issue in subsidiary	-	-	90	-	(90)	-	-	-	-
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
Dividend paid	-	-	-	-	(53,813)	-	(53,813)	-	(53,813)
Total transactions with owners	-	-	90	-	(53,903)	(*)	(53,813)	-	(53,813)
At 31 December 2015	135,000	1,475	100	(2,028)	31,492	(2,143)	163,896	13,757	177,653

* Less than RM1,000

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	← Attributable to Owners of the Parent →					Treasury shares RM'000	Total RM'000	Non-Controlling Interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000				
At 1 July 2014	135,000	1,475	10	(4,447)	85,633	(2,141)	215,530	13,400	228,930
Profit for the financial period	-	-	-	-	18,914	-	18,914	10,735	29,649
Other comprehensive loss for the financial period, net of tax	-	-	-	(75)	-	-	(75)	-	(75)
Total comprehensive income for the financial period	-	-	-	(75)	18,914	-	18,839	10,735	29,574
Transaction with owners:									
Treasury shares acquired	-	-	-	-	-	(1)	(1)	-	(1)
Dividend paid	-	-	-	-	(53,813)	-	(53,813)	-	(53,813)
Total transactions with owners	-	-	-	-	(53,813)	(1)	(53,814)	-	(53,814)
At 31 December 2014	135,000	1,475	10	(4,522)	50,734	(2,142)	180,555	24,135	204,690

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	6 MONTHS ENDED	
	31.12.2015	31.12.2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	38,038	39,447
Adjustments for:-		
Amortisation of other intangible assets	19	24
Depreciation of property, plant and equipment	287	279
Interest expenses	1	4
Interest income	(2,986)	(3,339)
Property, plant and equipment written off	21	16
Reversal of impairment loss on trade receivables	(20)	-
Share of results of associated company	(168)	(306)
	-----	-----
Operating profit before working capital changes	35,192	36,125
Changes in working capital:-		
Inventories	(44)	7
Receivables	6	(1,401)
Payables	(2,100)	1,392
Related parties	1,507	578
	-----	-----
Cash generated from operations	34,561	36,701
Interest paid	(1)	(4)
Interest received	2,956	3,400
Tax paid	(9,140)	(8,533)
Tax refunded	-	3,296
	-----	-----
Net cash from operating activities	28,376	34,860
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(255)	(35)
Purchase of other intangible assets	(10)	(9)
	-----	-----
Net cash used in investing activities	(265)	(44)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 - continued

	6 MONTHS ENDED	
	31.12.2015	31.12.2014
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid	(53,813)	(53,813)
Repayment of loans and borrowings	(43)	(63)
Purchase of own shares (net)	(*)	(1)
	-----	-----
Net cash used in financing activities	(53,856)	(53,877)
	-----	-----
Net decrease in cash and cash equivalents	(25,745)	(19,061)
Effects of exchange rate changes	1,106	(77)
Cash and cash equivalents at beginning of the financial period	188,059	211,517
	-----	-----
Cash and cash equivalents at end of the financial period	163,420	192,379
	=====	=====
Cash and cash equivalents comprise:-		
Deposits with licensed banks	162,840	191,830
Cash on hand and at banks	580	549
	-----	-----
	163,420	192,379
	=====	=====

* Less than RM 1,000

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to Malaysian Financial Reporting Standard 134

The interim financial reports should be read in conjunction with the audited annual financial statements of the Group for the financial period ended 30 June 2015.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting”, and Chapter 9, Part K Rule 9.22 of the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2015.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on or after 1 July 2015 do not have significant financial impact on the Group.

A2. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A3. Unusual Items

During the current financial quarter, there was no item of an unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A4. Changes in Estimates of Amounts Reported

There was no significant change in estimates of amounts reported in prior interim periods or prior financial years.

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INTERIM FINANCIAL REPORT

Notes:- continued

A5. Changes in Debt and Equity Securities

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

During the financial quarter and financial year-to-date, the Company repurchased 100 ordinary shares of RM0.10 each of its issued share capital from the open market, at an average cost of RM0.97 per share. The total consideration paid for the share buy-back, including transaction costs during the current financial quarter and financial year-to-date amounted to RM96.92

and were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965. As at 31 December 2015, the total number of treasury shares held was 4,675,000 ordinary shares of RM0.10 each.

A6. Dividends paid

An interim single tier dividend of 4 sen per ordinary share of 10 sen each amounting to RM53,813,000 in respect of financial year ended 30 June 2015 was paid on 23 October 2015.

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INTERIM FINANCIAL REPORT

Notes:- continued

A7. Segment Information

The Group's segmental results for the financial period ended 31 December 2015 are as follows:-

	Information technology and e-commerce RM'000	Communications technology RM'000	Content and digital media RM'000	Adjustments/ eliminations RM'000	Total RM'000
External revenue	2,038	37,591	3,157	-	42,786
Inter-segment revenue	22	-	7	(29)	-
	-----	-----	-----	-----	-----
Total revenue	2,060	37,591	3,164	(29)	42,786
	=====	=====	=====	=====	=====
Segment profit before tax	652	36,590	796	-	38,038
	=====	=====	=====	=====	=====

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Notes:- continued

A7. Segment Information - continued

The Group's segmental results for the financial period ended 31 December 2014 are as follows:-

	Information technology and e-commerce RM'000	Communications technology RM'000	Content and digital media RM'000	Adjustments/ eliminations RM'000	Total RM'000
External revenue	2,756	37,521	4,090	-	44,367
Inter-segment revenue	6	-	7	(13)	-
	-----	-----	-----	-----	-----
Total revenue	2,762	37,521	4,097	(13)	44,367
	=====	=====	=====	=====	=====
Segment profit before tax	1,785	36,539	1,123	-	39,447
	=====	=====	=====	=====	=====

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Notes:- continued

A8. Events after the Interim Period

There was no item, transaction or event of a material or unusual in nature during the period from the end of the quarter under review to the date of this report.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 December 2015, including business combinations, obtaining or losing control of subsidiaries and long term investments, restructurings and discontinued of operations.

A10. Changes in Contingent Liabilities

There were no changes in the contingent liabilities of the Group since the last financial year ended 30 June 2015.

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Notes:- continued

Disclosure requirements per Appendix 9B, Part K of Chapter 9 of the ACE Market Listing Requirements of Bursa Securities

B1. Review of Performance

	Individual Quarter		Cumulative Quarter	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue				
Information technology and e-commerce	1,010	1,629	2,038	2,756
Communications technology	18,830	18,760	37,591	37,521
Content and digital media	2,139	2,467	3,157	4,090
	----- 21,979 =====	----- 22,856 =====	----- 42,786 =====	----- 44,367 =====
Profit before tax				
Information technology and e-commerce	313	893	652	1,785
Communications technology	18,377	18,306	36,590	36,539
Content and digital media	572	952	796	1,123
	----- 19,262 =====	----- 20,151 =====	----- 38,038 =====	----- 39,447 =====

Part A – Financial year-to date review

For the six months under review, the Group recorded revenue and profit before tax of RM42.786 million and RM38.038 million respectively, representing a decrease of 3.56% and 3.57% respectively, compared to the preceding year corresponding period. The decrease in profit before tax was due to the lower revenue recognized from the Content and Digital Media segment and lower interest income earned on cash deposit in the current financial period.

The performance of the respective operating segments is as follows:-

i) Information technology and e-commerce

Revenue and profit before tax of RM2.038 million and RM0.652 million respectively, represented a decrease of 26.1% and 63.5% respectively, compared to the preceding year corresponding period. The decrease in profit before tax was mainly due to the absence of software development project recorded in preceding year corresponding period and lower interest income earned on cash deposits in the current financial period.

INTERIM FINANCIAL REPORT

Notes:- continued

B1. Review of Performance - continued

ii) Communications technology

Revenue derived from the spectrum sharing agreement in relation to the Group's 2.3GHz Worldwide Interoperability for Microwave Access ("WIMAX") spectrum was largely unchanged compared to the preceding year corresponding period. The increase in profit before tax was due to higher interest income earned on cash deposits in the current financial period.

iii) Content and digital media

Revenue and profit before tax of RM3.157 million and RM0.796 million respectively, represented a decrease of 22.8% and 29.1% respectively, compared to the preceding year corresponding period revenue of RM4.09 million and profit before tax of RM1.123 million. The decrease in profit before tax was mainly due to a lower gross profit margins recorded as a result of substantially lower digital media advertising income recorded in the current financial period compared to the preceding year corresponding period.

Part B – Current quarter review

The Group recorded a revenue and profit before tax for the current financial quarter of RM21.979 million and RM19.262 million respectively, representing a decrease of 3.8% and 4.4% respectively, compared to preceding financial year corresponding quarter. The decrease in profit before tax was due to the lower revenue recognized from the Information Technology and e-Commerce segment and lower interest income earned on cash deposits in the current financial quarter.

The performance of the respective operating segments was as follows:-

i) Information technology and e-commerce

Revenue and profit before tax of RM1.010 million and RM0.313 million respectively, represented a decrease of 38.0% and 64.9% respectively, compared to the preceding year corresponding quarter. The decrease in revenue and profit before tax was mainly due the absence of software development project recorded in preceding year corresponding quarter and lower interest income earned on cash deposits in the current quarter.

ii) Communications technology

Revenue derived from the spectrum sharing agreement in relation to the Group's 2.3GHz Worldwide Interoperability for Microwave Access ("WIMAX") spectrum was largely unchanged compared to the preceding year corresponding quarter. The profit before tax increased due to higher share of profits from an associated company in the current quarter.

INTERIM FINANCIAL REPORT

Notes:- continued

B1. Review of Performance - continued

iii) Content and digital media

Revenue and profit before tax of RM2.139 million and RM0.572 million respectively, represented a decrease of 13.3% and 39.9% respectively, compared to the preceding year corresponding quarter. The decrease in profit before tax was mainly due to a lower gross profit margin as a result of substantially lower digital media advertising income recorded in the current quarter compared to the preceding year corresponding quarter.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2015 RM'000	Preceding Quarter 30.09.2015 RM'000
Revenue	21,979	20,807
Profit before tax	19,262	18,776

The Group revenue and profit before tax remained relatively unchanged compared to that recorded in the preceding quarter.

B3. Audit Report of the Preceding Financial Year Ended 30 June 2015

The auditors' report on the financial statements of the financial year ended 30 June 2015 did not contain any qualification.

B4. Prospects

With the revenue derived from spectrum sharing fee income from its Communications Technology segment, the outlook for the Group's overall performance in the financial year ending 30 June 2016 should be satisfactory. The Group is continually focusing on improving the returns from its Content and Digital Media segment by seeking to spread its reach and improve its sales mix. Meanwhile, the Information Technology and e-Commerce segment should remain stable.

B5. Profit Forecast

The Group did not issue any profit forecast or profit guarantee in a public document during the current financial quarter.

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Notes:- continued

B6. Profit for the period

	Current Year Quarter 31.12.2015 RM'000	Financial Year- To-Date 31.12.2015 RM'000
Profit for the period is derived after charging /(crediting):-		
Amortisation of other intangible assets	9	19
Depreciation of property, plant and equipment	139	287
Interest expenses	-	1
Interest income	(1,301)	(2,986)
	=====	=====

Other than the above items, there was no investment income, allowance for impairment and write off of receivables, allowance for impairment and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives and exceptional items for the current financial quarter and financial year-to-date.

B7. Income Tax Expense

	Current Year Quarter 31.12.2015 RM'000	Financial Year- To-Date 31.12.2015 RM'000
Taxation based on profit for the period	4,622	9,257
	=====	=====

The provision for taxation for the current financial quarter and financial year-to-date reflects an effective tax rate which approximates to the statutory income tax rate.

B8. Status of Corporate Proposals

As at the date of this report, there are no corporate proposals announced and pending completion.

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 31 December 2015 are as follows:-

	Short term RM'000	Total RM'000
Secured	18	18
	=====	=====

INTERIM FINANCIAL REPORT

Notes:- continued

B10. Derivative Financial Instruments, Fair Value Changes of Financial Liabilities and Realised and Unrealised Profits and Losses

i) Derivative Financial Instruments

There is no outstanding derivative financial instrument as at 31 December 2015.

ii) Fair Value Changes of Financial Liabilities

As at 31 December 2015, the Group does not have any financial liabilities measured at fair value through profit or loss.

iii) Realised and Unrealised Profits and Losses

	Unaudited As at 31.12.2015 RM'000	Audited As at 30.06.2015 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	22,979	80,453
- Unrealised	21	20
	-----	-----
	23,000	80,473
	-----	-----
Retained earnings of the associated company		
- Realised	1,408	1,211
- Unrealised	(63)	(34)
	-----	-----
	1,345	1,177
	-----	-----
Consolidated adjustments	7,147	(14,114)
	-----	-----
Total Group retained earnings as per consolidated interim financial report	31,492	67,536
	=====	=====

B11. Material Litigation

There was no material litigation pending as at the date of this report.

B12. Dividend

No dividend has been declared for the current financial quarter.

INTERIM FINANCIAL REPORT

Notes:- continued

B13. Earnings Per Share

i) Basic earnings per 10 sen share

The basic earnings per share of the Group has been computed by dividing the profit attributable to owners of the parent for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:-

	Current Year Quarter 31.12.2015	Preceding Year Corresponding Quarter 31.12.2014
Profit attributable to owners of the parent (RM'000)	9,218	9,786
Weighted average number of ordinary shares in issue ('000)	1,345,325	1,345,326
Basic earnings per share (sen)	0.69	0.73

ii) Diluted earnings per share

The Group does not have any convertible securities and accordingly, the disclosure of diluted earnings per share is not applicable.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 25 February 2016