

V.S. Industry Berhad
(Company No. 88160-P)
(Incorporated in Malaysia)

Interim Financial Report
31 January 2019

V.S. Industry Berhad

(Company No. 88160-P)

(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 31 January 2019 – unaudited

	31.01.2019 RM'000	31.07.2018 RM'000 (RESTATED)
Assets		
Property, plant and equipment	937,101	873,170
Prepaid lease payments	78,153	77,575
Investment properties	4,900	4,900
Investment in associates	71,800	68,800
Other investments	82,465	148,304
Prepayments	4,826	10,923
Deferred tax assets	3,090	3,066
Total non-current assets	1,182,335	1,186,738
Inventories	451,408	394,103
Contract assets	103,293	162,994
Trade and other receivables	982,395	939,641
Tax recoverable	1,396	1,396
Cash and cash equivalents	377,429	415,636
	1,915,921	1,913,770
Assets classified as held for sale	-	18,860
Total current assets	1,915,921	1,932,630
Total assets	3,098,256	3,119,368
Equity		
Share capital	741,179	603,303
Reserves	819,906	831,499
Equity attributable to owners of the Company	1,561,085	1,434,802
Non-controlling interests	214,785	223,115
Total equity	1,775,870	1,657,917
Liabilities		
Loans and borrowings	76,937	93,758
Deferred tax liabilities	73,014	72,277
Total non-current liabilities	149,951	166,035
Trade and other payables	634,827	729,783
Contract liabilities	215	274
Due to Directors	4,322	4,322
Loans and borrowings	513,590	551,690
Taxation	19,481	9,347
Total current liabilities	1,172,435	1,295,416
Total liabilities	1,322,386	1,461,451
Total equity and liabilities	3,098,256	3,119,368
Net assets per share	0.87	0.84

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Condensed consolidated statement of comprehensive income for the period ended 31 January 2019 - unaudited

	Individual 3 months ended 31 January		Cumulative 6 months ended 31 January	
	2019 RM'000	2018 RM'000 (RESTATED)	2019 RM'000	2018 RM'000 (RESTATED)
Revenue	982,647	1,120,369	2,058,264	2,192,193
Cost of sales	(881,801)	(992,423)	(1,840,828)	(1,953,403)
Gross profit	100,846	127,946	217,436	238,790
Operating expenses	(54,293)	(67,895)	(110,051)	(126,482)
Net other income/(expenses)	7,004	12,797	(4,092)	15,995
Results from operating activities	53,557	72,848	103,293	128,303
Finance costs	(7,783)	(7,833)	(15,320)	(15,923)
Interest income	2,135	1,340	3,754	2,545
Share of profit of associates, net of tax	1,500	210	3,000	1,133
Profit before tax	49,409	66,565	94,727	116,058
Tax expense	(13,835)	(12,707)	(30,551)	(29,239)
Profit for the period	35,574	53,858	64,176	86,819
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(4,758)	(49,374)	14,005	(64,059)
Fair value through other comprehensive income	(5,434)	--	(71,175)	--
Total comprehensive income for the period	25,382	4,484	7,006	22,760
Profit attributable to:				
Owners of the Company	37,943	44,238	77,753	87,112
Non-controlling interests	(2,369)	9,620	(13,577)	(293)
Profit for the period	35,574	53,858	64,176	86,819

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Condensed consolidated statement of comprehensive income for the period ended 31 January 2019 – unaudited (Cont'd)

	Individual 3 months ended 31 January		Cumulative 6 months ended 31 January	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		(RESTATED)		(RESTATED)
Total comprehensive income attributable to:				
Owners of the Company	24,302	2,465	15,336	29,999
Non-controlling interests	1,080	2,019	(8,330)	(7,239)
Total comprehensive income for the period	<u>25,382</u>	<u>4,484</u>	<u>7,006</u>	<u>22,760</u>
Basic earnings per ordinary share (sen)	<u>2.11</u>	<u>2.74</u>	<u>4.43</u>	<u>5.50</u>
Diluted earnings per ordinary share (sen)	<u>2.08</u>	<u>2.50</u>	<u>4.35</u>	<u>5.04</u>

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Condensed consolidated statement of changes in equity for the period ended 31 January 2019 - unaudited

	Share capital RM'000	Non- distributable Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 August 2018	603,303	214,251	605,630	1,423,184	220,919	1,644,103
Effect of adopting MFRS 15	--	--	11,618	11,618	2,196	13,814
Effect of adopting MFRS 9	--	(11,665)	11,665	--	--	--
At 1 August 2018 (As restated)	603,303	202,586	628,913	1,434,802	223,115	1,657,917
Foreign currency translation differences for foreign operations	--	8,758	--	8,758	5,247	14,005
Fair value through other comprehensive income	--	(71,175)	--	(71,175)	--	(71,175)
Profit for the period	--	--	77,753	77,753	(13,577)	64,176
Total comprehensive income for the period	--	(62,417)	77,753	15,336	(8,330)	7,006
Share buyback	--	(3,187)	--	(3,187)	--	(3,187)
Equity settled share-based transactions	18,809	(2,510)	--	16,299	--	16,299
Conversion of warrants	119,067	--	--	119,067	--	119,067
Dividends to shareholders	--	--	(21,232)	(21,232)	--	(21,232)
Disposal of a subsidiary	--	(4,691)	4,691	--	--	--
Total transactions with owners of the Group	137,876	(10,388)	(16,541)	110,947	--	110,947
Realisation of revaluation reserve	--	(1,196)	1,196	--	--	--
Transferred to retained earnings	--	673	(673)	--	--	--
At 31 January 2019	741,179	129,258	690,648	1,561,085	214,785	1,775,870

	Share capital RM'000	Non- distributable Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 August 2017	369,109	183,898	504,539	1,057,546	220,410	1,277,956
Effect of adopting MFRS 15	--	--	12,482	12,482	3,236	15,718
At 1 August 2017 (As restated)	369,109	183,898	517,021	1,070,028	223,646	1,293,674
Foreign currency translation differences for foreign operations	--	(57,113)	--	(57,113)	(6,946)	(64,059)
Profit for the period	--	--	87,112	87,112	(293)	86,819
Total comprehensive income for the period	--	(57,113)	87,112	29,999	(7,239)	22,760
Equity settled share-based transactions	16,058	(264)	14	15,808	440	16,248
Conversion of warrants	147,103	--	--	147,103	--	147,103
Dividends to shareholders	--	--	(25,257)	(25,257)	--	(25,257)
Increase in share capital in subsidiaries	--	--	(1,431)	(1,431)	30,848	29,417
Total transactions with owners of the Group	163,161	(264)	(26,674)	136,223	31,288	167,511
Realisation of revaluation reserve	--	(1,114)	1,114	--	--	--
Transferred to retained earnings	--	681	(681)	--	--	--
Effect of change in functional currency of a subsidiary	--	282	11,733	12,015	--	12,015
Disposal of a subsidiary	--	(13,149)	5,772	(7,377)	(7,265)	(14,642)
At 31 January 2018	532,270	113,221	595,397	1,240,888	240,430	1,481,318

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Condensed consolidated statement of cash flows for the period ended 31 January 2019 - unaudited

	6 months ended 31 January	
	2019 RM'000	2018 RM'000 (RESTATED)
Cash flows from operating activities		
Profit before tax	94,727	116,058
Adjustments for:		
Depreciation and amortisation	46,494	40,636
Other non-cash items	5,440	4,024
Non-operating items	7,062	10,915
Operating profit before changes in working capital	153,723	171,633
Changes in working capital:		
Change in inventories	(58,745)	10,143
Change in contract assets	59,701	6,251
Change in trade and other receivables	(23,894)	(68,910)
Change in trade and other payables	(124,135)	36,977
Change in contract liabilities	(59)	27
Interest received	3,754	2,545
Tax paid	(19,704)	(28,113)
Net cash (used in)/from operating activities	(9,359)	130,553
Cash flows from investing activities		
Acquisition of property, plant and equipment	(108,280)	(131,074)
Proceeds from disposal of property, plant and equipment	7,076	4,941
Net proceeds on disposal of a subsidiary	16,286	39,590
Change in pledged deposits	(11,971)	14,815
Prepayments	6,097	(3,910)
Other investments	(5,336)	(20,277)
Net cash (used in)/from investing activities	(96,128)	(95,915)
Cash flows from financing activities		
Bank borrowings	(69,172)	(43,897)
Dividend paid to owners of the Company	(21,232)	(25,257)
Proceeds from issuance of shares	136,814	163,161
Funds from non-controlling interests	-	29,417
Repurchase of treasury shares	(3,187)	-
Net cash (used in)/from financing activities	43,223	123,424
Exchange differences on translation of the financial statements of foreign operations	8,758	(57,113)
Net change in cash and cash equivalents	(53,506)	100,949
Cash and cash equivalents at beginning of period	362,849	285,654
Foreign exchange differences on opening balances	2,893	(7,364)
Cash and cash equivalents at end of period	312,236	379,239
Cash and cash equivalent comprise:		
Cash and bank balances	304,646	291,424
Deposit with licensed banks	19,917	87,815
Bank overdrafts	(12,327)	-
	312,236	379,239

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Notes to the condensed consolidated interim financial statements

V.S. Industry Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the six months period ended 31 January 2019 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

The consolidated financial statements of the Group as at and for the year ended 31 July 2018 are available upon request from the Company's registered office at:

Registered office

Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor
Malaysia

These condensed consolidated interim financial statements were approved by the Board of Directors on 26 March 2019.

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 July 2018.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 July 2018, except for changes arising from the adoption of the followings:-

(i) MFRS 15, *Revenue from Contracts with Customers*

The Group has adopted MFRS 15 in the current financial period. Under MFRS 15, the Group recognizes revenue from contracts with customers when a performance obligation is satisfied, which is when control of the goods underlying the particular performance obligation is transferred to the customer.

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2. Significant accounting policies (Cont'd)

(i) MFRS 15, *Revenue from Contracts with Customers* (Cont'd)

The Group has assessed the estimated impact that the application of MFRS 15 will have on its consolidated financial statements. Comparatives for the financial statements have been reclassified and restated to conform to the current year's presentation under MFRS 15.

(ii) MFRS 9, *Financial Instruments*

The Group has adopted MFRS 9 in the current financial period. MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

The other investments classified as available-for-sale financial assets are now reclassified to fair value through other comprehensive income – Equity instrument. Consequently, the impairment made in prior years are reclassified from retained earnings to fair value reserve.

3. Seasonal or cyclical factors

The Group's operations are not significantly affected by any seasonal or cyclical factors.

4. Unusual items affecting the assets, liabilities, equity, net income or cash flows

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

5. Material changes in estimates

There are no material changes in estimates for the current quarter and financial year-to-date.

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6. Issuances, cancellations, repurchases, resale and repayments of debts and equity securities

There are no issuance, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial year-to-date other than the following:-

- (a) issuance of 117.88 million ordinary shares pursuant to the exercise of share options under the Company's Employees Share Option Scheme and conversion of Warrants; and
- (b) the Company repurchased its own shares from the open market totalling 4.5138 million units at an average price of RM0.71 per share. The total consideration paid for the repurchase including transaction costs was RM3.19 million. The shares repurchased are being held as treasury shares.

7. Dividends paid

Since the end of the previous financial year, the Company paid:-

- (a) a fourth interim dividend of 0.6 sen per ordinary share totalling RM10,405,869 in respect of the financial year ending 31 July 2018 on 31 October 2018; and
- (b) a final dividend of 0.6 sen per ordinary share totalling RM10,825,992 in respect of the financial year ended 31 July 2018 on 31 January 2019.

8. Segment information

- (a) Information about reportable segments

	6 months ended 31 January 2019			
	Malaysia RM'000	Indonesia RM'000	China RM'000	Total RM'000
External revenue	1,709,096	129,984	217,383	2,056,463
Inter-segment revenue	-	-	2,003	2,003
Segment profit/(loss) before tax	117,672	(955)	(24,054)	92,663

	6 months ended 31 January 2018 (Restated)			
	Malaysia RM'000	Indonesia RM'000	China RM'000	Total RM'000
External revenue	1,591,224	187,519	411,336	2,190,079
Inter-segment revenue	48	--	--	48
Segment profit/(loss) before tax	107,807	5,404	3,089	116,300

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8. Segment information (Cont'd)

(b) Reconciliation of reportable segment profit or loss

	6 months ended	
	31 January	
	2019	2018
	RM'000	RM'000
Total profit for reportable segments	92,663	116,300
Other non-reportable segments	(936)	(1,375)
Share of profit of associate not included in reportable segments	3,000	1,133
Consolidated profit before tax	<u>94,727</u>	<u>116,058</u>

9. Material events subsequent to period end

There are no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

10. Changes in composition of the Group

There are no major changes in the composition of the Group for the current quarter and financial year-to-date.

11. Contingent liabilities and contingent assets

The Group does not have any contingent liabilities and contingent assets as at 31 January 2019.

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12. Related party transactions

Significant related party transactions of the Group are as follows: -

	6 months ended 31 January	
	2019	2018
	RM'000	RM'000
Subsidiaries in which certain Directors have financial interest		
- Purchases	1,829	-
- Purchases of plant and equipment	5,369	-
- Sales	-	48
A company which is wholly owned by close family member of certain Directors		
- Purchases	3,286	2,644
A company in which spouse of a Director has financial interest		
- Purchases	3,358	5,596
Associates		
- Sales	-	2,507
A company which is controlled by close family member of a Director		
- Sub-contracting fee payable	1,609	2,467
A company which is controlled by a Director		
- Operating lease charges and management fee payable	2,458	2,567
A company which is controlled by close family member of a key management personnel		
- Repair and maintenance services payable	323	341
Remuneration paid to staff who are close family member of certain Directors	628	1,532

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

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Additional Information on Interim Financial Report required on the Bursa Malaysia Listing Requirements

13. Review of performance

For the current quarter under review, the Group recorded a revenue of RM982.6 million, a decrease of RM137.7 million or 12.3% as compared to the previous corresponding quarter. Profit before tax, meanwhile, decreased 25.8% or RM17.2 million to RM49.4 million over the same period.

For the six months period ended 31 January 2019, the Group recorded a revenue of RM2,058.3 million, a decrease of RM133.9 million or 6.1% as compared to the corresponding period of the preceding year of RM2,192.2 million. Profit before tax stood at RM94.7 million, dropped by 18.4% or RM21.3 million over the same period.

Despite commendable performance from operations in Malaysia, the Group profit before tax declined in the current quarter, mainly attributable to lower or negative contributions from overseas operations. Indonesia turned in marginal profit while losses were recorded in China. On cumulative quarters basis, these overseas operations, particularly China, had incurred losses that further affected the Group earnings. In addition, the overall performance was also influenced by net foreign exchange movements as follows:-

	Individual Quarter 31 January		Cumulative Quarter 31 January	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net foreign exchange loss/(gain)	(4,261)	(7,875)	2,141	(10,421)

The comparison of the results of the segment are tabulated below:-

	Individual Quarter 31 January		Cumulative Quarter 31 January	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Revenue				
Malaysia	822,346	780,434	1,709,096	1,591,224
Indonesia	54,680	79,894	129,984	187,519
China	105,173	258,087	217,383	411,336
Profit/(loss) before tax				
Malaysia	51,742	45,897	117,675	107,807
Indonesia	318	1,431	(955)	5,404
China	(3,691)	20,282	(24,054)	3,089

Malaysia segment

For the current quarter and cumulative quarters, Malaysia segment recorded 5.4% and 7.4% increase in revenue respectively due to higher sales orders from key customers. Meanwhile, profit before tax was up 12.7% and 9.2% respectively over the same period.

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13. Review of performance (Cont'd)

Malaysia segment (Cont'd)

The higher-than-proportionate increase in profitability was attributable to increase in productivity with production lines running at more optimal level, as well as absence of setup costs associated with commissioning of new lines that incurred during the same quarter and cumulative quarters a year ago.

Indonesia segment

For the current quarter, Indonesia segment recorded lower profit before tax in tandem with the fall in revenue, mainly due to decline in sales orders from key customers. The steeper drop in profitability was a result of lower economies of scale and weaker Indonesian Rupiah compared to the preceding year's corresponding quarter.

Despite recording profit for the quarter under review, Indonesia segment was loss-making for the cumulative quarters as the profit in the current quarter was insufficient to set off the loss incurred in the first quarter.

China segment

China segment recorded lower revenue and was loss-making for the current quarter as a result of lower sales orders completed. By comparison, there was a large sales order completed for a key customer in the preceding year's corresponding quarter which contributed to the much higher profitability then.

Operations in China were also loss-making for the cumulative quarters in the absence of economies of scale as the facilities there remained under-utilised with less-than-ideal volume of sales orders received.

14. Variation of results against preceding quarter

	Current Quarter 31 January 2019 RM'000	Preceding Quarter 31 October 2018 RM'000
Revenue	982,647	1,075,617
Profit before tax	49,409	45,318
Profit attributable to owners of the Company	37,943	39,810

For the current quarter under review, the Group recorded a higher profit before tax of RM49.4 million as compared to RM45.3 million in the preceding quarter mainly attributable to the followings:-

	Current Quarter 31 January 2019 RM'000	Preceding Quarter 31 October 2018 RM'000
(Gain)/loss on disposal of a subsidiary	(2,425)	5,418
Net foreign exchange loss/(gain)	(4,261)	6,402

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15. Current year prospects

As mentioned in our previous quarterly report, the Group expects prospects and profitability in the second half of current financial year to be lower than that of first half due to softening in orders from certain key customers. However, based on the latest order pipeline visibility, the impact appears to be less austere than initially thought, as we have since received additional orders for a particular product and this would partially cushion the moderation in orders.

The temporary moderation in orders has not in any way detracted the Group from its focus to grow the business. This is especially true under the current scenario where the US-China trade war has opened up many opportunities for the Group as various MNC brands are seriously considering relocating their manufacturing base to Southeast Asia, Malaysia, and in particular, our Group stand to benefit from this move. In response, concerted efforts have been put in by the Group with the establishment of a special business development taskforce to pursue these opportunities.

Within the short span of a few months, the taskforce has clinched its first success by securing Bissell International Trading Company, B.V. (“BISSELL”) as a new customer. On 27 February 2019, the Group has entered into the Master Supply Agreement with BISSELL to manufacture products for them. Backed by a history of more than 140 years, BISSELL is a leading brand in small homecare appliances in the USA. We are confident that BISSELL has high potential to be a key customer in future. Earnings from this new customer would start contributing to the Group from financial year ending 31 July 2020 onwards.

Over in China, the outlook continues to be highly challenging at this juncture given the uncertainties that include the US-China trade war, rising operating cost structure and intense competition. The issue of under-utilization of capacity is expected to prevail at this juncture. As counter-measures, management continues to be streamlining operations to improve its positioning and operational flexibility.

Given the aforementioned expected slowdown in order, the Board opines that the financial performance of the Group in the second half of the financial year will be softer. Despite the short-term challenges, the Board remains positive on the long-term prospects of the Group, underpinned by solid fundamentals, robust relationships with existing customers, strong execution skills, recent addition of new key customer and potential future contract wins.

16. Profit forecast

Not applicable.

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17. Tax expense

	Individual 3 months ended 31 January		Cumulative 6 months ended 31 January	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Current period	13,775	11,792	35,042	25,607
Deferred tax expense				
Current period	60	915	(4,491)	3,632
	<u>13,835</u>	<u>12,707</u>	<u>30,551</u>	<u>29,239</u>

The effective tax rate of the Group for the financial year-to-date was higher than the statutory tax rate mainly due to non-deductible expenses.

18. Status of uncompleted corporate proposals

There are no outstanding uncompleted corporate proposals as at the date of this quarterly report.

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19. Borrowing and debt securities

	31.01.2019 RM'000	31.07.2018 RM'000
Non-current		
<i>Secured</i>		
Term loans	3,881	7,792
Finance lease liabilities	15,645	15,324
<i>Unsecured</i>		
Term loans	57,411	70,642
	<u>76,937</u>	<u>93,758</u>
Current		
<i>Secured</i>		
Term loan	16,079	24,728
Trust receipts	99,306	108,787
Finance lease liabilities	11,395	8,163
Bank overdraft	12,327	11,892
<i>Current</i>		
<i>Unsecured</i>		
Term loans	31,738	38,104
Bankers' acceptance	90,322	131,923
Trust receipts	227,966	180,226
Short term loan	24,457	32,867
Revolving credit	-	15,000
	<u>513,590</u>	<u>551,690</u>
	<u>590,527</u>	<u>645,448</u>

Borrowings denominated in US Dollar amounted to RM307.0 million (31.7.2018 : RM293.2 million).

20. Changes in material litigation

There are no material litigation which would materially and adversely affect the financial position of the Group as at the date of this quarterly report.

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21. Profit for the period

	3 months ended 31 January		6 months ended 31 January	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting)				
Depreciation and amortisation	23,292	21,214	46,494	40,636
Net foreign exchange (gain)/loss	(4,261)	(7,875)	2,141	(10,421)
Loss on disposal of property, plant and equipment	436	427	218	559

22. Dividends

- (a) A second interim dividend of 1.0 sen per ordinary share amounting to approximately RM18.1 million was declared on 26 March 2019 for the financial year ending 31 July 2019 and will be paid on 30 April 2019 to shareholders whose names appear on the Company's Record of Depositors on 12 April 2019.
- (b) The total dividend per share for the current financial year is 2.0 sen (previous year corresponding period: 3.0 sen).

23. Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share for the current quarter and financial year-to-date are based on net profit attributable to owners of the Company of RM37.9 million and RM77.8 million respectively and the weighted average number of ordinary shares of 1,797.817 million and 1,756.68 million respectively.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share for the current quarter and financial year-to-date are based on net profit attributable to owners of the Company of RM37.9 million and RM77.8 million respectively and the weighted average number of ordinary shares, adjusted for the dilutive effects of potential ordinary shares of 1,820.252 million and 1,787.212 million respectively.

V.S. Industry Berhad

(Company No. 88160-P)

(Incorporated in Malaysia)

24. Comparatives

	As previously stated RM'000	Effects of MFRS 15 RM'000	Effects of MFRS 9 RM'000	As restated RM'000
As at 31 July 2017				
<u>Statement of financial position</u>				
Retained earnings	504,539	12,482	-	517,021
Non-controlling interest	220,410	3,236	-	223,646
As at 31 July 2018				
<u>Statement of financial position</u>				
Inventories	539,873	(145,770)	-	394,103
Contract assets	-	162,994	-	162,994
Contract liabilities	-	274	-	274
Deferred tax liabilities	69,141	3,136	-	72,277
Retained earnings	605,630	11,618	11,665	628,913
Fair value reserve	85,752	-	(11,665)	74,087
Non-controlling interest	220,919	2,196	-	223,115
As at 31 January 2018				
<u>Statement of financial position</u>				
Inventories	450,248	(117,567)	-	332,681
Contract assets	-	129,847	-	129,847
Contract liabilities	-	265	-	265
Deferred tax liabilities	70,393	2,291	-	72,684
Retained earnings	587,073	8,324	-	595,397
Non-controlling interest	239,030	1,400	-	240,430
<u>Income statement</u>				
Revenue	2,198,444	(6,251)	-	2,192,193
Cost of sales	(1,952,791)	(612)	-	(1,953,403)
Non-controlling interest	1,543	(1,836)	-	(293)
Profit attributable to owners of the Company	91,270	(4,158)	-	87,112
Basic earnings per ordinary share (sen)	5.77	(0.27)	-	5.50
Diluted earnings per ordinary share (sen)	5.28	(0.24)	-	5.04