

PART A: EXPLANATION NOTES AS PER MFRS 134

A1 Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2019.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2019, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations which are effective for annual periods beginning on or after 1 January 2020:

	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current</i>	1 January 2022

The above standards, amendments and annual improvements do not have significant impact on the financial reporting of the Group.

A2 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.

A3 Seasonal or cyclicity factors

The Group faces minor seasonal fluctuations during the major festive seasons celebrations.

A4 The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There was no unusual item in the quarterly financial statement under review.

A5 Changes in estimates

There are no significant changes in the estimates of amount, which give a material effect in the current interim period.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

(i) Shares buy-back

During the current financial quarter, the Company repurchased 1,490,500 of its issued share capital from the open market at an average price of RM0.355 per share. The total consideration paid was RM529,128. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities other than as disclosed above for the current quarter and financial year to date.

A7 Dividends paid (aggregate or per share) separately for ordinary share and other shares

There was no dividend paid for the quarter ended 31 March 2020.

A8 Segment Information for the current financial year to date

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Investment</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue					
External Sales	29,955	63,339	402	-	93,696
Inter-segment revenue	812	7,996	3,077	(11,885)	-
Total Revenue	30,767	71,335	3,479	(11,885)	93,696
Segment Result	6,980	566	2,143	(2,783)	6,906
Profit from operations					6,906
Finance costs					(2,249)
Interest Income					189
Share of results of associates					(421)
Profit before tax					4,425

No analysis by geographical area has been presented as its year to date contribution was less than 10% to the combined results of all segments revenue or results or assets.

A9 Valuations of property, plant and equipment

The valuation of land & buildings has been brought forward, without amendment from the previous annual financial statement.

A10 Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There were no material events subsequent to the end of the current quarter under review, except for the recent outbreak of Covid 19 pandemic and the Movement Control Order ("MCO") imposed by the Malaysian Government since 18 March 2020 which subsequently changed into Conditional MCO and Recovery MCO phases. The Group's production and distribution operations had been suspended in compliance with the MCO. However, some of the subsidiaries had resumed operation towards the end of April 2020 after obtaining "Approval For Operation" issue by Ministry of International Trade & Industry.

A11 The effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

There were no changes in the composition of the Company for the financial period under review.

A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2019

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

A13 Capital commitments

As at 31/03/2020

RM'000

Property, plant and equipment

Authorized and but not contracted for -

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PART A OF APPENDIX 9B)

B1 Review of performance of the company and its principal subsidiaries for the current quarter and financial year to date (“YTD”)

	Individual Period (1 st quarter)		Increase / (Decrease)		Cummulative Period		Increase / (Decrease)	
	Current Year Quarter 01.01.2020 to 31.03.2020 RM'000	Preceding Year Corresponding Quarter 01.01.2019 to 31.03.2019 RM'000	RM'000	%	Current Year to- date 01.01.2020 to 31.03.2020 RM'000	Preceding Year Corresponding Period 01.01.2019 to 31.03.2019 RM'000	RM'000	%
Revenue	93,696	112,839	(19,143)	(17.0)	93,696	112,839	(19,143)	(17.0)
Profit / (loss)from operations	6,906	(1,114)	8,020	719.9	6,906	(1,114)	8,020	719.9
Profit / (loss) before tax	4,425	(3,467)	7,892	227.6	4,425	(3,467)	7,892	227.6

Group revenue and Profit before taxation (“PBT”) for the quarter under review were RM93.7million and RM4.4 million respectively. Compared with the same quarter last year, revenue reduced by 17.0%, the decline was mainly due to sudden stoppage of business operations as a result of the lockdown Movement Control Order (“MCO”) imposed by the government against the spread Covid-19 pandemic beginning 18 March 2020. As a result, financial performance of most subsidiaries were affected despite strong demand experienced during early stage of the quarter. Nevertheless, the Group managed to report PBT of RM4.4 million, being 227.6% better than the same quarter last year partly due to the recognition of a property disposal gain of RM7.8 million where the deal of a property disposal signed in the previous year was officially completed in February 2020.

B2 Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

	Current Year Quarter 01.01.2020 to 31.03.2020	Immediate Preceding Quarter 01.10.2019 to 31.12.2019	Changes (Amount/%)
Revenue	93,696	111,774	(18,078)/(16.2)
Profit from operations	6,906	3,524	3,382/96.0
Profit before tax	4,425	1,287	3,138/243.8

Compared with the immediate preceding quarter, Group revenue for the quarter under review reduced by 16.2% to RM93.7 million as a result of the lockdown MCO imposed beginning 18 March 2020 which affected the sales and operations of the Group. Profit before tax for the quarter under review were higher at RM4.4 million as compared to RM1.3 million of the immediate preceding quarter mainly due to the recognition of a property disposal gain and strong demand during the early stage of quarter.

B3 Prospects

Malaysia's real GDP growth by only 0.7% YoY in 1Q 20, the slowest pace of growth since last decade amid the global outbreak of COVID-19 pandemic and domestic lockdown - Movement Control Order ("MCO") which started on 18 March 2020. All sectors witnessed sluggish performance during 1Q20 and only essential services and manufacturing sectors were allowed to operate during the period. As a result, GDP growth forecast for the year ending 31 Dec 2020 by Central Bank has also been reduced to around -2.0% to 0.5%. Without exception, the Group's businesses and operations during the quarter under review had also been affected negatively due to non-operational instruction during MCO and Conditional MCO ("CMCO") despite experiencing good demand and better pricing at the early stage of the quarter.

Although most of the subsidiaries of the Group were recently granted with permission to begin operation, the pace at which production can be stepped up will depend very much on market demand amid continuous MCO conditions such as Recovery MCO ("RMCO"). Facing this scenario, the Group has also implemented some austerity measures as well as introducing some changes to working methods and conditions as a means to alleviate the impact on the operational costs and additional costs on precautionary measures taken. The Group has to provide personal protective equipment to the employees such as face masks, hand gloves, sanitizers and continues cleaning and sanitizing work areas has posed as additional cost burden to the Group.

Meanwhile, the industry we are operating within is still facing weak market demand and depressed prices amid sluggish market conditions as most sectors are still facing the effects of operational restrictions and social distancing rule imposed since the introduction of MCO/CMCO and RMCO. Against this backdrop, the Government has announced several economic stimulus packages meant to sustain and spur the economy. The benefits and full financial impact can only be gauged after the post MCO/CMCO/RMCO period.

Going forward, the Board envisages that the financial performance of the Group for the financial year 2020 will be unprecedentedly affected. Nevertheless, the Board will continue to take all necessary precautions and pragmatic approach in its strategic and operational planning in order to generate a satisfactory performance for the financial year ending 31 December 2020.

.B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/03/2020 RM'000	Current Year To Date 31/03/2020 RM'000
Current taxation	260	260
Deferred taxation	110	110
In respect of prior years	-	-
	370	370

B6 The status of corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.

There were no corporate proposals announced at the date of this announcement.

B7 **Group bank borrowings:**

Total group borrowings as at 31 March 2020 are as follows:-

Continuing operations

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	47,565	20,843
Unsecured	97,495	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	145,060	20,843

B8 **Material litigation since the date of the last annual statement of financial which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report**

The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group.

B9 **Dividend**

The Directors do not recommend any interim dividend for the current quarter under review.

10 Earnings per share

Basic

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

	Current Quarter 31/03/2020	Preceding Quarter 31/03/2019	Current Year to date 31/03/2020	Preceding Year to date 31/03/2019
Net profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	4,066	(3,599)	4,066	(3,599)
- Operations of disposal group	-	1,696	-	1,696
	4,066	(1,903)	4,066	(1,903)
Weighted average number of ordinary shares in issue ('000)	194,824	195,704	194,824	195,704
Basic earnings per share (sen)				
- Continuing operations	2.09	(1.84)	2.09	(1.84)
- Operations of disposal group	-	0.87	-	0.87
	2.09	(0.97)	2.09	(0.97)

Diluted

The diluted earnings per share is not disclosed as it is not applicable.

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

	Current Quarter 31/03/2020 RM'000	Current Year To Date 31/03/2020 RM'000
Net profit is arrived at after take in the following items:		
(a) Interest income	189	189
(b) Other income	1,378	1,378
(c) Interest expense	(2,249)	(2,249)
(d) Depreciation and amortization	(2,021)	(2,021)
(e) Provision (for) and written down of receivables	(821)	(821)
(f) Provision (for) and written down of inventories	(1,602)	(1,602)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	7,767	7,767
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(463)	(463)
(j) Gain / (loss) on derivatives	(4)	(4)
(k) Exceptional items	N/A	N/A