

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	18,795	20,335	39,716	38,592
Cost of sales	(15,263)	(16,973)	(32,437)	(32,183)
Gross Profit	3,532	3,362	7,279	6,409
Others income	108	223	1,893 ⁽²⁾	476
Administration expenses	(2,275)	(2,861)	(4,975)	(5,764)
Finance costs	(67)	(99)	(183)	(211)
Share of results of associate companies	104	168	159	248
Profit before taxation	1,402	793	4,173	1,158
Taxation	(333)	(169)	(1,058)	(263)
Profit for the period	1,069	624	3,115	895
Other comprehensive income				
Share of other comprehensive income in associate	-	-	-	-
Total comprehensive income	1,069	624	3,115	895
Profit for the period attributable to:				
- Owners of the Company	1,069	624	3,115	895
- Non-controlling interests	-	-	-	-
	1,069	624	3,115	895
Total comprehensive income attributable to:				
- Owners of the Company	1,069	624	3,115	895
- Non-controlling interests	-	-	-	-
	1,069	624	3,115	895
Weighted average number of ordinary shares ('000)	166,000	166,000	166,000	166,000
Earnings per share attributable to owners of the Company (sen):				
- Basic ⁽³⁾	0.64	0.38	1.88	0.54
- Diluted ⁽⁴⁾	0.64	0.38	1.88	0.54

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (1) (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of Tri-Mode System (M) Berhad (“**TMS**” or “**Company**”) and its subsidiaries (“**Group**”) for financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Consist of one-off liquidated damages compensation of RM1,620,591.66 from the Pulau Indah Land developer on 21 February 2020 due to late delivery of vacant possession as per sales and purchase agreement.
- (3) Basic earnings per share of the Group for the quarter and year to date is calculated based on weighted average number of ordinary shares of 166,000,000.
- (4) Diluted earnings per share of the Group for the quarter and year to date is equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.

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INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30.06.2020	Audited As at 31.12.2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	57,403	53,500
Right of use assets	19,805	19,448
Other investments	175	175
Investment in associate companies	4,044	3,884
	<u>81,427</u>	<u>77,007</u>
Current assets		
Inventories	169	71
Trade receivables	13,399	13,517
Other receivables	2,500	2,679
Tax recoverable	50	107
Fixed deposits with licensed banks	13,773	17,987
Cash and bank balances	1,867	1,473
	<u>31,758</u>	<u>35,834</u>
TOTAL ASSETS	<u>113,185</u>	<u>112,841</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	47,503	47,503
Acquisition reserves	(5,533)	(5,533)
Retained earnings	33,098	29,983
Total Equity	<u>75,068</u>	<u>71,953</u>
Liabilities		
Non-current liabilities		
Finance lease payables	3,620	-
Bank borrowings	16,671	16,128
Lease liabilities	231	4,123
Deferred tax liabilities	4,123	4,126
	<u>24,645</u>	<u>24,377</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾ (CONT'D)

	Unaudited As at 30.06.2020	Audited As at 31.12.2019
	RM'000	RM'000
Current liabilities		
Trade payables	5,052	4,842
Other payables	1,988	3,685
Amount due to associate companies	2,522	2,322
Finance lease payables	2,584	-
Lease liabilities	423	3,005
Bank borrowings	-	2,425
Tax payable	903	232
	13,472	16,511
Total liabilities	38,117	40,888
TOTAL EQUITY AND LIABILITIES	113,185	112,841
NET ASSETS PER SHARE (RM)	0.45	0.43
Number of ordinary shares ('000)	166,000	166,000

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Non-distributable		Distributable	Total
	Share capital	Acquisition reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2020	47,503	(5,533)	29,983	71,953
Profit for the period	-	-	3,115	3,115
Balance at 30 June 2020	47,503	(5,533)	33,098	75,068
Balance at 1 January 2019	47,503	(5,533)	28,280	70,250
Effect of MFRS 16	-	-	(23)	(23)
At 1 January 2019, as restated	47,503	(5,533)	28,257	70,227
Profit for the period	-	-	2,556	2,556
Dividend to owners of the company	-	-	(830)	(830)
Balance at 31 December 2019	47,503	(5,533)	29,983	71,953

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	30.06.2020	30.06.2019
Cash flow From Operating Activities	RM'000	RM'000
Profit before tax	4,173	1,158
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment ("PPE')	874	1,388
Depreciation of right of use assets	879	-
Gain on disposal of PPE	-	(5)
Provision for expected credit losses	75	68
Interest paid	183	211
Others income/interest received	(1,827)	(401)
Share of profit in associate companies	(159)	(248)
Unrealised (gain)/loss on foreign exchange	(7)	7
Operating profit before working capital changes	4,191	2,178
<u>Changes in working capital</u>		
Inventories	(98)	18
Receivables	221	(226)
Payables	(616)	(971)
Associate companies	200	(337)
	(293)	(1,516)
Cash generated from operating activities	3,898	662
Interest paid	(183)	(211)
Interest received	1,827	401
Tax paid	(332)	(644)
Tax refund	-	3
Net Cash flows from operating activities	5,210	211
Cash flow From Investing Activities		
Dividend receivable	-	200
Invest in associates	-	(332)
Purchase of PPE	(5,789)	(1,887)
Proceeds from disposal of PPE	141	49
Net Cash flows from investing activities	(5,648)	(1,970)

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾ (CONT'D)

	PERIOD-TO-DATE	
	30.06.2020	30.06.2019
	RM'000	RM'000
Cash flow From Financing Activities		
Drawdown of term loan	-	633
Repayment of bank borrowings	(980)	-
Repayment of finance lease liabilities	(1,138)	(1,689)
Interest expenses on lease liabilities	(368)	6
Decrease in fixed deposits more than 3 months	4,213	832
Net Cash flows used in financing activities	1,727	(218)
Net increase in cash and cash equivalents	1,289	(1,977)
Effect of exchange rate changes in cash & cash equivalent	7	-
Cash and cash equivalents at beginning of the period	8,170	2,179
Cash and cash equivalents at the end of the period	9,466	202
Cash and Cash Equivalents		
Cash and bank balances	1,867	529
Fixed deposits with licensed banks	13,773	17,744
Bank Overdraft	-	(327)
	15,640	17,946
Less: Fixed deposits pledged with licensed banks	(1,937)	(2,154)
Less: Fixed deposits with licensed banks more than 3 months	(4,237)	(15,590)
	9,466	202

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

A1. Basis of preparation

The interim financial report of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2020 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2019 except as disclosed below:

The following revised MFRSs and Amendments to MFRSs that effective from 1 January 2020 have been issued by the MASB:

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

The adoption of the above pronouncements has no material financial impact to the Group and the Company.

A3. Auditors' report

The auditors' report on the preceding year audited financial statements was not subject to any qualification.

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A4. Seasonal or cyclical factors

We experience sales fluctuations in our business during festive periods such as Hari Raya and Chinese New Year as there are lesser working days compared to the normal month with normal working days.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

Save for the one-off liquidated damages compensation of approximately RM1.62 million from the Pulau Indah Land developer during the first quarter of 2020, 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.

A6. Material changes in estimates

There were no material changes in the estimates in the current financial quarter under review.

A7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the financial quarter under review.

A8. Dividends paid

There was no dividend paid during the financial quarter under review.

A9. Contingent liabilities or contingent assets

There were no other contingent liabilities or contingent assets as at the date of this interim financial report.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

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A11. Segmental reporting

The Group is principally involved in the provision of sea freight, container haulage, air freight, freight forwarding, warehousing and marine insurance services.

(a) Revenue by business activities

The table below set out the breakdown of the Group's revenue by business activities for the financial quarter under review:

	3-MONTH ENDED		PERIOD-TO-DATE			
	30.06.2020	30.06.2019	30.06.2020		30.06.2019	
	RM'000	RM'000	RM'000	%	RM'000	%
Sea freight	10,213	12,062	22,821	57.5	23,187	60.1
Container haulage	4,855	6,313	10,506	26.5	12,268	31.8
Air freight	2,981	1,129	4,822	12.1	1,860	4.8
Freight forwarding	465	514	998	2.5	665	1.7
Warehousing	244	259	499	1.2	491	1.3
Marine insurance	37	58	70	0.2	121	0.3
Total Revenue	18,795	20,335	39,716	100	38,592	100

Sea freight, container haulage and air freight segment are the top 3 revenue contributors under the financial period under review. The factors affecting our top 3 key revenue contributors are as follows:

- (i) fluctuation in sea freight rate;
- (ii) fluctuation in fuel price; and
- (iii) fluctuation in air freight rate.

(b) Revenue by geographical regions

The table below set out the breakdown of the Group's revenue by geographical regions for the financial period under review:

	3-MONTH ENDED		PERIOD-TO-DATE			
	30.06.2020	30.06.2019	30.06.2020		30.06.2019	
	RM'000	RM'000	RM'000	%	RM'000	%
Malaysia	15,064	18,326	33,198	83.6	34,967	90.6
Overseas	3,731	2,009	6,518	16.4	3,625	9.4
Total Revenue	18,795	20,335	39,716	100	38,592	100

A12. 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 under review.

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A13. Material events subsequent to the end of the current financial quarter

The COVID-19 outbreak has brought significant economic uncertainties in Malaysia and markets in which the Company operates. The Group expects the current situation to have an adverse impact to its results for the financial year ending 31 December 2020 and will continue to monitor and take appropriate, timely measures to minimise the financial impact to the Group. Other than the impact of COVID-19 pandemic, there was no subsequent material event as at the date of this report.

A14. Related Party Transactions

Related party transactions have been entered into in the normal course of business and have been established on terms and conditions that are not more favourable to the related parties. The significant related party transactions of the Group are as follows:

Transaction with associate companies	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
(a) Atama Logistics (M) Sdn Bhd				
Trade receivable	2,814	886	2,814	886
Trade payable	5,346	3,614	5,346	3,614
Net amount payable/(receivable)	2,532	2,728	2,532	2,728
Services income	2,604	3,112	6,345	5,781
Services expenses	4,551	4,971	9,811	9,112

Transaction with associate companies	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
(b) Container Connections (M) Sdn Bhd				
Trade receivable	-	1	-	1
Trade payable	4	2	4	2
Net amount payable/(receivable)	4	1	4	1
Services income	-	1	-	1
Services expenses	25	29	40	45

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Transaction with companies in which certain Directors have financial interests	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
(a) PT. Oriental Logistics Indonesia				
Trade receivable	-	5	-	5
Trade payable	4	4	4	4
Net amount payable/(receivable)	4	(1)	4	(1)
Services income	-	5	-	18
Services expenses	3	6	13	15

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
(b) Oriental Thailand				
Trade receivable	-	-	-	-
Trade payable	-	1	-	1
Net amount payable/(receivable)	-	1	-	1
Services income	-	-	-	6
Services expenses	-	2	-	3

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A15. Capital commitments

As at current financial quarter under review, our Group's material commitments (including commitments to be incurred) for capital expenditure are as follows:

	Unaudited
	3-MONTH ENDED 30.06.2020
	RM'000
Senja Aman' apartment ⁽¹⁾	419
Richard W.Z. Lee Architect ⁽²⁾	298
Total capital commitments for capital expenditures	717

Notes:

- (1) Investment property under construction and will be leased to hotel operator to generate income upon completion. In addition, there will be free stay to be made available as staff welfare post completion of the said property.
- (2) Architectural fees for future headquarters, warehouse and haulage operation yard of our Group which is under construction on the Pulau Indah Land ("**HQ and Distribution Hub**").

The material commitment for capital expenditures above will be financed by a combination of bank borrowings and internally generated funds.

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PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

The Group recorded revenue of RM18.80 million for the current financial quarter ended 30 June 2020, a decrease of 7.57% from the previous year corresponding quarter of RM20.34 million. Gross profit increased 5.06% to RM3.53 million as compared to RM3.36 million previous year corresponding quarter. The decrease in revenue was mainly due to the slowdown of cargo movement during movement control order implemented by the Malaysian Government since 18 March 2020 (“MCO”). However, the Group managed to improve its profitability via cost control and reduced in diesel cost during current financial quarter.

The profit before tax (“PBT”) increased by 76.80% to RM1.40 million compared to previous year corresponding quarter of RM0.79 million. The increase in profitability is contributed by improved in gross profit margin and reduced in administration expenses.

The Group managed to improve its financial performance via aggressive sales approaches and cost control exercise despite global and national economy slowdown due to the outbreak of COVID-19 pandemic.

B2. Comparison with immediate preceding quarter’s results

	3-MONTH ENDED		CHANGE	
	30.06.2020	31.03.2020		
(Unaudited)	RM’000	RM’000	RM’000	%
Revenue	18,795	20,921	(2,126)	(10.16)
PBT	1,402	2,771 ⁽¹⁾	(1,369)	(49.40)

Note:

(1) Consist of one-off liquidated damages compensation of RM1,620,591.66 from the Pulau Indah Land developer on 21 February 2020 due to late delivery of vacant possession as per sales and purchase agreement.

For the current quarter ended 30 June 2020, the Group’s revenue decreased by 10.16% to RM18.80 million from RM20.92 million in immediate preceding quarter ended 31 March 2020. The decrease of revenue was due to seasonal factor as disclosed in note A4 and the implementation of MCO.

The PBT decreased by 49.40% for current quarter as compared to the immediate preceding quarter mainly due to one-off liquidated damages compensation for late delivery of vacant possession of approximately RM1.62 million from the Pulau Indah Land developer during the first quarter. For illustration purposes, the PBT without taking into consideration the compensation recorded in the immediate preceding quarter ended 31 March 2020 is amounting to RM1.15 million, which demonstrated an increase of PBT by 21.81% for the current quarter as compared with immediate preceding quarter.

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B3. Prospects

Our HQ and Distribution Hub resume its construction in early June 2020 under strict standard operating procedures. The progress is in order and we achieved 43.55% completion as at 28 July 2020, and thus the target completion date will be on 31 December 2020, subject to the condition of the COVID-19 pandemic and any further extension of the MCO period.

In June 2020, both the International Monetary Fund and World Bank revised its global economy growth projection for 2020 to -4.9% and -5.2% respectively citing the COVID-19 has a more negative impact to global economy and leading to steep recession in many countries. Whereas, Bank Negara Malaysia revised its projected Malaysia's gross domestic product growth to be between -3.5% to -5.5% in 2020 as the country's economy declined by -17.1% in the second quarter of 2020 (first quarter 2020: 0.7%) during the second quarter economic review.

Despite the profitability performance of the Group in the current quarter has seen improvement as compared with immediate preceding quarter without taking into consideration one-off liquidated damages compensation for late delivery of vacant possession from the Pulau Indah Land developer, we will continuously focus on improving the efficiency of our logistics services with more competitive pricing, focus on resource optimisation, expanding our customer base and more prudent in capital expenditures planning.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects for the financial year ending 31 December 2020 will remain challenging amid the adverse impact of COVID-19 pandemic, uncertainties surrounding world trade and weak economy forecasts worldwide. Nevertheless, the Group will continue to seek opportunities in both domestic and international market to deliver sustainable growth in the long term.

B4. Profit Forecast or Profit Guarantee

The Company did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Taxation

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Current financial period:				
- Income tax	332	183	1,061	320
- Deferred tax	1	(14)	(3)	(57)
	<u>333</u>	<u>169</u>	<u>1,058</u>	<u>263</u>
Previous year overprovision:				
- Income tax	-	-	-	-
- Deferred tax	-	-	-	-
Total tax expense	<u>333</u>	<u>169</u>	<u>1,058</u>	<u>263</u>
Effective tax rate	23.75%	21.31%	25.35%	22.71%

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Note:

- (1) Income tax expense is recognised based on management's best estimate.

B6. Corporate Proposals

(a) Status of corporate proposal

There are no corporate proposals announced by the Company during the current financial quarter under review.

(b) Utilisation of proceeds

The Company was listed on the ACE Market of Bursa Securities on 14 May 2018 ("**Listing Date**"), the gross proceeds raised from the public issue amounting to RM26.356 million and the status of the utilisation of the proceeds are as follows:

<u>Details of utilisation</u>	<u>Proposed Utilisation</u> RM'000	<u>Actual Utilisation</u> RM'000	<u>Intended timeframe for utilisation upon listing</u>	<u>Extended timeframe for utilisation</u>
Business expansion				
- Construction of the HQ and Distribution Hub	15,000	5,566	Within 30 months	Additional 6 months
- Purchase of prime movers and trailers	500	378	Within 24 months	Additional 12 months
Repayment of bank borrowings	5,000	5,000	Within 6 months	
Working capital	2,356	2,389 ⁽¹⁾	Within 12 months	
Estimated listing expenses	3,500	3,467 ⁽¹⁾	Within 3 months	
Total	26,356	16,800		

Note:

- (1) Balance of unutilised portion, utilised as working capital.

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 18 April 2018. As at the date of this report:

- 1) We have utilised RM5.57 million to finance the construction cost of HQ and Distribution Hub. Our Company has on 14 May 2020 announced that the remaining proceeds will be utilised by May 2021 which is additional 6 months from 14 November 2020 due to the potential delay caused by MCO.

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- 2) We have utilised RM5.0 million for repayment of bank borrowings consist of term loan and overdraft facilities. The repayment of these bank borrowings provides interest savings of approximately RM0.40 million per annum to the Group.
- 3) We have utilised RM0.38 million to part finance 5 units of new prime movers and 40 units of new trailers that were delivered since Listing Date up to current quarter under review. Our Company has on 14 May 2020 announced that the remaining proceeds will be utilised by May 2021 which is additional 12 months from 14 May 2020.
- 4) We have also utilised RM5.86 million for listing expenses and working capital purposes.
- 5) The remaining proceeds of RM9.56 million has been placed as fixed deposits with local banks in Malaysia.

B7. Trade Receivables

The Group grant credit on various terms. Trade receivables disclosed below include amounts which are past due at the end of reporting period but has not recognised as receivables subject to impairment as there has not been a significant change in credit quality and still considered recoverable by the management.

	PERIOD-TO-DATE					
	30.06.2020			30.06.2019		
	<u>Non-RPT⁽¹⁾</u>	<u>RPT⁽¹⁾</u>	<u>Total</u>	<u>Non-RPT⁽¹⁾</u>	<u>RPT⁽¹⁾</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than 1 month	6,569	-	6,569	5,782	5	5,787
1 month	4,019	-	4,019	4,534	1	4,535
2 months	2,009	-	2,009	1,681	-	1,681
3 months	453	-	453	501	-	501
More than 3 months	349	-	349	181	-	181
Trade Receivables	13,399	-	13,399	12,679	6	12,685

Note:

(1) RPT – Related party transactions as per note A14.

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B8. Bank borrowings

The Group's bank borrowings were as follows:

	AS AT 30.06.2020	AS AT 30.06.2019
	RM'000	RM'000
Secured:		
<u>Current:</u>		
Bank overdraft	-	327
Finance leases payables	2,584	2,463
	<u>2,584</u>	<u>2,790</u>
<u>Non-current :</u>		
Finance leases payables	3,620	3,465
Term loans	16,671	15,731
	<u>20,291</u>	<u>19,196</u>
Total bank borrowings	<u>22,875</u>	<u>21,986</u>

The weighted average interest rate of bank borrowings is 5.87% p.a. All the finance leases are based on fixed rate and only the term loans are based on floating rate.

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

B9. Material litigation

There were no material litigation involving the Group as at the date of this report.

B10. Dividend proposed

The Board does not recommend any dividend in respect of the current financial period.

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B11. Earnings per share

The basic earnings per share are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

		3-MONTH ENDED		PERIOD-TO-DATE	
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit/(Loss) attributable to ordinary owners of the Company	(RM'000)	1,069	624	3,115	895
weighted average number of ordinary shares ⁽¹⁾	('000)	166,000	166,000	166,000	166,000
Basic earnings/(loss) per share	(Sen)	0.64	0.38	1.88	0.54
Diluted earnings/(loss) per share ⁽²⁾	(Sen)	0.64	0.38	1.88	0.54

Notes:

- (1) Basic earnings per share of the Group for the quarter and year to date is calculated based on weighted average number of ordinary shares of 166,000,000.
- (2) Diluted earnings per share of the Group for the quarter and year to date is equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.

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

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :-				
Interest income	(77)	(174)	(1,827)	(401)
Interest expenses	67	99	183	211
Depreciation of PPE	428	709	874	1,388
Depreciation of right of use assets	430	-	879	-
Provision for expected credit losses	45	27	75	68
Foreign exchange – realised (gain) / loss	8	-	33	-
Foreign exchange – unrealised (gain) / loss	(20)	(11)	(7)	7
Disposal of PPE – (gain) / loss	-	1	-	(5)

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

BY ORDER OF THE BOARD

Company Secretary

Date: 18 August 2020