

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	20,467	21,053	60,183	59,645
Cost of sales	(16,640)	(17,200)	(49,077)	(49,384)
Gross Profit	3,827	3,853	11,106	10,261
Others income	357 ⁽²⁾	176	2,250 ⁽³⁾	652
Administration expenses	(2,476)	(2,863)	(7,451)	(8,627)
Finance costs	(66)	(87)	(249)	(298)
Share of results of associate companies	92	50	251	298
Profit before taxation	1,734	1,129	5,907	2,286
Taxation	(577)	(267)	(1,635)	(531)
Profit for the period	1,157	862	4,272	1,755
Other comprehensive income				
Share of other comprehensive income in associate	-	-	-	-
Total comprehensive income	1,157	862	4,272	1,755
Profit for the period attributable to:				
- Owners of the Company	1,157	862	4,272	1,755
- Non-controlling interests	-	-	-	-
	1,157	862	4,272	1,755
Total comprehensive income attributable to:				
- Owners of the Company	1,157	862	4,272	1,755
- Non-controlling interests	-	-	-	-
	1,157	862	4,272	1,755
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 ⁽⁴⁾	0.70	0.52	2.57	1.06
- Diluted ⁽⁵⁾	0.70	0.52	2.57	1.06

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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) Inclusive of one-off liquidated damages compensation of approximately RM0.27 million from Senja Aman apartment developer on 11 September 2020 due to late delivery of vacant possession as per sales and purchase agreement. Senja Aman apartment is an investment property that will be leased to hotel operator to generate income which guarantee return of minimum 5% for 2 years. In addition, there will be free stay to be made available as staff welfare post completion of the said property.
- (3) Inclusive of one-off liquidated damages compensation of approximately RM1.62 million from the Pulau Indah Land developer on 21 February 2020 and approximately RM0.27 million from Senja Aman apartment developer on 11 September 2020 due to late delivery of vacant possession as per sales and purchase agreements, respectively.
- (4) 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.
- (5) 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 THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30.09.2020	Audited As at 31.12.2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	65,202	53,500
Right of use assets	18,669	19,448
Other investments	175	175
Investment in associate companies	4,468	3,884
	<u>88,514</u>	<u>77,007</u>
Current assets		
Inventories	135	71
Trade receivables	13,758	13,517
Other receivables	2,919	2,679
Tax recoverable	64	107
Fixed deposits with licensed banks	7,183	17,987
Cash and bank balances	1,530	1,473
	<u>25,589</u>	<u>35,834</u>
TOTAL ASSETS	<u>114,103</u>	<u>112,841</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	47,503	47,503
Acquisition reserves	(5,533)	(5,533)
Retained earnings	34,255	29,983
Total Equity	<u>76,225</u>	<u>71,953</u>
Liabilities		
Non-current liabilities		
Finance lease payables	1,379	-
Bank borrowings	16,671	16,128
Lease liabilities	178	4,123
Deferred tax liabilities	4,313	4,126
	<u>22,541</u>	<u>24,377</u>

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

	Unaudited As at 30.09.2020	Audited As at 31.12.2019
	RM'000	RM'000
Current liabilities		
Trade payables	5,237	4,842
Other payables	1,919	3,685
Amount due to associate companies	2,631	2,322
Finance lease payables	4,350	-
Lease liabilities	295	3,005
Bank borrowings	-	2,425
Tax payable	905	232
	15,337	16,511
Total liabilities	37,878	40,888
TOTAL EQUITY AND LIABILITIES	114,103	112,841
NET ASSETS PER SHARE (RM)	0.46	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			4,272	4,272
Balance at 30 September 2020	47,503	(5,533)	34,255	76,225
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 THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	30.09.2020	30.09.2019
Cash flow From Operating Activities	RM'000	RM'000
Profit before tax	5,907	2,286
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment ("PPE")	1,310	2,103
Depreciation of right of use assets	1,310	-
(Gain)/loss on disposal of PPE	-	(5)
Provision for expected credit losses	65	51
Interest paid	249	298
Others income/interest received	(2,150)	(559)
Share of profit in associate companies	(251)	(298)
Unrealised (gain)/loss on foreign exchange	(3)	(3)
Operating profit before working capital changes	6,437	3,873
<u>Changes in working capital</u>		
Inventories	(64)	38
Receivables	(545)	(831)
Payables	(501)	(949)
Associate companies	309	(506)
	(801)	(2,248)
Cash generated from operating activities	5,636	1,625
Interest paid	(249)	(298)
Interest received	2,150	559
Tax paid	(732)	(846)
Tax refund	-	3
Net Cash flows from operating activities	6,805	1,043
Cash flow From Investing Activities		
Dividend receivable	-	360
Acquisition equity stake in associates	(332)	(332)
Purchase of PPE	(13,463)	(2,153)
Proceeds from disposal of PPE	297	49
Net Cash flows used in investing activities	(13,498)	(2,076)

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

	PERIOD-TO-DATE	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash flow From Financing Activities		
Drawdown of term loan	-	633
Repayment of bank borrowings	(180)	-
Repayment of revolving credit	(800)	-
Repayment of finance lease liabilities	(2,174)	(2,314)
Interest expenses on lease liabilities	-	5
(Increase)/decrease in fixed deposits pledged	-	(16)
(Increase)/decrease in fixed deposits	10,804	742
Net Cash flows from financing activities	7,650	(950)
Net increase/(decrease) in cash and cash equivalents	957	(1,983)
Effect of exchange rate changes in cash & cash equivalent	3	
Cash and cash equivalents at beginning of the period	8,170	2,179
Cash and cash equivalents at the end of the period	9,130	196
Cash and Cash Equivalents		
Cash and bank balances	1,530	677
Fixed deposits with licensed banks	7,183	17,850
Bank Overdraft	-	(481)
	8,713	18,046
Less: Fixed deposits pledged with licensed banks	(1,937)	(15,679)
Add/(Less): Fixed deposits with licensed banks less/(more) than 3 months	2,354	(2,171)
	9,130	196

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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NOTES TO THE INTERIM FINANCIAL REPORT

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

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.

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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 on 21 February 2020 and approximately RM0.27 million from the Senja Aman apartment developer on 11 September 2020 due to late delivery of vacant possession as per sales and purchase agreements, 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

The changes in the composition of the Group for the current financial period are as follows:

On 15 September 2020, Tri-Mode's wholly-owned subsidiary, NV Freights (M) Sdn Bhd acquired additional 10% of the share capital in Container Connections (M) Sdn Bhd from Fabulous Global Link Sdn Bhd to increase its shareholdings in the company from 20% to 30%, for a purchase consideration of RM332,500.

Other than the above, 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			
	30.09.2020	30.09.2019	30.09.2020	%	30.09.2019	%
	RM'000	RM'000	RM'000		RM'000	
Sea freight	11,406	12,055	34,227	56.9	35,242	59.1
Container haulage	6,053	6,717	16,559	27.5	18,985	31.8
Air freight	2,188	1,337	7,010	11.6	3,197	5.4
Freight forwarding	567	565	1,565	2.6	1,230	2.1
Warehousing	213	326	712	1.2	817	1.3
Marine insurance	40	53	110	0.2	174	0.3
Total Revenue	20,467	21,053	60,183	100	59,645	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			
	30.09.2020	30.09.2019	30.09.2020	%	30.09.2019	%
	RM'000	RM'000	RM'000		RM'000	
Malaysia	17,438	19,011	50,636	84.1	53,979	90.5
Overseas	3,029	2,042	9,547	15.9	5,666	9.5
Total Revenue	20,467	21,053	60,183	100	59,645	100

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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.

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

The on-going 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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
(a) Atama Logistics (M) Sdn Bhd				
Trade receivable	2,732	1,115	2,732	1,115
Trade payable	5,346	3,675	5,346	3,675
Net amount payable/(receivable)	2,614	2,560	2,614	2,560
Services income	3,140	3,388	9,485	9,169
Services expenses	4,306	5,388	14,117	14,500

Transaction with associate companies	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
(b) Container Connections (M) Sdn Bhd				
Trade receivable	-	-	-	-
Trade payable	5	2	5	2
Net amount payable/(receivable)	5	2	5	2
Services income	-	-	-	1
Services expenses	21	18	61	63

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Transaction with companies in which certain Directors have financial interests	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
(a) PT. Oriental Logistics Indonesia				
Trade receivable	1	-	1	-
Trade payable	-	2	-	2
Net amount payable/(receivable)	(1)	2	(1)	2
Services income	2	1	2	20
Services expenses	6	9	19	25

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
(b) Oriental Thailand				
Trade receivable	-	-	-	-
Trade payable	-	-	-	-
Net amount payable/(receivable)	-	-	-	-
Services income	-	-	-	6
Services expenses	-	4	-	7

A15. Capital commitments

Save for the construction costs for the development of new headquarters, warehouse and haulage operation yard on the Pulau Indah Land ("**HQ and Distribution Hub**") as disclosed in note B6(b), there were no further material capital commitments during the quarter under review.

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 RM20.47 million for the current financial quarter ended 30 September 2020, a decrease of 2.78% from the previous year corresponding quarter of RM21.05 million. The decrease in revenue was mainly due to weaker domestic and global markets. Nevertheless, the Group managed to reduce the adverse impact via proactive business development and cost control during the current financial quarter.

The profit before tax (“PBT”) increased by 53.59% to RM1.73 million as compared to the previous year corresponding quarter of RM1.13 million. The improvement in profitability is contributed by the increase in others income and share of results from associate companies as well as reductions in administration expenses and finance costs. The increase in others income mainly due to the one-off liquidated damages compensation of approximately RM0.27 million received from Senja Aman apartment developer for late delivery of vacant possession during the current financial quarter. For illustration purposes, the PBT without taking into consideration the compensation amounted to RM1.47 million, representing an increase of PBT by 29.94% as compared to the previous year corresponding quarter.

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	
	30.09.2020	30.06.2020		
(Unaudited)	RM’000	RM’000	RM’000	%
Revenue	20,467	18,795	1,672	8.90
PBT	1,734 ⁽¹⁾	1,402	332	23.68

Note:

(1) Inclusive of one-off liquidated damages compensation of approximately RM0.27 million from Senja Aman apartment’s developer on 11 September 2020 due to late delivery of vacant possession as per sales and purchase agreement..

For the current quarter ended 30 September 2020, the Group’s revenue increased by 8.90% to RM20.47 million from RM18.80 million in the immediate preceding quarter ended 30 June 2020. The increase of revenue was due to improvement in cargo movement amid the relaxation of movement control order implemented by the Malaysian Government since 18 March 2020 (“MCO”) with a recovery movement control order effective on 10 June 2020 (“RMCO”).

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The PBT increased by 23.68% for the current quarter as compared to the immediate preceding quarter mainly attributable to the one-off liquidated damages compensation from Senja Aman apartment developer received in the current quarter due to late delivery of vacant possession as per sales and purchase agreement. For illustration purposes, the PBT without taking into consideration the compensation in the current quarter amounted to RM1.47 million, representing an increase of PBT by 4.64% as compared to the immediate preceding quarter.

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 76.96% completion as at 6 October 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 tightening of the RMCO conditions by Malaysian Government .

In October 2020, the International Monetary Fund continued its prediction of a deep recession with a revised global economy growth projection for 2020 to -4.4%, a less severe contraction as compared to the projection of -4.9% forecasted in June. The revision reflects better-than-anticipated second quarter Gross Domestic Products (“**GDP**”) outcomes in large advanced economies and stronger signs of recovery in the third quarter. Whereas, due to the severe impact of the COVID-19 pandemic in Malaysia leading to a decline of GDP by 17.1% in the second quarter, the World Bank has lowered the 2020 economic growth forecast for Malaysia to -4.9% from the previous estimate of -3.1% forecasted in June. This forecast revision is within Bank Negara Malaysia’s projection of 2020 GDP growth between -3.5% and -5.5%.

Despite the financial performance of the Group in the current quarter has seen further improvement as compared with immediate preceding quarter, we will continue to focus on improving the efficiency of our logistics services through competitive pricing, resource optimisation, expansion of our customer base and prudent 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 the domestic and international markets 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.

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B5. Taxation

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Current financial period:				
- Income tax	288	254	1,349	574
- Deferred tax	32	125	29	69
	<u>320</u>	<u>379</u>	<u>1,378</u>	<u>643</u>
Previous year provision:				
- Income tax	99	77	99	77
- Deferred tax	158	(189)	158	(189)
Total tax expense	<u>577</u>	<u>267</u>	<u>1,635</u>	<u>531</u>
Effective tax rate	33.28%	23.65%	27.68%	23.23%

Note:

- (1) Higher tax rate for current quarter due to previous year tax under provision.
- (2) 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>	<u>Actual Utilisation</u>	<u>Intended timeframe for utilisation upon listing</u>	<u>Extended timeframe for utilisation</u>
	RM'000	RM'000		
Business expansion				Additional 6 months (by May 2021)
- Construction of the HQ and Distribution Hub	15,000	12,967	Within 30 months	
- Purchase of prime movers and trailers	500	378	Within 24 months	Additional 12 months (by May 2021)
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	<u>26,356</u>	<u>24,201</u>		

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

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 RM12.97 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.
- 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 RM2.16 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					
	30.09.2020			30.09.2019		
	<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	6,617	-	6,617	6,330	4	6,334
1 month	4,733	1	4,734	4,455	-	4,455
2 months	1,951	-	1,951	1,840	-	1,840
3 months	331	-	331	428	-	428
More than 3 months	125	-	125	135	-	135
Trade Receivables	13,757	1	13,758	13,188	4	13,192

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 30.09.2020	AS AT 30.09.2019
	RM'000	RM'000
Secured:		
<u>Current:</u>		
Bank overdraft	-	481
Finance leases payables	4,645	2,537
	<u>4,645</u>	<u>3,018</u>
<u>Non-current :</u>		
Finance leases payables	1,557	2,766
Term loans	16,671	15,731
	<u>18,228</u>	<u>18,497</u>
Total bank borrowings	<u>22,873</u>	<u>21,515</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 declared

On 18 November 2020, the Board has approved the declaration and payment of first single-tier interim dividend of 0.65 sen per ordinary share totalling RM1,079,000 in respect of the financial year ending 31 December 2020. The entitlement to dividend to be determined based on the record of depositors as at 15 December 2020 whilst the payment date to be fixed on 12 January 2021.

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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	
		30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit/(Loss) attributable to ordinary owners of the Company	(RM'000)	1,157	862	4,272	1,755
Weighted average number of ordinary shares ⁽¹⁾	('000)	166,000	166,000	166,000	166,000
Basic earnings/(loss) per share	(Sen)	0.70	0.52	2.57	1.06
Diluted earnings/(loss) per share ⁽²⁾	(Sen)	0.70	0.52	2.57	1.06

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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :-				
Interest income	(323)	(158)	(2,150)	(559)
Interest expenses	36	87	249	298
Depreciation of PPE	436	715	1,310	2,103
Depreciation of right of use assets	431	-	1,310	-
Provision for expected credit losses	(10)	(17)	65	51
Foreign exchange – realised (gain) / loss	15	-	48	-
Foreign exchange – unrealised (gain) / loss	5	(10)	(3)	(3)
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 November 2020