

TRI-MODE SYSTEM (M) BERHAD

Registration No.: 199101018953 (229265-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	27,786	18,795	60,654	39,716
Cost of sales	(23,541)	(15,263)	(51,255)	(32,437)
Gross Profit ("GP")	4,245	3,532	9,399	7,279
Other income	240	108	280	1,893 ⁽²⁾
Administration expenses	(2,879)	(2,230)	(5,573)	(4,900)
Net gain on impairment of financial instruments	5	(45)	(24)	(75)
Finance costs	(438)	(67)	(835)	(183)
Share of results of associate companies	241	104	511	159
Profit before taxation ("PBT")	1,414	1,402	3,758	4,173
Taxation	(334)	(333)	(857)	(1,058)
Profit for the period ("PAT")	1,080	1,069	2,901	3,115
Other comprehensive income				
Share of other comprehensive income in associate	-	-	-	-
Total comprehensive income	1,080	1,069	2,901	3,115
Profit for the period attributable to:				
- Owners of the Company	1,080	1,069	2,901	3,115
- Non-controlling interests	-	-	-	-
	1,080	1,069	2,901	3,115
Total comprehensive income attributable to:				
- Owners of the Company	1,080	1,069	2,901	3,115
- Non-controlling interests	-	-	-	-
	1,080	1,069	2,901	3,115
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⁾	0.65	0.64	1.75	1.88
- Diluted ⁽⁴⁾	0.65	0.64	1.75	1.88

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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 (“**Tri-Mode**” or “**Company**”) and its subsidiaries (“**Group**”) for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Consist of one-off liquidated damages compensation of RM1.62 million from the Pulau Indah Land developer on 21 February 2020 due to late delivery of vacant possession as per sales and purchase agreements.
- (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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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30.06.2021	Audited As at 31.12.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,531	76,474
Right of use assets ("ROU")	66,629	20,088
Other investments	175	175
Investment in associate companies	5,013	4,727
	105,348	101,464
Current assets		
Inventories	213	132
Trade receivables	17,670	15,269
Other receivables	2,750	2,048
Tax recoverable	164	153
Other investments	12	12
Fixed deposits with licensed banks	2,796	2,731
Cash and bank balances	1,454	1,357
	25,059	21,702
TOTAL ASSETS	130,407	123,166
EQUITY AND LIABILITIES		
Equity		
Share capital	47,503	47,503
Acquisition reserves	(5,533)	(5,533)
Retained earnings	36,762	33,861
Total Equity	78,732	75,831
Liabilities		
Non-current liabilities		
Bank borrowings	28,554	22,823
Lease liabilities	2,307	2,713
Deferred tax liabilities	4,368	4,374
	35,229	29,910

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

	Unaudited As at 30.06.2021	Audited As at 31.12.2020
	RM'000	RM'000
Current liabilities		
Trade payables	5,282	5,795
Other payables	3,303	4,043
Amount due to associate companies	3,288	2,777
Lease liabilities	1,422	2,780
Bank borrowings	3,000	1,851
Tax payable	151	179
	16,446	17,425
Total liabilities	51,675	47,335
TOTAL EQUITY AND LIABILITIES	130,407	123,166
NET ASSETS PER SHARE (RM)	0.47	0.46
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 2020 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 2021	47,503	(5,533)	33,861	75,831
Profit for the period	-	-	2,901	2,901
Dividend to owners of the Company	-	-	-	-
Balance at 30 June 2021	47,503	(5,533)	36,762	78,732
At 1 January 2020, as previously stated	47,503	(5,533)	29,983	71,953
Profit for the period	-	-	5,538	5,538
Dividends to owners of the Company	-	-	(1,660)	(1,660)
Balance at 31 December 2020	47,503	(5,533)	33,861	75,831

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 2020 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	30.06.2021	30.06.2020
Cash flow From Operating Activities	RM'000	RM'000
Profit before tax	3,758	4,173
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment ("PPE")	1,071	874
Depreciation of ROU	1,072	879
Reversal on impairment losses on trade receivables	25	75
Interest on ROU	13	-
Interest paid	835	183
Other income/interest received	(18)	(1,827)
Share of profit in associate companies	(511)	(159)
Unrealised gain on foreign exchange	-	(7)
Operating profit before working capital changes	6,245	4,191
<u>Changes in working capital</u>		
Inventories	(81)	(98)
Receivables	(3,129)	221
Payables	408	(616)
Associate companies	511	200
	(2,291)	(293)
Cash generated from operating activities	3,954	3,898
Interest on ROU	(13)	-
Interest paid	(835)	(183)
Interest received	18	1,827
Tax paid	(902)	(332)
Net Cash flows from operating activities	2,222	5,210
Cash flow From Investing Activities		
Dividend receivable	225	-
Short term investment	(65)	-
Increase in ROU	(1,974)	-
Increase in PPE	(2,117)	(5,789)
Proceeds from disposal of PPE	91	141
Net Cash flows used in investing activities	(3,840)	(5,648)

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

	PERIOD-TO-DATE	
	30.06.2021	30.06.2020
	RM'000	RM'000
Cash flow From Financing Activities		
Drawdown of term loan	4,155	-
Dividend paid	(1,660)	-
Repayment of bank borrowings	-	(180)
Net change of revolving credit	1,000	(800)
Repayment of finance lease liabilities	(1,740)	(1,138)
Interest expenses on lease liabilities	-	(368)
Increase in fixed deposits	-	4,213
Net Cash flows from financing activities	1,755	1,727
Net increase in cash and cash equivalents	137	1,289
Effect of exchange rate changes in cash & cash equivalent	-	7
Cash and cash equivalents at beginning of the period	1,767	8,170
Cash and cash equivalents at the end of the period	1,904	9,466
Cash and Cash Equivalents		
Cash and bank balances	1,454	1,867
Fixed deposits with licensed banks	2,796	13,773
	4,250	15,640
Less: Fixed deposits pledged with licensed banks	(1,406)	(1,937)
Less: Fixed deposits with licensed banks more than 3 months	(940)	(4,237)
	1,904	9,466

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 2020 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 2021

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021

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, 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 2020 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 2021 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2020 except as disclosed below:

The following revised MFRSs and Amendments to MFRSs that effective from 1 January 2021 have been issued by the MASB:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Amendments to MFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

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			
	30.06.2021	30.06.2020	30.06.2021	%	30.06.2020	%
	RM'000	RM'000	RM'000		RM'000	
Sea freight	20,473	10,213	45,075	74.3	22,821	57.5
Container haulage	5,024	4,855	10,542	17.4	10,506	26.5
Air freight	1,380	2,981	3,263	5.4	4,822	12.1
Freight forwarding	575	465	1,171	1.9	998	2.5
Warehousing	281	244	511	0.8	499	1.2
Marine insurance	53	37	92	0.2	70	0.2
Total Revenue	27,786	18,795	60,654	100	39,716	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			
	30.06.2021	30.06.2020	30.06.2021	%	30.06.2020	%
	RM'000	RM'000	RM'000		RM'000	
Malaysia	24,345	15,064	51,621	85.1	33,198	83.6
Overseas	3,441	3,731	9,033	14.9	6,518	16.4
Total Revenue	27,786	18,795	60,654	100	39,716	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 government of Malaysia had on 12 May 2021 imposed the Movement Control Order again (“MCO”) for all states throughout Malaysia, the Group will continue to monitor and take appropriate and timely measures to minimise the financial impact to the Group for the financial year ending 31 December 2021. 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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
(a) Atama Logistics (M) Sdn Bhd				
Trade receivable	5,713	2,814	5,713	2,814
Trade payable	9,005	5,346	9,005	5,346
Net amount payable/(receivable)	3,292	2,532	3,292	2,532
Services income	3,659	2,604	7,425	6,345
Services expenses	6,243	4,551	12,591	9,811

Transaction with associate companies	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
(b) Container Connections (M) Sdn Bhd				
Trade receivable	-	-	-	-
Trade payable	-	4	4	4
Net amount payable/(receivable)	-	4	4	4
Services income	-	-	-	-
Services expenses	32	25	67	40

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Transaction with companies in which certain Directors have financial interests	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
(c) PT. Oriental Logistics Indonesia				
Trade receivable	4	-	4	-
Trade payable	4	4	4	4
Net amount payable/(receivable)	-	4	-	4
Services income	2	-	3	-
Services expenses	4	3	4	13

A15. Capital commitments

As at 30 June 2021, the Group's material commitments (including commitments to be incurred) for capital expenditure are as follows: -

	As at 30 June 2021 (RM)
Construction cost for new warehouse and facilities ⁽¹⁾	3,330,000

Note:

- (1) Current work in progress for construction of new warehouse of approximately 28,000 square feet within new headquarters, warehouse and haulage operation yard on the Pulau Indah Land ("HQ and Distribution Hub") which is expected to be completed by the fourth quarter 2021.

Description	(RM)
Construction cost for the warehouse	2,330,000
Warehouse facilities and equipment (such as racking system, reach trucks, forklifts, pallets and information management system)	1,000,000
Total	3,330,000

The capital commitments for new warehouse and facilities will be funded by internal generated fund.

Further, Tri-Mode had on 12 August 2021, entered into a conditional sale and purchase agreement ("SPA") with Central Spectrum (M) Sdn Bhd ("CSSB") for the proposed acquisition of a piece of leasehold industrial land, measuring approximately 21,779.474 square metres (or approximately 234,432.31 square feet or 5.38 acres), held under HS(D) 164207, PT 152629, Mukim Klang, District of Klang, State of Selangor ("Land") for a total cash consideration of RM15,935,990.40 ("Purchase Price"). Upon completion of the proposed acquisition, Tri-Mode intends to construct a new warehouse/distribution hub of approximately 150,000 square feet on the Land to cater for business expansion plan in coming 1 to 2 years.

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The Purchase Price will be funded by a combination of internally generated funds and bank borrowings as follows: -

Description	RM	%
Internal generated funds	2,435,990.40	15.28
Bank financing	13,500,000.00	84.72
Total	15,935,990.40	100.00

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PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

	3-MONTH ENDED		CHANGE		PERIOD-TO-DATE		CHANGE	
	30.06.2021	30.06.2020	RM'000	%	30.06.2021	30.06.2020	RM'000	%
(Unaudited)	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	27,786	18,795	8,991	47.84	60,654	39,716	20,938	52.72
GP	4,245	3,532	713	20.19	9,399	7,279	2,120	29.12
EBITDA ⁽¹⁾	3,122	2,223	899	40.44	6,718	4,282	2,436	56.89
PBT	1,414	1,402	12	0.86	3,758	4,173 ⁽²⁾	(415)	(9.94)
PAT	1,080	1,069	11	1.03	2,901	3,115 ⁽²⁾	(214)	(6.87)

Notes:

- (1) Earnings before interest tax depreciation and amortisation (“EBITDA”)
- (2) Consist of one-off liquidated damages compensation of RM1.62 million from the Pulau Indah Land developer on 21 February 2020 due to late delivery of vacant possession as per sales and purchase agreements.

The Group recorded revenue of RM27.79 million for the current financial quarter ended 30 June 2021, an increase of 47.84% from the previous year corresponding quarter of RM18.80 million. The increase in revenue was contributed by higher revenue generated from sea freight business due to increase in global shipping rate. Despite increase in revenue, PBT increased slightly by 0.86% to RM1.41 million as compared to the previous year corresponding quarter of RM1.40 million mainly due to accounting treatment on depreciation and term loan interest for HQ and Distribution Hub which commenced operation since end March 2021. Nevertheless, as compared to previous year corresponding quarter, the EBITDA of current financial quarter increased by 40.44% in line with the increase of revenue during the same quarter.

The Group recorded period to date revenue of RM60.65 million, an increase of approximately 52.72% as compared to previous corresponding period of RM39.72 million. The Group GP and EBITDA also increased by 29.12% from RM7.28 million to RM9.40 million; and increased by 56.89% from RM4.28 million to RM6.72 million, respectively.

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The decrease in period to date PBT and PAT mainly due to one-off liquidated damages compensation of approximately RM1.62 million from the Pulau Indah Land developer on 21 February 2020 for late delivery of vacant possession. For the purpose of comparison, the PBT and PAT without the one-off liquidated damages compensation are tabulated as follows: -

(Unaudited)	3-MONTH ENDED		CHANGE		PERIOD-TO-DATE		CHANGE	
	30.06.2021	30.06.2020	RM'000	%	30.06.2021	30.06.2020	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Revenue	27,786	18,795	8,991	47.84	60,654	39,716	20,938	52.72
GP	4,245	3,532	713	20.19	9,399	7,279	2,120	29.12
EBITDA	3,122	2,223	899	40.44	6,718	4,282	2,436	56.89
PBT	1,414	1,402	12	0.86	3,758	2,553⁽¹⁾	1,205	47.20
PAT	1,080	1,069	11	1.03	2,901	1,495⁽¹⁾	1,406	94.05

Note:

(1) Without one-off liquidated damages compensation of RM1.62 million.

For illustration purpose, the Group's normalized performance without the liquidated damages compensation achieved higher profitability for period to date with increased in PBT and PAT by 47.20% and 94.05% respectively.

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 recurring waves and outbreaks of COVID-19 pandemic.

B2. Comparison with immediate preceding quarter's results

(Unaudited)	3-MONTH ENDED		CHANGE	
	30.06.2021	31.03.2021	RM'000	%
	RM'000	RM'000		
Revenue	27,786	32,868	(5,082)	(15.46)
PBT	1,414	2,342	(928)	(39.62)

For the current quarter ended 30 June 2021, the Group's revenue reduced by 15.46% to RM27.79 million from RM32.87 million in the immediate preceding quarter ended 31 March 2021. The decrease of revenue was due to slowdown of cargo movement during Movement Control Order implemented by the Malaysia Government as a measure to flatten the Covid-19 curve following a sharp rise in positive cases since April 2021 and also less working days due to Hari Raya public holidays during May 2021. Lower revenue and increase in depreciation and term loan interest expenses for HQ and Distribution Hub had resulted in decrease in PBT for the current quarter as compare to immediate preceding quarter under review.

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B3. Prospects

In June 2021, the World Bank revised 2021 global economy growth projection from 4.0% in January 2021 to 5.6% in the Global Economic Prospects Report, reflecting a sharp recovery of a few major economies. However, The World Bank has also revised Malaysia's Gross Domestic Product growth downward to 4.5% from earlier projection of 6.0% in March 2021, reflecting the slower pathway due to Covid-19 pandemic.

In 13 August 2021, Bank Negara Malaysia ("BNM") revised economic growth outlook to lower range of 3.0% to 4.0% from earlier projection range of 6.0% to 7.5% due to the lockdowns and surge in Covid-19 cases in the country. Nevertheless, BNM also expected re-opening of economy would support gradual recovery in the fourth quarter this year.

Despite the slower movement of Malaysia economy, Tri-Mode's newly built warehouse of 85,485 square feet had reached 100% occupancy and a new warehouse of 28,000 square feet which is under construction within the HQ and Distribution Hub is expected to be completed by fourth quarter of 2021, has also received overwhelming response from current and new customers.

Besides, Tri-Mode has entered a SPA with CSSB to purchase the Land nearby its HQ and Distribution Hub to expand its warehouse services business in the same location to cater for customers' demand. The Land is strategically located, close to major seaports such as Northport and Westport, situated in an established industrial area with good infrastructure and connectivity. Tri-Mode intends to construct a new warehouse/distribution hub of approximately 150,000 square feet on the Land to cater for business expansion plan in coming 1 to 2 years.

In light of the proposed acquisition of the Land for the expansion of warehousing space, non-strategic assets were disposed off by the Group as follows : -

Date of SPA ⁽¹⁾	Description	Consideration (RM)	Gain on Disposal (RM)
18 March 2021	NVFSB ⁽²⁾ disposed 1.83 acres land previously used for open yard for parking of trailers and containers.	5,981,250.00	2,662,512.00
5 August 2021	NVFSB ⁽²⁾ disposed 2.16 acres land previously used for open yard for parking of trailers and containers and operation site office.	7,599,643.89	4,385,113.91

Notes:

(1) Refer to the announcements made on Bursa Securities on the respective date for further details of the disposals which are pending completion as at to-date.

(2) NV Freights (M) Sdn Bhd ("NVFSB"), a wholly-owned subsidiary of Tri-Mode.

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Proceeds from the disposal of abovesaid assets will be utilised to finance the construction cost of the new warehouse which is currently constructed in the HQ and Distribution Hub and to finance part of the Purchase Price of the Land as well as construction cost of new warehouse/ distribution hub in future upon completion of the proposed acquisition.

With the commencement of our new HQ and Distribution Hub and positive demand for logistics services, we are expecting centralized operation efficiency, cost saving, new source of income from warehousing and 3PL services (i.e., third-party logistics which include the outsourcing of logistics processes, inventory management, warehousing, and fulfilment services) to contribute positively to the growth of the Group in the future.

Barring any unforeseen circumstances, the Board of Directors of Tri-Mode (“**Board**”) is of the opinion that the prospects for the financial year ending 31 December 2021 will be positive in view of possibility of global economy recovery from COVID-19 pandemic, encouraging vaccination rate in Malaysia and new business income from warehousing services. 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.

B5. Taxation

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Current financial period:				
- Income tax	274	332	863	1,061
- Deferred tax	60	1	(6)	(3)
	<u>334</u>	<u>333</u>	<u>857</u>	<u>1,058</u>
Previous year provision:				
- Income tax	-	-	-	-
- Deferred tax	-	-	-	-
Total tax expense	<u>334</u>	<u>333</u>	<u>857</u>	<u>1,058</u>
Effective tax rate	23.62%	23.75%	22.80%	25.35%

Note:

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

B6. Corporate Proposals

Save for the acquisition and disposal of assets as stated in Note B3, there are no corporate proposals announced by the Company during the current financial quarter under review.

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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					
	30.06.2021			30.06.2020		
	<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	9,022		9,022	6,569	-	6,569
1 month	5,952		5,952	4,019	-	4,019
2 months	2,206	2	2,208	2,009	-	2,009
3 months	339	1	340	453	-	453
More than 3 months	147	1	148	349	-	349
Trade Receivables	17,666	4	17,670	13,399	-	13,399

Note:

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

B8. Bank borrowings

The Group's bank borrowings were as follows:

	AS AT 30.06.2021	AS AT 30.06.2020
	RM'000	RM'000
Secured:		
<u>Current:</u>		
Revolving credit	3,000	-
Bank borrowings	3,000	-
Lease liabilities	1,422	2,584
	4,422	2,584
<u>Non-current:</u>		
Bank borrowing: term loans	28,554	16,671
Lease liabilities	2,307	3,620
	30,861	20,291
Total bank borrowings & leases liabilities	35,283	22,875

The weighted average interest rate of bank borrowings is 5.53% p.a. All the finance leases are based on fixed rate while term loans and revolving credit are based on floating rate.

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

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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.

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	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to ordinary owners of the Company	(RM'000)	1,080	1,069	2,901	3,115
Weighted average number of ordinary shares ⁽¹⁾	('000)	166,000	166,000	166,000	166,000
Basic earnings/(loss) per share	(Sen)	0.65	0.64	1.75	1.88
Diluted earnings/(loss) per share ⁽²⁾	(Sen)	0.65	0.64	1.75	1.88

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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :-				
Interest income	(10)	(77)	(18)	(1,827)
Interest expenses	430	67	835	183
Depreciation of PPE	607	428	1071	874
Depreciation of ROU	673	430	1072	879
Reversal on impairment losses on trade receivables	(5)	45	25	75
Foreign exchange – realised (gain) / loss	41	8	(18)	33
Foreign exchange – unrealised gain	-	(20)	-	(7)

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

BY ORDER OF THE BOARD

Company Secretary

Date: 19 August 2021