



***fibromat***

EROSION CONTROL | GEOSYNTHETIC

## **FIBROMAT (M) BERHAD**

Registration No. 201201037651 (1022133-V)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act 2016)

### **UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 1<sup>ST</sup> HALF-YEAR FINANCIAL PERIOD ENDED 30 JUNE 2020**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDER AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY FIBROMAT (M) BERHAD (“FIBROMAT” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS  
OF FINANCIAL POSITION AS AT 30 JUNE 2020<sup>(1)</sup>**

	Unaudited as at 30 June 2020 RM	Audited as at 31 December 2019 RM
<b>ASSET</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,648,245	16,896,187
Right of use asset	4,061,064	3,277,151
Investment property	1,027,471	1,027,471
Investment in Subsidiary	-	-
Deferred tax assets	-	-
	20,736,780	21,200,809
<b>Current assets</b>		
Inventories	12,814,408	13,089,296
Trade and other receivables	9,320,136	12,769,219
Contract assets	-	723,248
Current tax assets	1,638,014	1,638,014
Cash and bank balances	3,435,094	3,747,190
	27,207,652	31,966,967
Asset classified as held for sale	-	2,810,075
<b>TOTAL ASSETS</b>	<b>47,944,432</b>	<b>55,977,851</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to common controlling shareholders of the combining entities</b>		
Share capital	44,700,000	44,700,000
Merger reserve	(31,935,997)	(31,935,997)
Dividend	(3,024,000)	-
Retained earnings	22,740,471	21,379,252
<b>TOTAL EQUITY</b>	<b>32,480,474</b>	<b>34,143,255</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	4,189,477	5,230,849
Lease liabilities	-	1,084,470
Deferred Tax Liability	60,456	60,456
<b>Current liabilities</b>		
Trade and other payables	7,463,519	8,525,510
Contract liabilities	-	1,417,320
Borrowings	3,750,506	5,515,991
Current tax liabilities	-	-
	11,214,025	15,458,821
<b>TOTAL LIABILITIES</b>	<b>15,463,958</b>	<b>21,834,596</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,944,432</b>	<b>55,977,851</b>
Net assets per ordinary shares (RM) <sup>(2)</sup>	0.15	0.16



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**Notes:**

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is disclosed in Note A1 and should be read together in conjunction with the audited financial statements of the Company for the financial year ended (“FYE”) 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*
2. *Net assets per ordinary share is calculated based on the Company’s number of ordinary shares at the end of the reporting period of 216,000,000 shares.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 1st HALF-YEAR ENDED 30 JUNE 2020<sup>(1)</sup>**

	Individual 6 months ended		Cumulative 6 months ended	
	30 June 2020 RM	30 June 2019 RM	30 June 2020 RM	30 June 2019 RM
Revenue	13,457,225	25,042,689	13,457,225	25,042,689
Cost of sales	(11,435,904)	(19,277,308)	(11,435,904)	(19,277,308)
Gross profit	2,021,321	5,765,381	2,021,321	5,765,381
Other operating income/ (loss)	4,123,308	(115,591)	4,123,308	(115,591)
Administrative expenses	(3,156,412)	(2,867,453)	(3,156,412)	(2,867,453)
Selling and distribution cost	(510,777)	(471,440)	(510,777)	(471,440)
Finance cost	(381,019)	(743,110)	(381,019)	(743,110)
Profit before tax	2,096,421	1,567,787	2,096,421	1,567,787
Tax expenses	(735,202)	(566,665)	(735,202)	(566,665)
Profit for the financial year	1,361,219	1,001,122	1,361,219	1,001,122
Other comprehensive income, net off tax	-	-	-	-
Total comprehensive income	1,361,219	1,001,122	1,361,219	1,001,122
<b>Attributable to equity holders of the Company:</b>				
-Basic earnings per share (sen) <sup>(2)</sup>	0.63	0.46	0.63	0.46
-Diluted earnings per share (sen) <sup>(3)</sup>	0.63	0.46	0.63	0.46

**Notes:**

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim report.*
2. *Basic earnings per share is calculated based on the Company's number of ordinary shares of 216,000,000 as at the reporting date.*
3. *Diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible at the end of the financial period.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE 1st HALF-YEAR ENDED 30 JUNE 2020<sup>(1)</sup>**

Group	Share Capital RM	Merger Reserve RM	Retained Earnings RM	Total RM
Balance as at 1 January 2019	6,500,003	-	24,452,208	30,952,211
Loss for the financial year	-	-	(3,072,956)	(3,072,956)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(3,072,956)	(3,072,956)
<b>Transaction with owners</b>				
Acquisition of a subsidiary in business combination under common control	31,935,997	(31,935,997)	-	-
Issuance of ordinary shares	6,264,000	-	-	6,264,000
<b>Total transaction with owners</b>	38,199,997	(31,935,997)	-	6,264,000
Balance as at 31 December 2019	44,700,000	(31,935,997)	21,379,252	34,143,255
Profit for financial year	-	-	1,361,219	1,361,219
Other comprehensive income, net of tax	-	-	-	-
Total Comprehensive income	-	-	1,361,219	1,361,219
<b>Transaction with owners</b>				
Dividends paid	-	-	(3,024,000)	(3,024,000)
Balance as at 30 June 2020	44,700,000	(31,935,997)	19,716,471	32,480,474

**Note:**

- The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim report.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR  
 THE 1st HALF-YEAR ENDED 30 JUNE 2020<sup>(1)</sup>**

	6 months ended	
	30 June 2020	30 June 2019
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,096,421	1,567,785
Adjustment for:		
Depreciation of property, plant and equipment	112,669	134,458
Depreciation of right of use asset	26,801	-
Impairment losses on trade receivables	1,335,102	453,575
Interest expense	288,200	82,879
Interest income	(9,713)	(1,748)
Reversal of impairment losses on trade receivables	(101,004)	(293,563)
Reclassification to right of use asset	(810,714)	-
Unrealised gain on foreign exchange, net	(9,939)	117,340
Operating profit before changes in working capital	2,927,823	2,060,726
Changes in working capital:		
(Increase)/ Decrease in Inventories	274,888	(949,537)
(Increase)/ Decrease in Trade and other receivables	2,214,985	8,300,874
(Increase)/ Decrease in Contract asset	723,248	2,161,813
Increase/ (Decrease) in Contract liability	379,421	(974,203)
Increase/ (Decrease) in Trade and other payables	(510,939)	(10,640,004)
Cash generated from operations	6,009,426	(40,331)
Interest received	9,713	1,748
Interest paid	(284,702)	(73,564)
Tax paid	(735,202)	(566,665)
<b>Net cash (used in) operating activities</b>	<b>4,999,235</b>	<b>(678,812)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR  
THE 1st HALF-YEAR ENDED 30 JUNE 2020<sup>(1)</sup> (continue)**

	6 months ended	
	30 June 2020	30 June 2019
	RM	RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advance from/ (Repayments to) related parties	-	-
Investment in Subsidiary	-	-
Repayment to Directors	-	-
Interest received	-	587,616
Purchase of property, plant and equipment	(341,052)	-
Proceed from disposal of property, plant, and equipment	6,448,948	-
Placement of deposit pledged to a licensed bank	-	-
<b>Net cash generated from investing activities</b>	<b>6,107,896</b>	<b>587,616</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(3,024,000)	-
Proceeds from issuance of ordinary shares	-	6,264,000
Interest paid	-	-
Drawdown of term loans	-	-
Drawdown of bank overdraft	1,071,720	-
Drawdown of banker's acceptance	-	5,453,972
Repayments of:		
-bank charges	(3,498)	(9,315)
-lease liabilities	(88,260)	-
-hire purchase liabilities	-	(366,143)
-banker acceptance	(2,145,224)	(6,730,939)
-term loans	(7,239,904)	(1,524,248)
<b>Net cash from/ (used in) financing activities</b>	<b>(11,429,166)</b>	<b>3,087,327</b>
Net increase/ (decrease) in cash and cash equivalents	(322,035)	2,996,131
Effect of exchange rate changes	9,939	(117,340)
Cash and cash equivalents at beginning of financial year	3,747,190	2,298,141
<b>Cash and cash equivalents at end of financial year</b>	<b>3,435,094</b>	<b>5,176,932</b>

**Note:**

- The basis of preparation of the Unaudited Condensed Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim report.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE  
 1st HALF-YEAR ENDED 30 JUNE 2020**

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**A. NOTES TO THE FINANCIAL REPORT**

**A.1 BASIS OF PREPARATION**

The interim financial report of Fibromat (M) Berhad (“**Fibromat**” or the “**Company**”) and its subsidiary (“**Group**”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“**MFRS**”) 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements (“**Listing Requirements**”).

This is the interim financial report on the Company’s unaudited condensed consolidated financial results for the 6-months financial period ended (“**FPE**”) 30<sup>th</sup> June 2020. The interim report should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019 and the accompanying explanatory notes to the interim financial report.

**A.2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted in the most recent audited financial statements for the FYE 31 December 2019.

At the beginning of the current financial year, the Group adopted the amendments/ improvements to MFRS and the Issues Committee (“**IC**”) interpretation which are mandatory for the current financial period.

**New MFRSs adopted during the financial year**

The Group adopted the following Standards of the MFRS Framework that were issued by the MASB during the financial years:

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101 Classification of Liabilities as Current and Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for the future financial years.





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**IFRIC Agenda Decision-An assessment of the lease term (IFRS 16)**

The IFRS Interpretations Committee (“**IFRIC**”) issued a final agenda decision on 26 November 2019 regarding “Leasing term and useful life of leasehold improvements (IFRS 16 and IAS 16).”

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2019.

**A.3 SEASONAL OR CYCLICALS FACTORS**

The Group does not experience significant fluctuations in operations due to seasonal factors or cyclical factors during the current financial period under review and the financial year under review.

**A.4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

The unexpected COVID-19 pandemic has caused a temporary closure of our non-essential business for a period of 2 months during the implementation of Movement Control Order (“**MCO**”). Consequently, this has adversely affected the Group’s operations and performance during the period under review.

Save for the abovementioned, the Board of directors of Fibromat (“**Board**”) is not aware of any item or incidence of an unusual nature not otherwise dealt with us in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial period under review.

**A.5 MATERIAL CHANGES IN ESTIMATES**

There were no changes in estimates that had a material effect in the current financial period under review.

**A.6 DEBT AND EQUITY SECURITIES**

There were no changes in estimates that had a material effect in the current financial period under review.

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**A.7 SEGMENTAL INFORMATION**

**Operating segments**

Revenue by segment	Individual 6 months ended		Cumulative 6 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM	RM	RM	RM
Designed and installation services	3,298,172	6,720,245	3,298,172	6,720,245
Trading	5,882,190	14,800,760	5,882,190	14,800,760
Manufacturing	4,276,863	3,521,683	4,276,863	3,521,683
<b>Total</b>	<b>13,457,225</b>	<b>25,042,688</b>	<b>13,457,225</b>	<b>25,042,688</b>

**A.8 CHANGES IN THE COMPOSITION OF THE GROUP**

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

**A.9 INTEREST BEARING LOANS AND BORROWINGS**

**30 June 2020**

	Term Loan	Bank Acceptance	Hire Purchase	Total
	RM	RM	RM	RM
Minimum Lease Payments:				
- within 1 year	3,355,680	-	394,827	3,750,507
- after 1 year but less than 5 years	5,227,936	-	601,384	5,829,320
Less: Interest in suspense	(1,584,224)	-	(55,619)	(1,639,843)
	<b>6,999,391</b>	<b>-</b>	<b>940,592</b>	<b>7,939,983</b>

Present Value of Lease Payments:

- within 1 year	3,355,680	-	394,827	3,750,507
- after 1 year but less than 5 years	3,643,712	-	545,765	4,189,477
	<b>6,999,391</b>	<b>-</b>	<b>940,592</b>	<b>7,939,983</b>

**31 December 2019**

	Term Loan	Bank Acceptance	Hire Purchase	Total
	RM	RM	RM	RM
Minimum Lease Payments:				
- within 1 year	4,442,486	1,073,505	422,340	5,938,331
- after 1 year but less than 5 years	5,925,134	-	842,296	6,767,430
Less: Interest in suspense	(1,873,317)	-	(85,603)	(1,958,920)
	<b>8,494,303</b>	<b>1,073,505</b>	<b>1,179,033</b>	<b>10,746,840</b>

Present Value of Lease Payments:

- within 1 year	4,442,486	1,073,505	422,340	5,938,331
- after 1 year but less than 5 years	4,051,817	-	756,693	4,808,510
	<b>8,494,303</b>	<b>1,073,505</b>	<b>1,179,033</b>	<b>10,746,840</b>



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**A.10 CAPITAL COMMITMENTS**

There were no material capital commitments in respect of property, plant and equipment as at the end of the financial period under review.

**A.11 CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There were no material changes in contingent liabilities and assets as at the end of the financial period under review.

**A.12 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

There were no material events subsequent to the end of the current financial period under review.

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**B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**

**B.1 REVIEW OF PERFORMANCE**

The Group recorded a revenue of RM13.46 million and gross profit RM2.02 million, which contributes to 15.01% gross profit margin for the 6 months FPE 30 June 2020. Fibromat has 3 revenue segments, namely; manufacturing segment, trading segment and design & installation segment with revenue contribution of RM4.28 million, RM5.88 million and RM3.30 million, respectively.

In comparison, the revenue recorded during the same period in preceding year is RM25.04 million, representing a decrease of RM11.58 million or 46.25%. This is mainly due to the Movement Control Order (“MCO”) arising from the COVID-19 pandemic that has severely affected the performance of design & installation segment, where all activities are required to stop work during the relevant period. This has effected the timing of project works, claims and invoicing cycle. The other segments, namely trading and manufacturing segment were also affected as our operations were shut down for a period of 2 months virtually with no revenue and manufacturing activities during said period.

On 14 November 2019, the Company had announced that its wholly-owned subsidiary, MTS Fibromat (M) Sdn Bhd, had entered into a Sale and Purchase Agreement (“SPA”), with regards to the disposal of a single storey and adjacent with a double story office factory located at PT 9857, Jalan Kenanga 2, Seksyen 2, 48300 Rawang, Selangor, with the postal address of 2, Jalan Kenanga 2, Seksyen BB11, 48300 Bandar Bukit Beruntung, Selangor (“the Property”) for a total sale consideration of RM7million with RM4.1 million gain on disposal as recorded in the other income.

The Group’s profit before tax (“PBT”) for the 6 months FPE 30 June 2020 is RM2.09 million and the profit after tax (“PAT”) of RM1.36 Million with a tax expense of RM0.73million. This translated to an earnings per share (“EPS”) of 0.63sen for the period.

**B.2 PROSPECTS**

The outbreak of COVID-19 pandemic has adversely affected both local and global economies, resulting in suspensions of businesses, imposition of travel restrictions and border control. The Impact and recovery from the COVID-19 pandemic may take a longer time and cannot be ascertained at this juncture.

The Group anticipates the economic outlook arising from the outbreak of COVID-19 will continue to be challenging. In the midst of time of uncertainty, the Company will continue to focus on increasing revenue through entering for contract bidding to supply material for the government infrastructure project. While implementing cost cutting measures to further maintain its competitiveness and operational efficiency. However, the Group remains optimistic for the performance of the next half-year as the Group intends to enhance its revenue through more aggressive marketing.

**B.3 VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.



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**C. OTHER INFORMATION**

**C.1 STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced and pending completion as at the date of this report, except for the Listing.

**C.2 Material litigation**

There is no material litigations pending as at the date of this report.

**C.3 DIVIDENDS**

The Group had declared a Single-tier interim dividend of RM0.014 per ordinary share for the FYE 31 December 2020, amounting to RM3,024,000.

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