



GPP RESOURCES BERHAD

(Registration No: 201801003761 (1265775-W))
(Incorporated in Malaysia under the Companies Act 2016)

**SECOND HALF YEARLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES" OR THE "EXCHANGE")**

THE LEAP MARKET OF BURSA SECURITIES 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 HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY GPP RESOURCES BERHAD ("GPP" 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.

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2ND HALF-YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾

	(Unaudited)		(Unaudited)	
	Individual 6-months ended		Cumulative 12-months ended	
	31.12.2019 RM'000	31.12.2018 ⁽²⁾ RM'000	31.12.2019 RM'000	31.12.2018 ⁽²⁾ RM'000
Revenue	10,881	13,103	21,801	26,870
Cost of sales	(9,856)	(10,117)	(17,799)	(20,179)
Gross profit (“GP”)	1,025	2,986	4,002	6,691
Other income	325	187	527	302
Administrative expenses	(1,477)	(2,371)	(2,657)	(3,495)
Other expenses	(75)	89 ⁽³⁾	(610)	(543)
(Loss) / Profit from operation	(202)	891	1,262	2,955
Finance costs	(416)	(157)	(722)	(316)
Share of results of an associated company	(20)	(4)	(25)	(4)
(Loss) / Profit before taxation	(638)	730	515	2,635
Income tax expenses	38 ⁽⁴⁾	(727)	(82) ⁽⁴⁾	(980)
(Loss) / Profit after taxation, representing total comprehensive (loss) / income for the year	(600)	3	433	1,655
(Loss) / Earnings per share (Sen)				
- Basic	(0.39)	Negligible	0.28	1.19

Notes:

- (1) *The basis of preparation of the unaudited condensed consolidated statements of profit or loss and other comprehensive income are detailed in Note A1 and should be read in conjunction with the combined financial statement of GPP and its subsidiaries (“Group”) for the financial year ended (“FYE”) 31 December 2018 (as disclosed in the Company’s Information Memorandum dated 5 August 2019 (“Information Memorandum”)) and the accompanying explanatory notes attached to this financial report.*
- (2) *The comparative figures of the Group were presented based on the financial statements of the subsidiaries which were accounted for using the merger accounting method, as the subsidiaries were under common control of the same parties before and after the acquisition by the Company, and that control is not transitory.*
- (3) *Includes reversal of adjustment to statement of profit or loss and other comprehensive income arising from the adoption of Malaysian Financial Reporting Standard (“MFRS”) 16 – Leases (“MFRS 16”).*
- (4) *Includes reversal of overprovision of deferred tax for the previous year during the 6-months period ended 31 December 2019.*

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 ⁽¹⁾

	Unaudited as at 31.12.2019 RM'000	Audited as at 31.12.2018 ⁽²⁾ RM'000
ASSETS		
<u>Non-current assets</u>		
Plant and equipment	14,331	11,881
Right-of-use assets	344	-
Intangible asset	23	41
Investment in an associated company	2	26
Total non-current assets	14,700	11,948
<u>Current assets</u>		
Inventories	3,472	2,943
Trade receivables	9,431	10,117
Contract assets	10,569	5,920
Other receivables, deposits and prepayments	5,361	1,552
Current tax assets	388	46
Deposits with licensed banks	4,137	2,817
Cash and bank balances	1,253	96
Total current assets	34,611	23,491
TOTAL ASSETS	49,311	35,439
EQUITY AND LIABILITIES		
<u>Equity attributable to owners of the Company</u>		
Share capital	17,588	9,619
Merger reserve	(4,333)	-
Retained profits	6,562	5,986
Total equity	19,817	15,605
<u>Non-current liabilities</u>		
Borrowings	2,569	1,697
Deferred tax liabilities	507	514
Total non-current liabilities	3,076	2,211
<u>Current liabilities</u>		
Trade payables	11,743	6,356
Contract liabilities	4,271	4,695
Other payables and accruals	3,101	2,720
Borrowings	6,926	3,752
Lease liabilities	377	-
Current tax liabilities	Neg	100
Total current liabilities	26,418	17,623
Total liabilities	29,494	19,834
TOTAL EQUITY AND LIABILITIES	49,311	35,439
Number of ordinary shares ("Shares") ('000)	155,118	9,619
Net assets per Share (RM) ⁽³⁾	0.13	1.62

*Note:**Neg Amount is negligible as it is less than RM1,000.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 ⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the unaudited condensed consolidated statements of financial position are detailed in Note A1 and should be read in conjunction with the combined financial statement of the Group for FYE 31 December 2018 (as set out in the Information Memorandum) and the accompanying explanatory notes attached to this interim financial report.*
- (2) The comparative figures of the Group were presented based on the financial statements of the subsidiaries which were accounted for using the merger accounting method, as the subsidiaries were under common control of the same parties before and after the acquisition by the Company, and that control is not transitory.*
- (3) Computed based on net assets over number of Shares in issue for the respective financial years under review.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾

	<u>Non-distributable</u>		<u>Distributable</u>	Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Retained profits RM'000	
As at 1.1.2019 (as previously reported)	9,619	-	5,986	15,605
Adjustments due to adoption of MFRS 16	-	-	(53)	(53)
Restated balance as at 1.1.2019	9,619	-	5,933	15,552
Effect of merger of subsidiaries ⁽²⁾	4,333	(4,333)	-	-
Issuance of new Shares ⁽³⁾	4,368	-	-	4,368
Share issuance expenses	(732)	-	196	(536)
Total income for the financial year	-	-	433	433
As at 31.12.2019	17,588	(4,333)	6,562	19,817
As at 1.1.2018	8,010	-	4,331	12,341
Issuance of new shares of a subsidiary ⁽⁴⁾	1,609	-	-	1,609
Total income for the financial year	-	-	1,655	1,655
As at 31.12.2018	9,619	-	5,986	15,605

Notes:

- (1) *The basis of preparation of the unaudited condensed consolidated statements of changes in equity are detailed in Note A1 and should be read in conjunction with the combined financial statement of the Group for FYE 31 December 2018 (as set out in the Information Memorandum) and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Arising from the issuance of new Shares in relation to the acquisitions of subsidiaries (refer to Section 4.4(ii) of the Information Memorandum).*
- (3) *Issuance of 15,600,000 new Shares pursuant to an excluded issue to sophisticated investors at an issue price of RM0.28 each ("**Excluded Issue**") in conjunction with the listing of the Company on the LEAP Market of Bursa Securities.*
- (4) *Issuance of 1,608,693 new ordinary shares in Profina Plywood Sdn Bhd ("**Profina**") pursuant to Profina Capitalisation (as set out in Section 4.4(i) of the Information Memorandum).*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾

	(Unaudited)	
	12-months period ended	
	31.12.2019	31.12.2018 ⁽²⁾
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	515	2,635
<i>Adjustments for:</i>		
Amortisation for intangible asset	17	5
Depreciation of plant and equipment	1,065	860
Depreciation of right-of-use asset	566	-
Impairment losses on trade receivables	-	155
Interest expenses	726	316
Interest income	(121)	(81)
Gain on disposal of plant and equipment	(35)	(8)
Reversal of impairment loss on trade receivables	(42)	-
Share of loss of equity-accounted associates	25	4
Plant and equipment written off	1	-
Unrealised gain on foreign exchange	(176)	(18)
Unrealised loss on foreign exchange	26	36
<i>Operating profit before changes in working capital</i>	<u>2,567</u>	<u>3,908</u>
Increase in inventories	(529)	(1,255)
Decrease / (Increase) in trade receivables	742	(1,535)
Increase in contract assets	(4,649)	(4,867)
(Increase) / Decrease in other receivables, deposits and prepayments	(3,808)	408
Increase in trade payables	5,523	2,202
(Decrease) / Increase in contract liabilities	(424)	575
Increase / (Decrease) in other payables and accruals	381	(357)
<i>Cash used in operations</i>	<u>(197)</u>	<u>(921)</u>
Interest paid	(726)	(316)
Tax paid	(595)	(647)
Tax refund	64	24
Net cash used in operating activities	<u>(1,454)</u>	<u>(1,860)</u>
<u>Cash flows from investing activities</u>		
Acquisition of an associated company	-	(30)
Interest received	121	81
Placement of deposits with a licensed bank	(1,320)	(1,131)
Proceeds from disposal of other investment	-	510
Proceeds from disposal of plant and equipment	127	186
Purchase of intangible asset	-	(46)
Purchase of plant and equipment	(3,244)	(2,894)
Net cash used in investing activities	<u>(4,316)</u>	<u>(3,324)</u>
<u>Cash flows from financing activities</u>		
Repayment to Directors	-	(907)
Drawdown from Islamic bank financing – Term financing-i	1,600	2,100
Drawdown from Islamic bank financing – Trade financing-i	1,309	-
Proceeds from issue of shares	3,832	1,609
Repayment of finance lease liabilities	(587)	-
Repayment of Islamic bank financing – Term financing-i	(492)	(168)
Repayment of lease liabilities	(176)	(312)
Net cash generated from financing activities	<u>5,486</u>	<u>2,322</u>
Net decrease in cash and cash equivalents	<u>(284)</u>	<u>(2,862)</u>
Cash and cash equivalents at the beginning of the financial year	(3,162)	(300)
Cash and cash equivalents at the end of the financial year	<u>(3,446)</u>	<u>(3,162)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the unaudited condensed consolidated statements of cash flows are detailed in Note A1 and should be read in conjunction with the combined financial statement of the Group for FYE 31 December 2018 (as set out in the Information Memorandum) and the accompanying explanatory notes attached to this interim financial report.*
- (2) The comparative figures of the Group were presented based on the financial statements of the subsidiaries which were accounted for using the merger accounting method, as the subsidiaries were under common control of the same parties before and after the acquisition by the Company, and that control is not transitory.*

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2019

A1. Basis of preparation

The unaudited interim financial statements of the Group have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and should read in conjunction with the Group's audited combined financial statements for FYE 31 December 2018 as disclosed in the Information Memorandum and the accompanying explanatory notes attached to this interim financial report.

This interim financial report on the Company's consolidated results for FYE 31 December 2019 is in compliance with Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Securities ("LEAP LR"). The comparative figures have been presented as if the combination has occurred from the date when the combining entities first came under common control.

A2. Accounting policies

The accounting policies and presentations adopted by the Group in this interim report are consistent with those adopted in the audited combined financial statements of the Group for FYE 31 December 2018 as disclosed in the Information Memorandum.

At the beginning of current financial year, the Group adopted the amendments / improvements to MFRS and the Issues Committee ("IC") Interpretations which are mandatory for financial years beginning on or after 1 January 2019. The Group has adopted the following new accounting standards, amendments and interpretations:

- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- MFRS 16, Leases
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investment in Associates and Joint Ventures – Long-Term interests in Associates and Joint Ventures
- IC Interpretation 23, Uncertainty over Income Tax Treatments

The adoption of the above new accounting standards, amendments and interpretations has no significant impact on the financial statements of the Group except for changes arising from the adoption of MFRS 16 as disclosed below.

MFRS 16 sets out the principles for the recognition, measurements, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term if more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is low value.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2019 (CONT'D)**A2. Accounting policies (cont'd)**

The effects for the adoption of MFRS 16 as at 1 January 2019 are as follows:

	Increase / (Decrease) RM'000
Right-of-use assets	911
Lease liabilities	964
Retained profits	(53)

A3. Seasonal or cyclical factors

The Group does not experience any material seasonality in its business, as its business operations are relatively stable throughout the period under review.

A4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity or cash flow during the current period under review.

A5. Material changes in accounting estimates

There were no material changes in accounting estimates during the current period under review.

A6. Debt and equity securities

Save for the issuance of 15,600,000 new Shares pursuant to the Excluded Issue in conjunction with the listing of the Company on the LEAP Market of Bursa Securities which was completed on 4 October 2019, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities by the Group for the current financial year under review.

A7. Segmental information**(i) Analysis of revenue by business segment**

	(Unaudited)							
	Individual 6-months period ended				Cumulative 12-months period ended			
	31.12.2019		31.12.2018		31.12.2019		31.12.2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Renewable energy								
Engineering, procurement, construction and commissioning ("EPCC")/ construction contracts	6,422	59.02	6,073	46.35	11,133	51.07	12,788	47.59
Service and maintenance contracts	956	8.79	1,348	10.29	2,218	10.17	2,213	8.24
Concession contracts	241	2.21	210	1.60	449	2.06	433	1.61
	7,619	70.02	7,631	58.24	13,800	63.30	15,434	57.44
Oil palm trunk ("OPT") products	3,262	29.98	5,472	41.76	8,001	36.70	11,436	42.56
Total	10,881	100.00	13,103	100.00	21,801	100.00	26,870	100.00

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2019 (CONT'D)**A7. Segmental information (cont'd)****(ii) Analysis of revenue by geographical market**

	(Unaudited)							
	Individual 6-months period ended				Cumulative 12-months period ended			
	31.12.2019		31.12.2018		31.12.2019		31.12.2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	10,541	96.88	11,918	90.96	18,613	85.38	24,912	92.71
Overseas								
Liberia	-	-	887	6.77	520	2.39	1,337	4.98
Iran	-	-	177	1.35	-	-	177	0.66
Iraq	-	-	-	-	-	-	166	0.62
Japan	25	0.23	-	-	75	0.34	-	-
Singapore	315	2.89	-	-	2,593	11.89	157	0.58
Turkey	-	-	121	0.92	-	-	121	0.45
Total	10,881	100.00	13,103	100.00	21,801	100.00	26,870	100.00

A8. Related party transactions

Transacting related parties	Nature of transactions	Transaction value for 12-months ended 31.12.2019
		RM
V&M Mixtec Asia Sdn Bhd ("V&M Mixtec")	Rental received from V&M Mixtec for the sub-let of property located at H.S.(M) 5243 PTD 222198, Tempat Ban Foo, Mukim Plentong, Johor Bahru, Johor	36,000
	Utilities charges received from V&M Mixtec for the sub-let of property located at H.S.(M) 5243 PTD 222198, Tempat Ban Foo, Mukim Plentong, Johor Bahru, Johor	5,276
Mewajohor Sdn Bhd ("Mewajohor")	Rental paid by Green Energy Resources (M) Sdn Bhd ("Green Energy") to Mewajohor in respect of tenancy for property located at H.S.(M) 5243 PTD 222198, Tempat Ban Foo, Mukim Plentong, Johor Bahru, Johor	316,800
Profina Properties Sdn Bhd ("PPSB")	Rental paid by Profina to PPSB in respect of tenancy for property located at Lot 8028, Batu 4, Jalan Mengkibol, 86000 Kluang, Johor	360,000
	Utilities charged paid by Profina to PPSB for property located at Lot 8028, Batu 4, Jalan Mengkibol, 86000 Kluang, Johor	514,758
LY Law & Associates	Tax advisory fee paid to LY Law & Associates	4,225

*(Refer to Section 8.7.1 of the Information Memorandum for further details on the nature of relationship)***A9. Significant event during the reporting period**

The Company had on 21 October 2019 entered into a long term leasing agreement with Borneo Samudera Sdn Bhd for a period of 20 years and with a minimum lease payment of RM14.64 million.

A10. Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of reporting period up to the date of this interim report.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2019 (CONT'D)**A11. Changes in composition of the Group**

Save as disclosed below, there were no changes in the composition of the Group for the current period under review:

- (i) the Company had on 31 October 2019 incorporated a wholly-owned subsidiary, GPP Seri Serudung Sdn Bhd, as a private limited company under Companies Act 2016. It has an issued share capital of RM1 comprising 1 ordinary share. It has yet to commence operation and its intended business activity is management of palm oil mill; and
- (ii) Green Energy Resources (M) Sdn Bhd (a wholly-owned subsidiary of the Company) had on 31 October 2019 incorporated a wholly-owned subsidiary, GPP Gasification Sdn Bhd, as a private limited company under Companies Act 2016. GPP Gasification Sdn Bhd has an issued share capital of RM1 comprising 1 ordinary share. It is currently dormant and its intended business activity is manufacturing of gasification plant.

A12. Contingent liabilities

The Company has the following contingent liability as at 31 December 2019:

	As at 31 December 2019
	RM'000
Banker's guarantee issued as security deposit for a long-term leasing agreement	300

A13. Capital commitments

There is no material capital commitment as at 31 December 2019.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP LR**B1. Performance review**2H FYE 31 December 2019 vs 2H FYE 31 December 2018

The Group's revenue decreased by approximately RM2.22 million or 16.96% during the 6-months period ended 31 December 2019 as compared to the corresponding period of previous year. The softening construction industry in Malaysia had led to lower demand for the Group's OPT products. Further, as most of the Group's EPCC projects are at commissioning stage, the Group has recorded lower revenue from the renewable energy segment. Renewable energy segment remains as the major revenue contributor to the Group.

Corresponding to the decrease in revenue and increase in cost of sales, the Group's GP decreased by approximately RM1.96 million or 65.67% during the 6-months period ended 31 December 2019 as compared to corresponding period of previous year. During current period under review, cost of biogas tanks has increased due to adoption of new technology and therefore, led to an increase in cost of sales and affect the GP margin for EPCC project. For the OPT segment, the GP margin for this segment were affected due to lower production output as a result of lower sales.

The Group recorded a loss before taxation of RM0.64 million for current period under review, mainly due to lower GP, one-off non-recurring listing expenses and higher finance costs arising from increased utilisation of banking facilities for the Group's operations.

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP LR (CONT'D)

B2. Prospects

As disclosed in the Information Memorandum, the Company has put in place a series of future plans. As at the date of this report, the progress of plans is as follows:

- (i) Expand the range of OPT products - Profina has secured orders for sales of birch plywood (a new range of OPT product) to a customer;
- (ii) Increase the export sales and expand overseas markets for OPT products – Profina had increased its export sales of OPT products to Japan in year 2019 and continues to seek opportunities to expand overseas markets for OPT products;
- (iii) Expand the source of revenue by selling electricity generated from the biogas plants to the National Grid – the Group continues to seek business partner for this business venture; and
- (iv) Expand the Group's renewable energy segment by using various types of biomass as feedstock to produce renewable energy – the Group's associated company, Acropower Pte Ltd, had entered into a Memorandum of Understanding with a third party to explore the possibility of building a waste-to-energy plant at a wood chip processing farm in Singapore (i.e. converting wood chips into biogas to be used as electricity power). The Group had also set-up a branch office in Taiwan in October 2019 and attended Energy Taiwan 2019 exhibition in Taipei, Taiwan to explore the renewable energy segment in Taiwan.

There is an increasing awareness and emphasis in various business communities on using or providing environmentally friendly products or solutions to better preserve the environment in their respective business undertakings. In Malaysia, there are various government mandates to promote the harnessing of biogas from palm oil mill effluent in the palm oil industry and the utilisation of OPT plywood to support and drive the development and growth of biogas industry and OPT industry in Malaysia. Further, the construction sector is expected to grow further to 3.7% in 2020 on account on acceleration and revival of mega projects as well as building of affordable homes (*Source: Economic Outlook 2020, Ministry of Finance Malaysia*), which may drive the demand for OPT products.

Despite the opportunities presented in the industries in which the Group operate in, the Board of Directors expect year 2020 to be a challenging year amid softening business sentiments in both local and global markets. Nonetheless, the Group remains committed in providing effective, efficient and economical green solutions and products to its customers. As at 31 December 2019, the Group's order book for EPCC projects under renewable energy segment stood at approximately RM48.60 million.

B3. Variance of actual profit from profit forecast and profit guarantee

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

C. OTHER INFORMATION

C1. Status of corporate proposals

Save for the listing of the Company on the LEAP Market of Bursa Securities on 4 October 2019, there were no corporate proposals announced but pending completion as at the date of this report.

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C. OTHER INFORMATION (CONT'D)**C2. Utilisation of proceeds**

The status of utilisation of proceeds raised from the Excluded Issue of RM4,368,000 is as follows:

Purpose	Proposed utilisation (RM'000)	Actual utilisation as at 31.12.2019 (RM'000)	Un-utilised proceeds (RM'000)	Estimated timeframe for utilisation upon listing
Capital expenditure	1,000	182	818	Within 12 months
Research and development	500	-	500	Within 12 months
Working capital	1,318	1,355	-(1)	Within 12 months
Estimated listing expenses	1,550	1,513	-(1)	Within 2 weeks
Total	4,368	3,050	1,318	

Note:

(1) The surplus amount to defray listing expenses was reallocated to the amount earmarked for the working capital of the Group.

C3. Borrowings

The Group's total borrowings (all denominated in RM) are as follows:

	(Unaudited) As at 31.12.2019 RM'000	(Audited) As at 31.12.2018 ⁽¹⁾ RM'000
<u>Current liabilities</u>		
Secured		
Bank overdraft	1,299	297
Cash line financing-i	3,401	2,961
Finance lease liabilities	170	158
Islamic bank financing – Term financing-i	747	336
Islamic bank financing – Trade financing-i	1,309	-
Total	6,926	3,752
<u>Non-current liabilities</u>		
Secured		
Finance lease liabilities	276	101
Islamic bank financing – Term financing-i	2,293	1,596
Total	2,569	1,697

As at the reporting date, the Company has not issued any debt securities.

Note:

(1) Based on audited combined financial statements of the Group for FYE 31 December 2018.

C4. Material Litigation

There are no material litigations involving the Group as at the date of this interim report.

C5. Dividend

The Board of Directors does not recommend any dividend as at the date of this interim report.

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(Registration No. 201801003761 (1265775-W))

C6. (Loss) / Earnings per Share

	Individual 6-months period ended		Cumulative 12-months period ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
(Loss) / Profit attributable to owner of the Company	(600)	3	433	1,655
Weighted average number of Shares ('000)	155,118	139,518	155,118	139,518
Basic (loss) / earnings per Share (sen)	(0.39)	Negligible	0.28	1.19

The weighted average number of Shares in issue is computed as follows:

	Individual 6-months period ended		Cumulative 12-months period ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Shares issued pursuant to:				
- Incorporation of Company	2	2	2	2
- Acquisitions of subsidiaries ⁽¹⁾	139,518,170	139,518,170	139,518,170	139,518,170
- Excluded Issue	15,600,000	-	15,600,000	-
	155,118,172	139,518,172	155,118,172	139,518,172

Note:

(1) Shares arising from the acquisitions of subsidiaries are assumed to be issued throughout the financial year under review as the acquisitions of subsidiaries were accounted under common control using the merger accounting method of consolidation.

Diluted (loss) / earnings per Share is the same as the basic (loss) / earnings per Share as the Company has not issued any potential dilutive instruments.

C7. Forestry licence for OPT plywood manufacturing business

As at the date of this interim report, Profina has yet to receive approval for the transfer of forestry licence for its OPT plywood manufacturing business at plywood mill located at Lot 8028, Batu 4, Jalan Mengkibol, 86000 Kluang, Johor.

This report is dated 27 February 2020.