

**HUP SENG INDUSTRIES BERHAD (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement of Comprehensive Income**

**For the period ended 31 March 2019**

**The figures have not been audited**

	Note	<u>2019</u> CURRENT QUARTER ENDED 31 March RM'000	<u>2018</u> CURRENT QUARTER ENDED 31 March RM'000	<u>2019</u> 3 MONTHS CUMULATIVE TO DATE RM'000	<u>2018</u> 3 MONTHS CUMULATIVE TO DATE RM'000
Revenue		75,400	77,145	75,400	77,145
Cost of sales		(48,926)	(48,824)	(48,926)	(48,824)
<b>Gross profit</b>		26,474	28,321	26,474	28,321
Other income		1,006	1,053	1,006	1,053
Administrative expenses		(4,995)	(5,344)	(4,995)	(5,344)
Selling and marketing expenses		(8,191)	(9,114)	(8,191)	(9,114)
<b>Operating profit</b>		14,294	14,916	14,294	14,916
Finance cost		(5)	-	(5)	-
<b>Profit before tax</b>	10	<b>14,289</b>	<b>14,916</b>	<b>14,289</b>	<b>14,916</b>
Income tax expense	23	(4,194)	(3,811)	(4,194)	(3,811)
<b>Profit for the period</b>		<b>10,095</b>	<b>11,105</b>	<b>10,095</b>	<b>11,105</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>10,095</b>	<b>11,105</b>	<b>10,095</b>	<b>11,105</b>
Profit attributable to : Owners of the Parent		10,095	11,105	10,095	11,105
Total Comprehensive Income for the period, net of tax attributable to : Owners of the Parent		10,095	11,105	10,095	11,105
Earnings per share attributable to Owners of the Parent (sen) :					
-Basic	32(a)	1.26	1.39	1.26	1.39
-Diluted	32(b)	1.26	1.39	1.26	1.39

*( The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements )*

**HUP SENG INDUSTRIES BERHAD (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement of Financial Position****As at 31 March 2019****The figures have not been audited**

	Note	As at 31/03/2019 RM'000	As at 31/12/2018 RM'000
<b><u>ASSETS:</u></b>			
<b>Non-current assets:</b>			
Property, plant and equipment		75,343	75,679
Right-of-use assets		543	-
Investment property		210	210
Deferred tax assets		75	72
Prepayments for acquisition of property, plant and equipment		3,025	3,025
<i>Sub total</i>		79,196	78,986
<b>Current assets:</b>			
Inventories		23,515	25,415
Trade and other receivables	11	34,507	35,167
Prepayments		903	576
Cash and cash equivalents	12	83,100	96,320
<i>Sub total</i>		142,025	157,478
<b>TOTAL ASSETS</b>		<b>221,221</b>	<b>236,464</b>
<b><u>EQUITY AND LIABILITIES:</u></b>			
<b>Equity attributable to</b>			
<b>Owners of the Company :</b>			
Share capital		80,000	80,000
Retained earnings		72,365	78,270
<b>TOTAL EQUITY</b>		<b>152,365</b>	<b>158,270</b>
<b>Non-current liabilities :</b>			
Lease liabilities		234	-
Deferred tax liabilities		5,843	5,912
<i>Sub total</i>		6,077	5,912
<b>Current liabilities:</b>			
Trade and other payables		39,004	49,319
Contract liabilities		2,159	2,513
Lease liabilities		309	-
Income tax payable		5,307	4,450
Dividends payable		16,000	16,000
<i>Sub total</i>		62,779	72,282
<b>TOTAL LIABILITIES</b>		<b>68,856</b>	<b>78,194</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>221,221</b>	<b>236,464</b>

( The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements )

**HUP SENG INDUSTRIES BERHAD (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement of Changes in Equity****The figures have not been audited****For the period ended 31 March 2019**

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
<b>Opening balance at 1 January 2019</b>	80,000	78,270	158,270
Total comprehensive income for the period	-	10,095	10,095
Transaction with the owners			
Dividends on ordinary shares	-	(16,000)	(16,000)
Total transaction with the owners	-	(16,000)	(16,000)
<b>Closing balance at 31 March 2019</b>	<b>80,000</b>	<b>72,365</b>	<b>152,365</b>

**For the corresponding period ended 31 March 2018**

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
<b>Opening balance at 1 January 2018</b>	80,000	83,518	163,518
Effect of adopting MFRS 9	-	(207)	(207)
<b>At 1 January 2018, as restated</b>	80,000	83,311	163,311
Total comprehensive income for the period	-	11,105	11,105
Transaction with the owners			
Dividends on ordinary shares	-	(16,000)	(16,000)
Total transaction with the owners	-	(16,000)	(16,000)
<b>Closing balance at 31 March 2018</b>	<b>80,000</b>	<b>78,416</b>	<b>158,416</b>

*( The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements )*

**HUP SENG INDUSTRIES BERHAD (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement of Cash Flows****For the period ended 31 March 2019****The figures have not been audited**

	Note	<b>2019</b> 3 months ended 31/03/2019 RM'000	<b>2018</b> 3 months ended 31/03/2018 RM'000
<b>Cash flows from operating activities:</b>			
<b>Profit before tax</b>		<b>14,289</b>	<b>14,916</b>
Adjustments for:			
Allowance for doubtful debts		32	10
Depreciation of property, plant and equipment		1,397	1,395
Depreciation for right-of-use assets		75	-
Finance cost		5	-
Interest income		(707)	(750)
Inventories written off		12	10
Loss on disposal of property, plant and equipment		-	3
Property, plant and equipment written off		182	97
Reversal of impairment loss on property, plant and equipment		(137)	-
Total adjustments		859	765
Operating profit before changes in working capital		15,148	15,681
Changes in working capital			
Decrease/(increase) in inventories		1,888	(12)
Decrease in trade and other receivables		628	2,798
Increase in prepayments		(327)	(257)
Decrease in trade and other payables		(10,669)	(10,589)
Total changes in working capital		(8,480)	(8,060)
Cash flows from operations		6,668	7,621
Interest paid		(5)	-
Taxes paid		(3,409)	(3,072)
<b>Net cash flows from operating activities</b>		<b>3,254</b>	<b>4,549</b>
<b>Cash flows from investing activities</b>			
Placement of deposits with more than 3 months with licensed bank		-	2,150
Interest received		707	750
Proceeds from disposal of property, plant and equipment		-	25
Purchase of property, plant and equipment		(1,106)	(412)
<b>Net cash (used in)/from investing activities</b>		<b>(399)</b>	<b>2,513</b>
<b>Cash flows from financing activities</b>			
Payment for lease liabilities		(75)	-
Dividends paid on ordinary shares		(16,000)	(32,000)
<b>Net cash used in financing activities</b>		<b>(16,075)</b>	<b>(32,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(13,220)</b>	<b>(24,938)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>87,320</b>	<b>90,829</b>
<b>Cash and cash equivalents at end of financial period</b>	12	<b>74,100</b>	<b>65,891</b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)*

**HUP SENG INDUSTRIES BERHAD** (226098-P)  
(Incorporated in Malaysia)

Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 31 March 2019

**1. Corporate information**

Hup Seng Industries Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

**2. Basis of Preparation**

These condensed consolidated interim financial statements, for the period ended 31 March 2019, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2018. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

**3. Significant accounting policies**

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2018, except for the adoption of the following which are applicable to the financial statements and are relevant to the operations:

(I) Adoption of standards and interpretations

Description	Effective for annual periods beginning <u>on or after</u>
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

The adoption of the above standards and interpretations do not have significant financial impact to the Group's consolidated financial statements for the current quarter, except as discussed below:

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**MFRS 16 Leases**

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of application of 1 January 2019. Under this method, comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings of the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low value assets').

The effect of the adoption of MFRS 16 Leases is as follows:

Group	Note	As at 1 January 2019 RM'000	Changes RM'000	As at 1 January 2019 RM'000
<b>Non-current assets</b>				
Right-of-use assets	(a)	-	618	618
<b>Non-current liabilities</b>				
Lease liabilities		-	234	234
<b>Current liabilities</b>				
Lease liabilities		-	384	384
<b>Total lease liabilities</b>	(b)		618	618

Note:

- a) The right-of-use assets representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

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For the period ended 31 March 2019

- b) The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.
- c) There is no impact to the Group's retained earnings as at 1 January 2019.

(II) Standards and interpretations issued but not yet effective

At the date of authorisation of these interim financial statements, the followings standards and interpretations were issued but not yet effective and have not been applied by the Group:

Description	Effective for annual periods beginning <u>on or after</u>
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**4. Comments about seasonal or cyclical factors**

The Group's business operations are normally affected by seasonal factors occurring in certain periods of the financial year, such as Hari Raya Puasa, Chinese New Year, etc.

**5. Unusual Items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the cumulative financial period ended 31 March 2019.

**6. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

**7. Capital management, debt and equity securities**

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits

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## Part A: Explanatory notes pursuant to MFRS 134

For the period ended 31 March 2019

for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders and issue new shares, where necessary. For capital management purposes, the Group considers shareholders' equity and total liabilities to be the key components in the Group's capital structure. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as the total liabilities to total equity. Total equity is the sum of total equity attributable to shareholders. The gearing ratio as at 31 March 2019 and 31 December 2018, which are within the Group's objectives for capital management, are as follows:

	As at 31.03.2019	As at 31.12.2018
	<u>RM'000</u>	<u>RM'000</u>
Total liabilities	68,856	78,194
Total equity	152,365	158,270
Total capital	80,000	80,000
Gearing ratio	45%	49%

The decrease in the gearing ratio is mainly due to the decrease in trade and other payables.

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period to date.

## 8. Dividends

	Date of <u>payment</u>	Cumulative to date 31.03.2019 <u>RM'000</u>
Dividend paid on per ordinary share:		
- Third Interim dividend of 2 sen per share (single-tier) for 2018 declared on 4 March 2019	05.04.2019	<u>16,000</u>

## 9. Operating Segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- I. The biscuit manufacturing segment is in the business of manufacture and sales of biscuits.
- II. The beverage manufacturing segment is in the business of manufacture and wholesale of coffee mix and all kinds of foodstuff.
- III. The trading division segment is in the business of sales and distribution of biscuits, confectionery and other foodstuff.



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Part A: Explanatory notes pursuant to MFRS 134

For the period ended 31 March 2019

<b>Quarter ended 31.03.2019</b>	Biscuit manufacturing division RM'000	Beverage manufacturing division RM'000	Trading division RM'000	Total RM'000
Revenue *	54,737	2,065	57,531	114,333
Profit for reportable segments	7,349	142	7,446	14,937

Reconciliation of profit or loss

Profit or loss for the financial period ended 31.03.2019	Cumulative to date RM'000
Total profit for reportable segments	14,937
Profit from inter-segment sales	(13)
Other income	209
Unallocated expenses	(844)
Profit before tax	14,289

\* Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current quarter is RM38,933,000.

Trading division mainly comprises domestic sales. Biscuit remain the dominant range which represents about 94% of the total sales, while beverages and other agents' products make up the balance. The comments on Note 19 apply to the above three reportable operating segments.

**10. Profit before tax**

Included in the profit before tax are the following items:

	Quarter ended	
	31.03.2019	31.03.2018
	<u>RM'000</u>	<u>RM'000</u>
Interest income	(707)	(750)
Rental income	(3)	(5)
Reversal of impairment loss on property, plant and equipment	(137)	-
Reversal of impairment losses on trade receivable (Note 11)	(5)	(13)
Allowance for doubtful debts (Note 11)	32	10
Depreciation of property, plant and equipment	1,397	1,395
Depreciation of right-of-use assets	75	-
Finance cost	5	-
Loss on disposal of property, plant and equipment	-	3
Inventories written off	12	10
Property, plant and equipment written off	182	97
Realised exchange losses	151	258

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Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 31 March 2019

**11. Trade and other receivables**

	As at	
	31.03.2019	31.12.2018
	RM'000	RM'000
Trade receivables		
Third parties	33,940	34,702
Less: Allowance for doubtful debts	(335)	(326)
Trade receivables, net	33,605	34,376
Other receivables	902	791
Total trade and other receivables	34,507	35,167

**Trade receivables**

The ageing analysis of the Group's trade receivables is as follows:

	As at	
	31.03.2019	31.12.2018
	RM'000	RM'000
Neither past due nor impaired	23,455	24,471
1 to 30 days past due not impaired	8,812	8,557
31 to 60 days past due not impaired	1,106	1,094
61 to 90 days past due not impaired	124	128
91 to 120 days past due not impaired	34	65
More than 121 days past due not impaired	74	61
	10,150	9,905
Impaired	335	326
	33,940	34,702

Receivables that are impaired

Movement in allowance accounts :

At 1 January	326	252
Effect of adopting MFRS 9	-	272
As restated	326	524
Charge/(reversal) for the period/year (Note 10)	32	(67)
Written off	(18)	(99)
Reversal of impairment losses (Note 10)	(5)	(32)
	335	326

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Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 31 March 2019

**12. Cash and bank balances**

Cash and bank balances comprised the following amounts:

	As at	
	31.03.2019	31.12.2018
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances	36,600	11,220
Short-term deposits with licensed banks	37,500	76,100
Cash and cash equivalents	74,100	87,320
Long-term deposits of more than 3 months with licensed banks	9,000	9,000
	<u>83,100</u>	<u>96,320</u>

**13. Foreign exchange exposure**

The Group's exposures to foreign currency are as follows:

	As at	
	31.03.2019	31.12.2018
	<u>RM'000</u>	<u>RM'000</u>
Trade and other receivables		
United States Dollars	880	1,064
Singapore Dollars	1,839	2,115
Renminbi	69	9
	<u>69</u>	<u>9</u>

The Group does not engage in any formal hedging activities.

**14. Events after the reporting period**

There were no material events subsequent to the end of the current quarter.

**15. Changes in composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period to date.

**16. Changes in contingent liabilities and contingent assets**

The Group has no contingent liabilities or contingent assets since the last annual date of the statement of financial position as at 31 December 2018.

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Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 31 March 2019

**17. Capital commitments**

Approved capital commitments not recognised in the interim financial statements as at 31 March 2019 are as follows:

	RM'000
Contracted but not provided for:	
Purchase of a new production line	8,937
Purchase of plant and equipment	2,356
	<u>11,293</u>

**18. Related party transactions**

	Current quarter ended 31.03.2019 <u>RM</u>
Rental of premises payable to: -Hup Seng Brothers Holdings Sdn. Bhd. #	<u>31,350</u>

# Note: Certain directors of the Group are also directors and shareholders of Hup Seng Brothers Holdings Sdn. Bhd.

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
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**19. Performance review**

**Financial review for current quarter**

	3 months		Changes	
	Quarter ended		Amount RM'000	%
	31.03.2019 RM'000	31.03.2018 RM'000		
Revenue	75,400	77,145	(1,745)	(2)
Operating profit	14,294	14,916	(622)	(4)
Profit before interest and tax	14,294	14,916	(622)	(4)
Finance cost	(5)	-	(5)	-
Profit before tax	14,289	14,916	(627)	(4)
Profit after tax	10,095	11,105	(1,010)	(9)
Profit attributable to: Owners of the Parent	10,095	11,105	(1,010)	(9)

The Group's revenue for the current quarter ended 31 March 2019 has decreased by 2% to RM75,400,000 from RM77,145,000 in the quarter ended 31 March 2018. Domestic sales grew 3% or RM1 million compared to previous corresponding period mainly from wholesale channel and East Malaysia. On the other hand, export market saw a decline of about 15% or RM3 million mainly due to lower offtakes from Saudi Arabia, Indonesia, Vietnam, Mauritius and Thailand.

The Group registered a profit before tax of RM14,289,000 as compared to a profit before tax of RM14,916,000 in the preceding corresponding quarter, a decrease of about 4% mainly due to lower export sales, lower margin in certain segment and higher operating expenses incurred during the current quarter.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 31 March 2019

## 20. Comment of material change in profit before taxation

### Financial review for current quarter compared with immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes	
	31.03.2019 RM'000	31.12.2018 RM'000	Amount RM'000	%
Revenue	75,400	85,853	(10,453)	(12)
Operating profit	14,294	17,072	(2,778)	(16)
Profit before interest and tax	14,294	17,072	(2,778)	(16)
Finance cost	(5)	-	(5)	-
Profit before tax	14,289	17,072	(2,783)	(16)
Profit after tax	10,095	12,735	(2,640)	(21)
Profit attributable to: Owners of the Parent	10,095	12,735	(2,640)	(21)

The Group's revenue has decreased 12% to RM75,400,000 in the current quarter ended 31 March 2019 as compared to RM85,853,000 in the preceding quarter mainly as a result of slower demand from both domestic and export markets. The major contributors to this reduction came from the Asia regions of export markets, reduction of 35% or RM9.4 million.

Profit before tax has decreased by about 16% to RM14,289,000 as compared to RM17,072,000 in the preceding quarter. Lower sales resulted in drop of profit before tax.

## 21. Commentary of prospects

The Malaysian economy is expected to experience moderate growth in 2019, where a steady recovery towards the second quarter amid gradual pick-up in commodity prices and strong domestic demand is foreseen. Consumer sector will remain resilient. Nevertheless, the Group will continue to maintain and improve product quality, innovating products portfolio, reducing costs and broadening the distributor network to safeguard revenue and addressing the needs of consumers.

## 22. Profit forecast or profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

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Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 31 March 2019

**23. Income tax expense**

	3 months Quarter ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
Current income tax :		
-Malaysia income tax	4,211	3,864
-Deferred taxation	(17)	(53)
	<u>4,194</u>	<u>3,811</u>

Major components of tax expenses

	3 months cumulative to date 31.03.2019 RM'000
Current tax expense	4,211
Deferred tax expense	<u>(17)</u>
	<u>4,194</u>
Profit before taxation	14,289
Taxation at the Malaysian statutory tax rate of 24%	3,429
Adjustments:	
-Underprovision in prior years	530
-Non-deductible expenses	241
-Expenses with double deduction	<u>(6)</u>
Income tax expense	<u>4,194</u>
Effective tax rate	29.4%

**24. Sale of unquoted investments and properties**

There were no sale of unquoted investments and properties for the current quarter and financial year to date.

**25. Quoted securities**

There were no purchase and sale of quoted securities for the current quarter and financial year to date.

**26. Corporate proposals**

There were no corporate proposals announced but not completed not earlier than seven (7) days from 14 May 2019.

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Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 31 March 2019

**27. Borrowings and debt securities**

There were no group borrowings and debt securities as at the end of the reporting period.

**28. Derivative financial instruments**

As at the reporting date of 31 March 2019, the Group has no outstanding derivative financial instruments.

**29. Gains/losses arising from fair value changes of financial liabilities**

There are no gains/losses arising from fair value changes of any financial liabilities.

**30. Changes in material litigation**

There were no material litigation not earlier than seven (7) days from 14 May 2019.

**31. Dividend payable**

The Board of Directors do not recommend the payment of any dividend for the financial quarter under review.

**32. Earnings per share**

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period.

	3 months cumulative to date	
	31.03.2019	31.03.2018
<b>(a) Basic</b>		
Profit for the period (RM'000)	10,095	11,105
Weighted average number of ordinary share for earnings per share ('000)	800,000	800,000
Basic earnings per share (sen)	1.26	1.39
<b>(b) Diluted</b>		
Diluted earnings per share (sen)	1.26	1.39



**HUP SENG INDUSTRIES BERHAD** (226098-P)  
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**33. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

**34. Authorization for issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 14 May 2019.