

**HUP SENG INDUSTRIES BERHAD 199101015786 (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement of Comprehensive Income**

**For the period ended 30 June 2020**

**The figures have not been audited**

	Note	<u>2020</u> CURRENT QUARTER ENDED 30 June RM'000	<u>2019</u> CURRENT QUARTER ENDED 30 June RM'000	<u>2020</u> 6 MONTHS CUMULATIVE TO DATE RM'000	<u>2019</u> 6 MONTHS CUMULATIVE TO DATE RM'000
Revenue		71,443	69,691	152,319	145,091
Cost of sales		(48,278)	(45,791)	(103,319)	(94,717)
<b>Gross profit</b>		<b>23,165</b>	<b>23,900</b>	<b>49,000</b>	<b>50,374</b>
Other income		639	1,026	1,524	2,032
Administrative expenses		(4,807)	(5,002)	(9,904)	(9,997)
Selling and marketing expenses		(7,168)	(7,792)	(15,673)	(15,983)
<b>Operating profit</b>		<b>11,829</b>	<b>12,132</b>	<b>24,947</b>	<b>26,426</b>
Finance cost		(4)	(5)	(7)	(10)
<b>Profit before tax</b>	10	<b>11,825</b>	<b>12,127</b>	<b>24,940</b>	<b>26,416</b>
Income tax expense	23	(3,065)	(3,158)	(6,472)	(7,352)
<b>Profit for the period</b>		<b>8,760</b>	<b>8,969</b>	<b>18,468</b>	<b>19,064</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>8,760</b>	<b>8,969</b>	<b>18,468</b>	<b>19,064</b>
Profit attributable to : Owners of the Parent		8,760	8,969	18,468	19,064
Total Comprehensive Income for the period, net of tax attributable to : Owners of the Parent		8,760	8,969	18,468	19,064
Earnings per share attributable to Owners of the Parent (sen) :					
-Basic	32(a)	1.10	1.12	2.31	2.38
-Diluted	32(b)	1.10	1.12	2.31	2.38

*( 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 199101015786 (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement of Financial Position****As at 30 June 2020****The figures have not been audited**

	Note	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
<b><u>ASSETS:</u></b>			
<b>Non-current assets:</b>			
Property, plant and equipment		78,312	79,397
Investment property		1,431	1,464
Right-of-use assets		5,656	5,817
Deferred tax assets		308	166
<i>Sub total</i>		85,707	86,844
<b>Current assets:</b>			
Inventories		24,779	24,297
Trade and other receivables	11	31,016	36,834
Prepayments		835	709
Cash and bank balances	12	71,883	85,522
<i>Sub total</i>		128,513	147,362
<b>TOTAL ASSETS</b>		<b>214,220</b>	<b>234,206</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		74,269	71,801
<b>TOTAL EQUITY</b>	<i>Sub total</i>	<b>154,269</b>	<b>151,801</b>
<b>Non-current liabilities :</b>			
Lease liabilities		202	141
Deferred tax liabilities		7,129	7,089
<i>Sub total</i>		7,331	7,230
<b>Current liabilities:</b>			
Trade and other payables		44,815	53,067
Lease liabilities		129	239
Contract liabilities		3,086	2,907
Income tax payable		4,590	2,962
Dividends payable		-	16,000
<i>Sub total</i>		52,620	75,175
<b>TOTAL LIABILITIES</b>		<b>59,951</b>	<b>82,405</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>214,220</b>	<b>234,206</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 199101015786 (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 30 June 2020**

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
<b>Opening balance at 1 January 2020</b>	80,000	71,801	151,801
Total comprehensive income for the period	-	18,468	18,468
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 30 June 2020</b>	<b>80,000</b>	<b>74,269</b>	<b>154,269</b>

**For the corresponding period  
ended 30 June 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	-	19,064	19,064
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 30 June 2019</b>	<b>80,000</b>	<b>81,334</b>	<b>161,334</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 199101015786 (226098-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement of Cash Flows**

**For the period ended 30 June 2020**

**The figures have not been audited**

	Note	<b>2020 6 months ended 30/06/2020 RM'000</b>	<b>2019 6 months ended 30/06/2019 RM'000</b>
<b>Cash flows from operating activities:</b>			
<b>Profit before tax</b>		24,940	26,416
Adjustments for:			
Allowance for doubtful debts		367	51
Bad debts written off		1	1
Depreciation of property, plant and equipment		3,168	2,822
Depreciation of investment properties		12	-
Depreciation of right-of-use assets		250	151
Interest expense on lease liabilities		7	10
Interest income		(963)	(1,363)
Inventories written off		33	32
Gain on disposal of property, plant and equipment		-	(177)
Property, plant and equipment written off		270	268
Reversal of impairment loss on property, plant and equipment		(142)	(137)
Total adjustments		3,003	1,658
<b>Operating profit before changes in working capital</b>		27,943	28,074
Changes in working capital			
(Increase)/Decrease in inventories		(515)	970
Decrease in trade and other receivables		5,450	4,436
Increase in prepayments		(126)	(2,636)
Decrease in trade and other payables		(8,073)	(11,009)
Total changes in working capital		(3,264)	(8,239)
<b>Cash flows from operations</b>		24,679	19,835
Interest expense on lease liabilities paid		(7)	(10)
Taxes paid		(4,946)	(5,935)
<b>Net cash flows from operating activities</b>		19,726	13,890
<b>Cash flows from investing activities</b>			
Withdrawal of deposits with more than 3 months with licensed bank		4,000	-
Interest income received		963	1,363
Proceeds from disposal of property, plant and equipment		-	208
Purchase of property, plant and equipment		(2,190)	(6,310)
<b>Net cash from/(used in) investing activities</b>		2,773	(4,739)
<b>Cash flows from financing activities</b>			
Repayment for lease liabilities		(138)	(151)
Dividends paid on ordinary shares		(32,000)	(32,000)
<b>Net cash used in financing activities</b>		(32,138)	(32,151)
<b>Net decrease in cash and cash equivalents</b>		(9,639)	(23,000)
<b>Cash and cash equivalents at beginning of financial year</b>		76,522	87,320
<b>Cash and cash equivalents at end of financial period</b>	12	66,883	64,320

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

Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 30 June 2020

## 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 30 June 2020, 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 2019. 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 2019.

## 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 2019, 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 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020

The adoption of the above amendments do not have significant financial impact to the Group's consolidated financial statements for the current quarter.

### (II) Standards and interpretations issued but not yet effective

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

Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 30 June 2020

Description	Effective for annual periods beginning <u>on or after</u>
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17 Insurance Contracts	1 January 2021
Annual Improvements to MFRS Standards 2018–2020 Cycles	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to References to the Conceptual Framework in MFRS 3 Business Combinations	1 January 2022
Amendments to MFRS 137: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or 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 adoption of the standard and amendments above will have no material impact on the financial statements in the year of initial adoption.

**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 30 June 2020.

**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 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 30 June 2020 and 31 December 2019, which are within the Group's objectives for capital

Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 30 June 2020

management, are as follows:

	As at 30.06.2020 <u>RM'000</u>	As at 31.12.2019 <u>RM'000</u>
Total liabilities	59,951	82,405
Total equity	154,269	151,801
Total capital	80,000	80,000
Gearing ratio	39%	54%

The decrease in the gearing ratio is mainly due to the decrease in dividends payables and 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

	<u>Date of payment</u>	<u>Cumulative to date 30.06.2020 RM'000</u>
Dividend paid on per ordinary share:		
- Interim dividend of 2 sen per share (single-tier) for 2019 declared on 25 February 2020	01.04.2020	<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.

<b>Quarter ended 30.06.2020</b>	Biscuit manufacturing division RM'000	Beverage manufacturing division RM'000	Trading division RM'000	Total RM'000
Revenue *	51,747	1,710	54,925	108,382
Profit for reportable segments	6,273	206	5,920	12,399
<b>6 months cumulative to date</b>				
Revenue *	111,608	3,692	115,564	230,864
Profit for reportable segments	13,690	376	12,269	26,335

Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 30 June 2020

Reconciliation of profit or loss

Profit or loss for the financial period ended 30.06.2020	Quarter ended RM'000	Cumulative to date RM'000
Total profit for reportable segments	12,399	26,335
Profit from inter-segment sales	101	(34)
Other income	139	333
Unallocated expenses	(814)	(1,694)
Profit before tax	11,825	24,940

\* Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current quarter and 6 months cumulative to date are RM36,939,000 and RM78,545,000 respectively.

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		Cumulative to date	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Interest income	(399)	(656)	(963)	(1,363)
Rental income	(58)	(6)	(136)	(11)
Reversal of impairment loss on property, plant and equipment	(142)	-	(142)	(137)
Reversal of impairment losses on trade receivable (Note 11)	(1)	-	(3)	(5)
Bad debts written off	-	1	1	1
Allowance for doubtful debts (Note 11)	167	19	367	51
Depreciation of property, plant and equipment	1,569	1,425	3,168	2,822
Depreciation of investment properties	6	-	12	-
Depreciation of right-of-use assets	124	76	250	151
Interest expense on lease liabilities	4	5	7	10
Gain on disposal of property, plant and equipment	-	(177)	-	(177)
Inventories written off	11	20	33	32
Property, plant and equipment written off	215	86	270	268
Realised exchange losses	107	87	350	238



Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 30 June 2020

**11. Trade and other receivables**

	As at	
	30.06.2020	31.12.2019
	RM'000	RM'000
Trade receivables		
Third parties	31,190	36,502
Less: Allowance for doubtful debts	(638)	(292)
Trade receivables, net	30,552	36,210
Other receivables	464	624
Total trade and other receivables	31,016	36,834

**Trade receivables**

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

	As at	
	30.06.2020	31.12.2019
	RM'000	RM'000
Neither past due nor impaired	23,190	26,591
1 to 30 days past due not impaired	6,074	8,149
31 to 60 days past due not impaired	732	1,327
61 to 90 days past due not impaired	249	106
91 to 120 days past due not impaired	292	30
More than 121 days past due not impaired	15	7
	7,362	9,619
Impaired	638	292
	31,190	36,502

Receivables that are impaired

Movement in allowance accounts :

At 1 January	292	326
Charge for the period/year (Note 10)	367	20
Written off	(18)	(43)
Impairment losses recovered (Note 10)	(3)	(11)
	638	292

Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 30 June 2020

## 12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	As at	
	30.06.2020	31.12.2019
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances	4,533	5,972
Short-term deposits with licensed banks	62,350	70,550
Cash and cash equivalents	66,883	76,522
Long-term deposits of more than 3 months with licensed banks	5,000	9,000
	<u>71,883</u>	<u>85,522</u>

## 13. Foreign exchange exposure

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

	As at	
	30.06.2020	31.12.2019
	<u>RM'000</u>	<u>RM'000</u>
Trade and other receivables		
United States Dollars	763	1,746
Singapore Dollars	2,944	3,051

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 except as follows:

On 11 August 2020, a subsidiary of the Company, Hup Seng Perusahaan Makanan (M) Sdn. Bhd. ("HSPM") was served by Jabatan Kastam Diraja Malaysia, Johor ("Kastam Johor") with a Bill of Demand for the period from 1 September 2018 to 31 October 2019 via Kastam Johor's letter dated 10 August 2020 for an additional sales tax of RM4,401,659.87.

The additional sales tax will be accounted for in the next interim financial statements.

## 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 2019.

Part A: Explanatory notes pursuant to MFRS 134  
For the period ended 30 June 2020

**17. Capital commitments**

Approved capital commitments not recognised in the interim financial statements as at 30 June 2020 are as follows:

	RM'000
Contracted but not provided for:	
Purchase of plant and equipment	<u>1,464</u>

**18. Related party transactions**

	Current quarter ended 30.06.2020 RM	6 months cumulative to date 30.06.2020 RM
Rental of premises payable to:		
-Hup Seng Brothers Holdings Sdn. Bhd. #	<u>22,350</u>	<u>44,700</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.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 30 June 2020

## 19. Performance review

### Financial review for current quarter

	3 months Quarter ended		Changes		6 months cumulative to date		Changes	
	30.06.2020 RM'000	30.06.2019 RM'000	Amount RM'000	%	30.06.2020 RM'000	30.06.2019 RM'000	Amount RM'000	%
Revenue	71,443	69,691	1,752	3	152,319	145,091	7,228	5
Operating profit	11,829	12,132	(303)	(2)	24,947	26,426	(1,479)	(6)
Profit before interest and tax	11,829	12,132	(303)	(2)	24,947	26,426	(1,479)	(6)
Finance cost	(4)	(5)	1	(20)	(7)	(10)	3	-
Profit before tax	11,825	12,127	(302)	(2)	24,940	26,416	(1,476)	(6)
Profit after tax	8,760	8,969	(209)	(2)	18,468	19,064	(596)	(3)
Profit attributable to: Owners of the Parent	8,760	8,969	(209)	(2)	18,468	19,064	(596)	(3)

The Group's revenue for the current quarter ended 30 June 2020 has increased by 3% to RM71,443,000 from RM69,691,000 in the quarter ended 30 June 2019. Domestic sales grew 8% or RM4.3 million compared to previous corresponding period mainly from retail, wholesale and modern channel. Despite this, export market saw a decline of about 14% or RM2.5 million mainly from China, Saudi Arabia, Indonesia, Mauritius and Ghana. During the Movement Control Order, the Group was allowed to carry on operations under very strict rules and in a controlled environment. While only cream crackers were being produced with production capacity limitation and transportation restrictions, there were still insufficient supplies to domestic and export markets.

The Group registered a profit before tax of RM11,825,000 as compared to a profit before tax of RM12,127,000 in the preceding corresponding quarter, a decrease of about 2%. Poorer margin in certain segments and higher input costs are the contributing factors to the falling profit before tax.

The Group's revenue for the six months ended 30 June 2020 has increased by 5% to RM152,319,000 from RM145,091,000 as compared with the preceding year corresponding period. Domestic sales grew 7% or RM7.6 million compared to previous corresponding period mainly from all channel. On the other hand, export market saw a decline of about 1% or RM0.4 million mainly due to lower offtakes from China.

The profit before tax, on the other hand, has decreased to RM24,940,000 when compared with the preceding year corresponding period of RM26,416,000 a decrease of about 6% mainly due to poorer margin in certain segments.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 30 June 2020

## 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	
	30.06.2020 RM'000	31.03.2020 RM'000	Amount RM'000	%
Revenue	71,443	80,876	(9,433)	(12)
Operating profit	11,829	13,118	(1,289)	(10)
Profit before interest and tax	11,829	13,118	(1,289)	(10)
Finance cost	(4)	(3)	(1)	33
Profit before tax	11,825	13,115	(1,290)	(10)
Profit after tax	8,760	9,708	(948)	(10)
Profit attributable to: Owners of the Parent	8,760	9,708	(948)	(10)

The Group's revenue has decreased 12% to RM71,443,000 in the current quarter ended 30 June 2020 as compared to RM80,876,000 in the preceding quarter mainly due to lower sales in both domestic and export markets as a result of seasonal factors and Movement Control Order during the current quarter.

Profit before tax has decreased by about 10% to RM11,825,000 as compared to RM13,115,000 in the preceding quarter mainly due to lower sales and under recovery of factory overheads during Movement Control Order.

## 21. Commentary of prospects

The outbreak of the COVID-19 pandemic has to a great extent, caused destructive power to the global economy including Malaysia. The Malaysian economy grew marginally at 0.7% in Q1 2020 as compared to 3.6% in Q4 2019. The global and Malaysian economy outlook for 2020 will be significantly impacted by the COVID-19 pandemic. For the remaining year ahead, it will be challenging and the Group will have to be cautious and stay vigilant. Recognizing and understanding the changing business environment and moving into the 'new norm' era, the Group will continue to exercise prudence and find new business strategies moving forward. Some of the immediate strategies will be to introduce Hup Seng's products onto the "online platform" with extensive marketing to reach out to the younger generation segment of the markets. 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.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 30 June 2020

## 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.

## 23. Income tax expense

	3 months		Cumulative	
	Quarter ended		to date	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
-Malaysia income tax	3,169	3,149	6,574	7,360
-Deferred taxation	(104)	9	(102)	(8)
	<u>3,065</u>	<u>3,158</u>	<u>6,472</u>	<u>7,352</u>

Major components of tax expenses

	Current	6 months
	Quarter ended	cumulative
	30.06.2020	to date
	RM'000	RM'000
Current tax expense	3,169	6,574
Deferred tax expense	(104)	(102)
	<u>3,065</u>	<u>6,472</u>
Profit before taxation	<u>11,825</u>	<u>24,940</u>
Taxation at the Malaysian statutory tax rate of 24%	2,838	5,986
Adjustments:		
-Non-deductible expenses	238	501
-Expenses with double deduction	(11)	(15)
Income tax expense	<u>3,065</u>	<u>6,472</u>
Effective tax rate	26.0%	26.0%

## 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.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 30 June 2020

**26. Corporate proposals**

There were no corporate proposals announced but not completed not earlier than seven (7) days from 12 August 2020.

**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 30 June 2020, 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 12 August 2020.

**31. Dividend payable**

Other than as disclosed in Note 8 above, the Board of Directors recommends the payment of an interim single-tier dividend of 2 sen per ordinary share in respect of the year ending 31 December 2020 for the financial quarter under review. The entitlement date will be announced in due course.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad  
For the period ended 30 June 2020

### 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 quarter ended		6 months cumulative to date	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
<b>(a) Basic</b>				
Profit for the period (RM'000)	8,760	8,969	18,468	19,064
Weighted average number of ordinary share for earnings per share ('000)	800,000	800,000	800,000	800,000
Basic earnings per share (sen)	1.10	1.12	2.31	2.38
<b>(b) Diluted</b>				
Diluted earnings per share (sen)	1.10	1.12	2.31	2.38

### 33. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2019 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 12 August 2020.