

HUP SENG INDUSTRIES BERHAD 199101015786 (226098-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2020

The figures have not been audited

	Note	<u>2020</u> CURRENT QUARTER ENDED 30 September RM'000	<u>2019</u> CURRENT QUARTER ENDED 30 September RM'000	<u>2020</u> 9 MONTHS CUMULATIVE TO DATE RM'000	<u>2019</u> 9 MONTHS CUMULATIVE TO DATE RM'000
Revenue		87,265	76,650	239,584	221,741
Cost of sales		(58,382)	(50,780)	(161,701)	(145,497)
Gross profit		28,883	25,870	77,883	76,244
Other income		667	947	2,191	2,979
Administrative expenses		(5,544)	(4,854)	(15,448)	(14,851)
Selling and marketing expenses		(12,059)	(8,179)	(27,732)	(24,162)
Operating profit		11,947	13,784	36,894	40,210
Finance cost		(5)	(6)	(12)	(16)
Profit before tax	10	11,942	13,778	36,882	40,194
Income tax expense	23	(4,356)	(3,690)	(10,828)	(11,042)
Profit for the period		7,586	10,088	26,054	29,152
Total comprehensive income for the period, net of tax		7,586	10,088	26,054	29,152
Profit attributable to : Owners of the Parent		7,586	10,088	26,054	29,152
Total Comprehensive Income for the period, net of tax attributable to : Owners of the Parent		7,586	10,088	26,054	29,152
Earnings per share attributable to Owners of the Parent (sen) :					
-Basic	32(a)	0.95	1.26	3.26	3.64
-Diluted	32(b)	0.95	1.26	3.26	3.64

(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 September 2020****The figures have not been audited**

	Note	As at 30/09/2020 RM'000	As at 31/12/2019 RM'000
<u>ASSETS:</u>			
Non-current assets:			
Property, plant and equipment		77,919	79,397
Investment properties		1,415	1,464
Right-of-use assets		5,603	5,817
Deferred tax assets		301	166
<i>Sub total</i>		85,238	86,844
Current assets:			
Inventories		27,955	24,297
Trade and other receivables	11	29,744	36,834
Prepayments		618	709
Cash and bank balances	12	84,118	85,522
<i>Sub total</i>		142,435	147,362
TOTAL ASSETS		227,673	234,206
<u>EQUITY AND LIABILITIES:</u>			
Equity attributable to			
Owners of the Company :			
Share capital		80,000	80,000
Retained earnings		65,855	71,801
TOTAL EQUITY	<i>Sub total</i>	145,855	151,801
Non-current liabilities :			
Deferred tax liabilities		7,069	7,089
Lease liabilities		103	141
Other payable		1,746	-
<i>Sub total</i>		8,918	7,230
Current liabilities:			
Trade and other payables		49,157	53,067
Lease liabilities		231	239
Contract liabilities		2,800	2,907
Income tax payable		4,712	2,962
Dividends payable		16,000	16,000
<i>Sub total</i>		72,900	75,175
TOTAL LIABILITIES		81,818	82,405
TOTAL EQUITY AND LIABILITIES		227,673	234,206

(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 September 2020**

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
Opening balance at 1 January 2020	80,000	71,801	151,801
Total comprehensive income for the period	-	26,054	26,054
Transaction with the owners			
Dividends on ordinary shares	-	(32,000)	(32,000)
Total transaction with the owners	-	(32,000)	(32,000)
Closing balance at 30 September 2020	80,000	65,855	145,855

**For the corresponding period
ended 30 September 2019**

	Attributable to owners of the parent		
	Non-distributable	Distributable	Total
	Share capital RM'000	Retained earnings RM'000	
Opening balance at 1 January 2019	80,000	78,270	158,270
Total comprehensive income for the period	-	29,152	29,152
Transaction with the owners			
Dividends on ordinary shares	-	(32,000)	(32,000)
Total transaction with the owners	-	(32,000)	(32,000)
Closing balance at 30 September 2019	80,000	75,422	155,422

(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 September 2020

The figures have not been audited

	Note	2020 9 months ended 30/09/2020 RM'000	2019 9 months ended 30/09/2019 RM'000
Cash flows from operating activities:			
Profit before tax		36,882	40,194
Adjustments for:			
Allowance for doubtful debts		464	85
Bad debts written off		2	5
Depreciation of property, plant and equipment		4,751	4,268
Depreciation of investment properties		17	-
Depreciation of right-of-use assets		372	226
Interest expense on lease liabilities		12	16
Interest income		(1,369)	(2,035)
Inventories written off		58	62
Gain on disposal of property, plant and equipment		(2)	(181)
Property, plant and equipment written off		325	353
Reversal of impairment loss on property, plant and equipment		(142)	(137)
Total adjustments		4,488	2,662
Operating profit before changes in working capital		41,370	42,856
Changes in working capital			
(Increase)/Decrease in inventories		(3,716)	833
Decrease in trade and other receivables		6,624	2,782
Decrease in prepayments		91	2,840
Decrease in trade and other payables		(2,271)	(1,010)
Total changes in working capital		728	5,445
Cash flows from operations		42,098	48,301
Interest expense on lease liabilities paid		(12)	(16)
Taxes paid		(9,232)	(11,884)
Net cash flows from operating activities		32,854	36,401
Cash flows from investing activities			
Withdrawal of deposits with more than 3 months with licensed bank		4,000	-
Interest income received		1,369	2,035
Proceeds from disposal of property, plant and equipment		3	213
Purchase of property, plant and equipment		(3,426)	(16,141)
Net cash from/(used in) investing activities		1,946	(13,893)
Cash flows from financing activities			
Repayment for lease liabilities		(204)	(226)
Dividends paid on ordinary shares		(32,000)	(32,000)
Net cash used in financing activities		(32,204)	(32,226)
Net increase/(decrease) in cash and cash equivalents		2,596	(9,718)
Cash and cash equivalents at beginning of financial year		76,522	87,320
Cash and cash equivalents at end of financial period	12	79,118	77,602

(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 September 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 September 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
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current-Deferral of Effective Date	Effective immediately

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

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

(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:

Description	Effective for annual periods beginning <u>on or after</u>
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform—Phase 2	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 2023
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 September 2020.

6. Changes in estimates

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

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

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 September 2020 and 31 December 2019, which are within the Group's objectives for capital management, are as follows:

	As at 30.09.2020 <u>RM'000</u>	As at 31.12.2019 <u>RM'000</u>
Total liabilities	81,818	82,405
Total equity	145,855	151,801
Total capital	80,000	80,000
Gearing ratio	56%	54%

The increase in the gearing ratio is mainly due to the decrease in equity through net profits earned.

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>	Cumulative to date 30.09.2020 <u>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	16,000
- Interim dividend of 2 sen per share (single-tier) for 2020 declared on 07 September 2020	15.10.2020	<u>16,000</u>
		<u><u>32,000</u></u>

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

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.

Quarter ended 30.09.2020	Biscuit manufacturing division RM'000	Beverage manufacturing division RM'000	Trading division RM'000	Total RM'000
Revenue *	66,075	1,761	62,611	130,447
Profit for reportable segments	5,733	137	7,303	13,173
9 months cumulative to date				
Revenue *	177,683	5,453	178,175	361,311
Profit for reportable segments	19,423	513	19,572	39,508

Reconciliation of profit or loss

Profit or loss for the financial period ended 30.09.2020	Quarter ended RM'000	Cumulative to date RM'000
Total profit for reportable segments	13,173	39,508
Profit from inter-segment sales	(41)	(75)
Other income	112	445
Unallocated expenses	(1,302)	(2,996)
Profit before tax	11,942	36,882

* Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current quarter and 9 months cumulative to date are RM43,182,000 and RM121,727,000 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.

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

10. Profit before tax

Included in the profit before tax are the following items:

	Quarter ended		Cumulative to date	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Interest income	(406)	(672)	(1,369)	(2,035)
Rental income	(78)	-	(214)	(11)
Reversal of impairment loss on property, plant and equipment	-	-	(142)	(137)
Reversal of impairment losses on trade receivable (Note 11)	(2)	(5)	(5)	(10)
Bad debts written off	1	4	2	5
Allowance for doubtful debts (Note 11)	97	34	464	85
Depreciation of property, plant and equipment	1,583	1,446	4,751	4,268
Depreciation of investment properties	5	-	17	-
Depreciation of right-of-use assets	122	75	372	226
Interest expense on lease liabilities	5	6	12	16
Gain on disposal of property, plant and equipment	(2)	(4)	(2)	(181)
Inventories written off	25	30	58	62
Property, plant and equipment written off	55	85	325	353
Realised exchange losses	262	139	612	377

11. Trade and other receivables

	As at	
	30.09.2020 RM'000	31.12.2019 RM'000
Trade receivables		
Third parties	30,076	36,502
Less: Allowance for doubtful debts	(730)	(292)
Trade receivables, net	29,346	36,210
Other receivables	398	624
Total trade and other receivables	29,744	36,834

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

Trade receivables

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

	As at	
	30.09.2020	31.12.2019
	RM'000	RM'000
Neither past due nor impaired	21,383	26,591
1 to 30 days past due not impaired	7,077	8,149
31 to 60 days past due not impaired	813	1,327
61 to 90 days past due not impaired	36	106
91 to 120 days past due not impaired	3	30
More than 121 days past due not impaired	34	7
	7,963	9,619
Impaired	730	292
	<u>30,076</u>	<u>36,502</u>

Receivables that are impaired

Movement in allowance accounts :

At 1 January	292	326
Charge for the period/year (Note 10)	464	20
Written off	(21)	(43)
Impairment losses recovered (Note 10)	(5)	(11)
	<u>730</u>	<u>292</u>

12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	As at	
	30.09.2020	31.12.2019
	RM'000	RM'000
Cash and bank balances	3,218	5,972
Short-term deposits with licensed banks	75,900	70,550
Cash and cash equivalents	79,118	76,522
Long-term deposits of more than 3 months with licensed banks	5,000	9,000
	<u>84,118</u>	<u>85,522</u>

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

13. Foreign exchange exposure

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

	As at	
	30.09.2020	31.12.2019
	<u>RM'000</u>	<u>RM'000</u>
Trade and other receivables		
United States Dollars	312	1,746
Singapore Dollars	1,350	3,051
	<u>1,350</u>	<u>3,051</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 2019.

17. Capital commitments

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

	RM'000
Contracted but not provided for:	
Purchase of plant and equipment	<u>793</u>

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

18. Related party transactions

	Current quarter ended 30.09.2020 <u>RM</u>	9 months cumulative to date 30.09.2020 <u>RM</u>
Rental of premises payable to: -Hup Seng Brothers Holdings Sdn. Bhd. #	22,350	67,050

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 September 2020

19. Performance review

Financial review for current quarter

	3 months Quarter ended		Changes		9 months cumulative to date		Changes	
	30.09.2020 RM'000	30.09.2019 RM'000	Amount RM'000	%	30.09.2020 RM'000	30.09.2019 RM'000	Amount RM'000	%
Revenue	87,265	76,650	10,615	14	239,584	221,741	17,843	8
Operating profit	11,947	13,784	(1,837)	(13)	36,894	40,210	(3,316)	(8)
Profit before interest and tax	11,947	13,784	(1,837)	(13)	36,894	40,210	(3,316)	(8)
Finance cost	(5)	(6)	1	(17)	(12)	(16)	4	-
Profit before tax	11,942	13,778	(1,836)	(13)	36,882	40,194	(3,312)	(8)
Profit after tax	7,586	10,088	(2,502)	(25)	26,054	29,152	(3,098)	(11)
Profit attributable to: Owners of the Parent	7,586	10,088	(2,502)	(25)	26,054	29,152	(3,098)	(11)

The Group's revenue for the current quarter ended 30 September 2020 has increased by 14% to RM87,265,000 from RM76,650,000 in the quarter ended 30 September 2019. Unperturbed by the Recovery Movement Control Order (RMCO), the Group was able to carry on normal operations with sufficient supply to meet the demand for biscuits, thus contributed to the positive growth in sales. Domestic sales grew by 16% or RM8.6 million compared to previous corresponding period from all trade channels. Export market grew by 9% or RM2.0 million mainly from Myanmar.

An announcement was made on 12 August 2020 that a wholly-owned subsidiary of the Company, Hup Seng Perusahaan Makanan (M) Sdn Bhd was served with a Bill of Demand for underpayment of sales tax from 1 September 2018 to 31 October 2019 via Jabatan Kastam Diraja Malaysia, Johor for an additional sales tax of RM4,401,660. As this underpayment of sales tax is not required to be adjusted retrospectively, the Group reflected this one-off amount under selling and marketing expenses and registered a profit before tax of RM11,942,000 as compared to a profit before tax of RM13,778,000 in the preceding corresponding quarter, a significant decrease of about 13%.

The Group's revenue for the nine months ended 30 September 2020 has increased by 8% to RM239,584,000 from RM221,741,000 as compared with the preceding year corresponding period. Domestic sales grew 10% or RM16.2 million compared to previous corresponding period mainly from all channels. Export sales registered an increase of 3% or about RM1.6 million mainly from Myanmar, Singapore and Indonesia.

The profit before tax, on the other hand, has decreased to RM36,882,000 when compared with the preceding year corresponding period of RM40,194,000, a decrease of about 8%. An underpayment of sales tax of RM4.4 million mainly accounted for the fall.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of
Bursa Malaysia Securities Berhad
For the period ended 30 September 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	
	30.09.2020 RM'000	30.06.2020 RM'000	Amount RM'000	%
Revenue	87,265	71,443	15,822	22
Operating profit	11,947	11,829	118	1
Profit before interest and tax	11,947	11,829	118	1
Finance cost	(5)	(4)	(1)	25
Profit before tax	11,942	11,825	117	1
Profit after tax	7,586	8,760	(1,174)	(13)
Profit attributable to: Owners of the Parent	7,586	8,760	(1,174)	(13)

The Group's revenue has increased 22% to RM87,265,000 in the current quarter ended 30 September 2020 as compared to RM71,443,000 in the preceding quarter which experienced the effects of seasonality and Movement Control Order (MCO). A significant increase in both export and domestic demand for biscuits in the current quarter contributed to the higher sales.

The profit before tax, however, has increased by about 1% to RM11,942,000 as compared to RM11,825,000 in the preceding quarter mainly due to higher sales recorded.

21. Commentary of prospects

Malaysia's gross domestic product (GDP) contracted 17.1% in Q2 2020, the worst double-digit quarterly decline since 1998 due to the unprecedented Movement Control Order (MCO) that was imposed to stop the spread of COVID-19 pandemic that brought the economy to almost a standstill. Business recovery may take anything between 4 months to 2 years depending on the sectors and impact that COVID-19 pandemic has had on the business. 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, e.g. 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 September 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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
-Malaysia income tax	4,409	3,125	10,983	10,485
-Deferred taxation	(53)	565	(155)	557
	<u>4,356</u>	<u>3,690</u>	<u>10,828</u>	<u>11,042</u>

Major components of tax expenses

	Current	9 months
	Quarter ended	cumulative
	30.09.2020	to date
	RM'000	RM'000
Current tax expense	4,409	10,983
Deferred tax expense	(53)	(155)
	<u>4,356</u>	<u>10,828</u>
Profit before taxation	<u>11,942</u>	<u>36,882</u>
Taxation at the Malaysian statutory tax rate of 24%	2,866	8,852
Adjustments:		
-Non-deductible expenses	1,398	1,899
-Expenses with double deduction	(5)	(20)
-Underprovision in prior years	97	97
Income tax expense	<u>4,356</u>	<u>10,828</u>
Effective tax rate	36.5%	29.4%

Underpayment of sales tax amounting to RM4,401,660 has been adjusted under non-deductible expenses, which contributes to the high effective tax rate in current quarter and 9 months cumulative to date.

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

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 18 November 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 September 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 18 November 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 September 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		9 months cumulative to date	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
(a) Basic				
Profit for the period (RM'000)	7,586	10,088	26,054	29,152
Weighted average number of ordinary share for earnings per share ('000)	800,000	800,000	800,000	800,000
Basic earnings per share (sen)	0.95	1.26	3.26	3.64
(b) Diluted				
Diluted earnings per share (sen)	0.95	1.26	3.26	3.64

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 18 November 2020.