

HUP SENG INDUSTRIES BERHAD 199101015786 (226098-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement of Comprehensive Income****For the period ended 31 December 2020****The figures have not been audited**

	Note	<u>2020</u> CURRENT QUARTER ENDED 31 December RM'000	<u>2019</u> CURRENT QUARTER ENDED 31 December RM'000	<u>2020</u> 12 MONTHS CUMULATIVE TO DATE RM'000	<u>2019</u> 12 MONTHS CUMULATIVE TO DATE Restated RM'000
Revenue		87,741	87,798	327,325	309,539
Cost of sales		(61,047)	(58,753)	(222,748)	(204,250)
Gross profit		26,694	29,045	104,577	105,289
Other income		770	1,066	2,961	4,045
Administrative expenses		(5,087)	(4,874)	(20,535)	(19,725)
Selling and marketing expenses		(8,644)	(9,304)	(31,974)	(36,063)
Operating profit		13,733	15,933	55,029	53,546
Finance cost		(7)	(6)	(19)	(22)
Profit before tax	11	13,726	15,927	55,010	53,524
Income tax expense	24	(3,801)	(3,548)	(14,629)	(14,590)
Profit for the period		9,925	12,379	40,381	38,934
Total comprehensive income for the period, net of tax		9,925	12,379	40,381	38,934
Profit attributable to :					
Owners of the Parent		9,925	12,379	40,381	38,934
Total Comprehensive Income for the period, net of tax attributable to :					
Owners of the Parent		9,925	12,379	40,381	38,934
Earnings per share attributable to Owners of the Parent (sen) :					
-Basic	33(a)	1.24	1.55	5.05	4.87
-Diluted	33(b)	1.24	1.55	5.05	4.87

(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 31 December 2020

The figures have not been audited

	Note	As at 31/12/2020 RM'000	As at 31/12/2019 Restated RM'000
<u>ASSETS:</u>			
Non-current assets:			
Property, plant and equipment		76,529	79,397
Investment properties		1,400	1,464
Right-of-use assets		5,568	5,817
Deferred tax assets		399	166
<i>Sub total</i>		83,896	86,844
Current assets:			
Inventories		29,742	24,297
Trade and other receivables	12	32,037	36,834
Prepayments		552	709
Cash and bank balances	13	82,553	85,522
<i>Sub total</i>		144,884	147,362
TOTAL ASSETS		228,780	234,206
<u>EQUITY AND LIABILITIES:</u>			
Equity attributable to			
Owners of the Company :			
Share capital		80,000	80,000
Retained earnings		59,780	67,399
TOTAL EQUITY		139,780	147,399
Non-current liabilities :			
Deferred tax liabilities		6,755	7,089
Lease liabilities		139	141
Other payable		1,438	-
<i>Sub total</i>		8,332	7,230
Current liabilities:			
Trade and other payables		56,119	57,469
Lease liabilities		215	239
Contract liabilities		3,413	2,907
Income tax payable		4,921	2,962
Dividends payable		16,000	16,000
<i>Sub total</i>		80,668	79,577
TOTAL LIABILITIES		89,000	86,807
TOTAL EQUITY AND LIABILITIES		228,780	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 31 December 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 (restated)	80,000	67,399	147,399
Total comprehensive income for the period	-	40,381	40,381
Transaction with the owners			
Dividends on ordinary shares	-	(48,000)	(48,000)
Total transaction with the owners	-	(48,000)	(48,000)
Closing balance at 31 December 2020	80,000	59,780	139,780

For the corresponding period ended 31 December 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 (previously stated)	80,000	78,270	158,270
Restatements (Note 4)	-	(1,805)	(1,805)
At 1 January 2019, as restated	80,000	76,465	156,465
Total comprehensive income for the period (as restated)	-	38,934	38,934
Transaction with the owners			
Dividends on ordinary shares	-	(48,000)	(48,000)
Total transaction with the owners	-	(48,000)	(48,000)
Closing balance at 31 December 2019 (restated)	80,000	67,399	147,399

(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 31 Decemner 2020

The figures have not been audited

	Note	2020 12 months ended 31/12/2020 RM'000	2019 12 months ended 31/12/2019 Restated RM'000
Cash flows from operating activities:			
Profit before tax		55,010	53,524
Adjustments for:			
Allowance for doubtful debts		395	20
Bad debts written off		5	37
Depreciation of property, plant and equipment		6,292	5,594
Depreciation of investment properties		63	63
Depreciation of right-of-use assets		494	518
Interest expense on lease liabilities		19	22
Interest income		(1,725)	(2,732)
Inventories written off		70	87
Gain on disposal of property, plant and equipment		(129)	(213)
Property, plant and equipment written off		401	489
Reversal of impairment loss on property, plant and equipment		(142)	(137)
Total adjustments		5,743	3,748
Operating profit before changes in working capital		60,753	57,272
Changes in working capital			
(Increase)/Decrease in inventories		(5,515)	1,031
Decrease/(Increase) in trade and other receivables		4,397	(1,724)
Decrease in prepayments		157	2,892
Increase in trade and other payables		594	6,739
Total changes in working capital		(367)	8,938
Cash flows from operations		60,386	66,210
Interest expense on lease liabilities paid		(19)	(22)
Taxes paid		(13,237)	(14,995)
Net cash flows from operating activities		47,130	51,193
Cash flows from investing activities			
Withdrawal of deposits with more than 3 months with licensed bank		3,961	-
Interest income received		1,725	2,732
Proceeds from disposal of property, plant and equipment		282	257
Purchase of property, plant and equipment		(3,836)	(16,685)
Net cash from/(used in) investing activities		2,132	(13,696)
Cash flows from financing activities			
Repayment for lease liabilities		(270)	(295)
Dividends paid on ordinary shares		(48,000)	(48,000)
Net cash used in financing activities		(48,270)	(48,295)
Net increase/(decrease) in cash and cash equivalents		992	(10,798)
Cash and cash equivalents at beginning of financial year		76,522	87,320
Cash and cash equivalents at end of financial period	13	77,514	76,522

(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 31 December 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 31 December 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 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 31 December 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>
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
MFRS 17 Insurance Contracts	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.

Part A: Explanatory notes pursuant to MFRS 134
For the period ended 31 December 2020

4. Restatement of comparatives

The restatement of comparatives arises as a result of a wholly-owned subsidiary, Hup Seng Perusahaan Makanan (M) Sdn Bhd received a Bill of Demand from Jabatan Kastam Diraja Malaysia, Johor claiming underpayment of sales tax from period 1 September 2018 to 31 October 2019, amounting to RM4,401,660. This amount was recorded in the income statement for the financial quarter ended 30.09.2020 and cumulative to date. However, in view of the underpayment of sales tax was due to the incorrect tariff code used in prior years, this is considered an error and should be adjusted retrospectively. The following comparative amounts have been restated for year 2018 and 2019:

Description of change Group	As previously Stated RM'000	Prior year Adjustments RM'000	As restated RM'000
<u>Statement of financial position</u> as at 1 January 2019			
Trade and other payables	49,319	1,805	51,124
Retained earnings	78,270	(1,805)	76,465
Total equity	158,270	(1,805)	156,465
<u>Statement of financial position</u> as at 31 December 2019			
Trade and other payables	53,067	4,402	57,469
Retained earnings	71,801	(4,402)	67,399
Total equity	151,801	(4,402)	147,399
<u>Statements of comprehensive income</u> for the period ended 31 December 2019			
Selling and marketing expenses	33,466	2,597	36,063
Profit before tax	56,121	(2,597)	53,524
Profit for the year	41,531	(2,597)	38,934

5. 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.

6. 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 December 2020.

7. 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 31 December 2020

8. 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 31 December 2020 and 31 December 2019, which are within the Group's objectives for capital management, are as follows:

	As at 31.12.2020	As at 31.12.2019
	<u>RM'000</u>	Restated <u>RM'000</u>
Total liabilities	89,000	86,807
Total equity	139,780	147,399
Total capital	80,000	80,000
Gearing ratio	64%	59%

The increase in the gearing ratio is mainly due to the increase in total liabilities arising from other payables and the dividend declared out of retained earnings.

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.

9. Dividends

	<u>Date of payment</u>	Cumulative to date 31.12.2020 <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	16,000
- Interim dividend of 2 sen per share (single-tier) for 2020 declared on 02 December 2020	07.01.2021	<u>16,000</u>
		<u><u>48,000</u></u>

Part A: Explanatory notes pursuant to MFRS 134
For the period ended 31 December 2020

10. 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 31.12.2020	Biscuit manufacturing division RM'000	Beverage manufacturing division RM'000	Trading division RM'000	Total RM'000
Revenue *	65,409	1,842	64,397	131,648
Profit for reportable segments	7,322	138	7,077	14,537
12 months cumulative to date				
Revenue *	243,092	7,295	242,572	492,959
Profit for reportable segments	31,147	651	26,649	58,447

Reconciliation of profit or loss

Profit or loss for the financial period ended 31.12.2020	Quarter ended RM'000	Cumulative to date RM'000
Total profit for reportable segments	14,537	58,447
Profit from inter-segment sales	25	(50)
Other income	114	559
Unallocated expenses	(950)	(3,946)
Profit before tax	13,726	55,010

* Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current quarter and 12 months cumulative to date are RM43,907,000 and RM165,634,000 respectively.

Trading division mainly comprises domestic sales. Biscuits remain the dominant range which represents about 95% of the total sales, while beverages and other agents' products make up the balance. The comments on Note 20 apply to the above three reportable operating segments.

Part A: Explanatory notes pursuant to MFRS 134
For the period ended 31 December 2020

11. Profit before tax

Included in the profit before tax are the following items:

	Quarter ended		Cumulative to date	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(356)	(697)	(1,725)	(2,732)
Rental income	(77)	(75)	(291)	(86)
Reversal of impairment loss on property, plant and equipment	-	-	(142)	(137)
Reversal of impairment losses on trade receivable (Note 12)	(1)	(1)	(6)	(11)
Bad debts written off	3	32	5	37
(Reversal of)/Allowance for doubtful debts (Note 12)	(69)	(65)	395	20
Depreciation of property, plant and equipment	1,541	1,326	6,292	5,594
Depreciation of investment properties	46	63	63	63
Depreciation of right-of-use assets	122	292	494	518
Interest expense on lease liabilities	7	6	19	22
Gain on disposal of property, plant and equipment	(127)	(32)	(129)	(213)
Inventories written off	12	25	70	87
Property, plant and equipment written off	76	136	401	489
Realised exchange losses	207	136	819	513

12. Trade and other receivables

	As at	
	31.12.2020	31.12.2019
	RM'000	RM'000
Trade receivables		
Third parties	32,393	36,502
Less: Allowance for doubtful debts	(652)	(292)
Trade receivables, net	31,741	36,210
Other receivables	296	624
Total trade and other receivables	32,037	36,834

Part A: Explanatory notes pursuant to MFRS 134
For the period ended 31 December 2020

Trade receivables

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

	As at	
	31.12.2020	31.12.2019
	RM'000	RM'000
Neither past due nor impaired	23,422	26,591
1 to 30 days past due not impaired	7,699	8,149
31 to 60 days past due not impaired	508	1,327
61 to 90 days past due not impaired	79	106
91 to 120 days past due not impaired	5	30
More than 121 days past due not impaired	28	7
	8,319	9,619
Impaired	652	292
	<u>32,393</u>	<u>36,502</u>

Receivables that are impaired

Movement in allowance accounts :

At 1 January	292	326
Charge for the year (Note 11)	395	20
Written off	(29)	(43)
Impairment losses recovered (Note 11)	(6)	(11)
	<u>652</u>	<u>292</u>

13. Cash and bank balances

Cash and bank balances comprised the following amounts:

	As at	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash and bank balances	4,314	5,972
Short-term deposits with licensed banks	73,200	70,550
Cash and cash equivalents	<u>77,514</u>	<u>76,522</u>
Long-term deposits of more than 3 months with licensed banks	5,039	9,000
	<u>82,553</u>	<u>85,522</u>

Part A: Explanatory notes pursuant to MFRS 134
For the period ended 31 December 2020

14. Foreign exchange exposure

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

	As at	
	31.12.2020	31.12.2019
	<u>RM'000</u>	<u>RM'000</u>
Trade and other receivables		
United States Dollars	599	1,746
Singapore Dollars	2,536	3,051

The Group does not engage in any formal hedging activities.

15. Events after the reporting period

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

16. 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.

17. 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.

18. Capital commitments

Approved capital commitments not recognised in the interim financial statements as at 31 December 2020 are as follows:

	RM'000
Contracted but not provided for:	
Purchase of plant and equipment	<u>630</u>

Part A: Explanatory notes pursuant to MFRS 134
For the period ended 31 December 2020

19. Related party transactions

	Current quarter ended 31.12.2020 <u>RM</u>	12 months cumulative to date 31.12.2020 <u>RM</u>
Rental of premises payable to: -Hup Seng Brothers Holdings Sdn. Bhd. #	22,350	89,400

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 31 December 2020

20. Performance review

Financial review for current quarter

	3 months Quarter ended		Changes		12 months cumulative to date		Changes	
	31.12.2020 RM'000	31.12.2019 RM'000	Amount RM'000	%	31.12.2020 RM'000	31.12.2019 RM'000 Restated	Amount RM'000	%
Revenue	87,741	87,798	(57)	(0)	327,325	309,539	17,786	6
Operating profit	13,733	15,933	(2,200)	(14)	55,029	53,546	1,483	3
Profit before interest and tax	13,733	15,933	(2,200)	(14)	55,029	53,546	1,483	3
Finance cost	(7)	(6)	(1)	(17)	(19)	(22)	3	14
Profit before tax	13,726	15,927	(2,201)	(14)	55,010	53,524	1,486	3
Profit after tax	9,925	12,379	(2,454)	(20)	40,381	38,934	1,447	4
Profit attributable to: Owners of the Parent	9,925	12,379	(2,454)	(20)	40,381	38,934	1,447	4

The Group's revenue for the current quarter ended 31 December 2020 was flat at RM87,741,000 when compared to RM87,798,000 in the quarter ended 31 December 2019. In light of the virus resurgence in Q4 2020, the Group was still able to carry on normal operations with sufficient supply to meet the demand for biscuits. Domestic sales grew by 7% or RM4.2 million compared to previous corresponding period from all trade channels. Export market on the other hand, decreased by 16% or RM4.2 million notably from Saudi Arabia, Thailand, Indonesia and China. The Export market was also affected by the global shortage of shipping containers in Asia and congestion in several ports from November 2020 onwards into year 2021.

The Group registered a profit before tax of RM13,726,000 as compared to a profit before tax of RM15,927,000 in the preceding corresponding quarter, a decrease of nearly 14% mainly due to the higher cost of certain raw materials during the current quarter.

The Group's revenue for the twelve months ended 31 December 2020 has increased by 6% to RM327,325,000 from RM309,539,000 as compared with the preceding year corresponding period. Domestic sales grew 9% or RM20.4 million compared to previous corresponding period mainly from all channels. Export sales registered a decrease of 3% or about RM2.6 million mainly from Saudi Arabia, China and Thailand.

Profit before tax, however, improved 3% to RM55,010,000 when compared with the preceding corresponding year of RM53,524,000. The comparative results are to be read in conjunction with note 4. Despite higher sales recorded, the higher operating costs and input cost notably certain raw material prices have been on the uptrend which depressed the overall margin of the Group.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of
Bursa Malaysia Securities Berhad
For the period ended 31 December 2020

21. Comment of material change in profit before taxation

Financial review for current quarter compared with immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes	
	31.12.2020 RM'000	30.09.2020 *Restated RM'000	Amount RM'000	%
Revenue	87,741	87,265	476	1
Operating profit	13,733	16,349	(2,616)	(16)
Profit before interest and tax	13,733	16,349	(2,616)	(16)
Finance cost	(7)	(5)	(2)	(40)
Profit before tax	13,726	16,344	(2,618)	(16)
Profit after tax	9,925	11,988	(2,063)	(17)
Profit attributable to: Owners of the Parent	9,925	11,988	(2,063)	(17)

The Group's revenue has marginally increased to RM87,741,000 in the current quarter ended 31 December 2020 as compared to RM87,265,000 in the preceding quarter. Domestic sales grew 3% or RM1.7 million compared to preceding quarter mainly from all trade channel except East Malaysia. On the other hand, export market saw a decline of about 5% or RM1.3 million mainly from Myanmar.

The Profit before tax has decreased by about 16% to RM13,726,000 as compared to RM16,344,000 in the preceding quarter mainly due to higher cost of certain materials and operating cost incurred during the quarter.

*Note: The profit before tax and profit after tax for the preceding quarter which was previously stated as RM 11,942,000 and RM7,586,000 has been restated to RM16,344,000 and RM11,988,000 respectively due to the retrospective adjustment of RM4,401,660 as disclosed in Note 4.

22. Commentary of prospects

Malaysia saw a rapid recovery in Q3 2020 after the economic slump in Q2 2020 due to a valiant recovery by private consumption as well as external demand on electrical and electronics products. However, Q4 2020 turnaround is likely to be hurt by the resurgence of the pandemic. Although the restriction orders are a lot less stringent than in Q2 2020, it will still be challenging to the Group. The pace of recovery will depend on the delivery of the vaccine and on continued policy support. The Group will stay vigilant and cautious and 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 31 December 2020

23. 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.

24. Income tax expense

	3 months		Cumulative	
	Quarter ended		to date	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
-Malaysia income tax	4,213	3,022	15,196	13,507
-Deferred taxation	(412)	526	(567)	1,083
	<u>3,801</u>	<u>3,548</u>	<u>14,629</u>	<u>14,590</u>

Major components of tax expenses

	Current	12 months
	Quarter ended	cumulative
	31.12.2020	to date
	RM'000	RM'000
Current tax expense	4,213	15,196
Deferred tax expense	(412)	(567)
	<u>3,801</u>	<u>14,629</u>
Profit before taxation	<u>13,726</u>	<u>55,010</u>
Taxation at the Malaysian statutory tax rate of 24%	3,294	13,202
Adjustments:		
-Non-deductible expenses	515	1,358
-Expenses with double deduction	(8)	(28)
-Underprovision in prior years	-	97
Income tax expense	<u>3,801</u>	<u>14,629</u>
Effective tax rate	27.7%	26.6%

25. Sale of unquoted investments and properties

There were no sale of unquoted investments and properties 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 31 December 2020

26. Quoted securities

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

27. Corporate proposals

There were no corporate proposals announced but not completed not earlier than seven (7) days from 17 February 2021.

28. Borrowings and debt securities

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

29. Derivative financial instruments

As at the reporting date of 31 December 2020, the Group has no outstanding derivative financial instruments.

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

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

31. Changes in material litigation

There were no material litigation not earlier than seven (7) days from 17 February 2021.

32. Dividend payable

Other than as disclosed in Note 9 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 ended 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
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33. 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		12 months cumulative to date	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
			Restated	
(a) Basic				
Profit for the period (RM'000)	9,925	12,379	40,381	38,934
Weighted average number of ordinary share for earnings per share ('000)	800,000	800,000	800,000	800,000
Basic earnings per share (sen)	1.24	1.55	5.05	4.87
(b) Diluted				
Diluted earnings per share (sen)	1.24	1.55	5.05	4.87

34. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.

35. 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 17 February 2021.