

## Notes to the interim financial report – 30 June 2020

### A1 Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting in Malaysia, IAS 34: Interim Financial Reporting and paragraph 9.22 of the Main Marketing Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

### A2 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2019 except for the following:

#### **Amendments effective for annual periods beginning on or after 1 January 2020**

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The initial application of the amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

#### **Amendments effective for annual periods beginning on or after 1 June 2020**

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

### A3 Auditors’ report

There was no qualification on the audited report of the Group’s preceding annual financial statements.

### A4 Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

### A5 Unusual items due to their nature, size or incidence

There were no unusual items for the period ended 30 June 2020.

### A6 Changes in estimates

Not applicable.

### A7 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and period ended 30 June 2020.

### A8 Dividends paid

No dividend was paid for the current quarter and period ended 30 June 2020.

## A9 Segmental information

Segmental information is presented in respect of the Group's business segment. Inter-segment pricing is determined based on negotiated terms.

### Current quarter ("2Q 2020") against preceding year corresponding quarter ("2Q 2019")

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	30 June 2020 Revenue	30 June 2019 Revenue	Amount	%
	RM'000	RM'000	RM'000	
Trading	26,427	35,349	(8,922)	(25.2)
Property development	-	633	(633)	(100.0)
Construction	33,029	68,282	(35,253)	(51.6)
Investment property	713	650	63	9.7
Other services	1,455	1,439	16	1.1
	61,624	106,353	(44,729)	(42.1)
Inter-segment elimination	(7,546)	(12,024)	4,478	37.2
	54,078	94,329	(40,251)	(42.7)

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	30 June 2020 Profit/(Loss) before tax	30 June 2019 Profit/(Loss) before tax	Amount	%
	RM'000	RM'000	RM'000	
Trading	1,700	2,030	(330)	(16.3)
Property development	(194)	34	(228)	(670.6)
Construction	(1,456)	2,998	(4,454)	(148.6)
Investment property	577	126	451	357.9
Other services	(992)	(1,099)	107	9.7
	(365)	4,089	(4,454)	(108.9)
Interest income	154	226	(72)	(31.9)
Interest expense	(651)	(241)	(410)	(170.1)
Share of loss of equity-accounted investments	(1,418)	(215)	(1,203)	(559.5)
Unallocated other expenses	(408)	(1,122)	714	63.6
	(2,688)	2,737	(5,425)	(198.2)

**A9 Segmental information (continued)**
**Current year to date (“YTD 2020”) against preceding year to date (“YTD 2019”)**

	6 months ended	6 months ended	Changes	
	30 June 2020 Revenue	30 June 2019 Revenue	Amount	%
	RM'000	RM'000	RM'000	
Trading	50,943	70,515	(19,572)	(27.8)
Property development	1,769	3,419	(1,650)	(48.3)
Construction	68,945	109,559	(40,614)	(37.1)
Investment Property	1,478	1,307	171	13.1
Other services	2,262	2,685	(423)	(15.8)
	125,397	187,485	(62,088)	(33.1)
Inter-segment elimination	(17,688)	(22,454)	4,766	21.2
	107,709	165,031	(57,322)	(34.7)

	6 months ended	6 months ended	Changes	
	30 June 2020 Profit/(Loss) before tax	30 June 2019 Profit/(Loss) before tax	Amount	%
	RM'000	RM'000	RM'000	
Trading	2,215	3,693	(1,478)	(40.0)
Property development	51	799	(748)	(93.6)
Construction	(1,920)	3,835	(5,755)	(150.1)
Investment Property	646	183	463	253.0
Other services	(1,936)	(2,686)	750	27.9
	(944)	5,824	(6,768)	(116.2)
Interest income	428	430	(2)	(0.5)
Interest expense	(931)	(1,456)	525	36.0
Share of (loss)/profit of equity-accounted investments	(1,341)	207	(1,548)	(747.8)
Unallocated other expenses	(726)	(1,256)	530	42.2
	(3,514)	3,749	(7,263)	(193.7)

#### A10 Valuation of property, plant and equipment

Valuation of property, plant and equipment has been brought forward, without amendment from the preceding annual financial statements.

#### A11 Event subsequent to the balance sheet date

There were no material events subsequent to the balance sheet date.

#### A12 Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter and period ended 30 June 2020.

#### A13 Changes in contingent liabilities

The Group has no contingent liabilities except for the following:-

	<b>As at 30 June 2020</b>
	<b>RM'000</b>
Guarantees and contingencies relating to the Borrowings of subsidiaries (unsecured)	9,770
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#### A14 Significant Related Party Transactions

The group has significant related party transactions with companies in which certain directors of the Company have interest, as follows: -

	<b>6 months ended</b>
	<b>30 June 2020</b>
	<b>RM'000</b>
<b>With companies in which certain Directors of the Company, have interests:</b>	
Ekoriver Construction Sdn Bhd	2,942
Ekovest Capital Sdn Bhd	2,808
Ekovest Construction Sdn Bhd	41,997
Iskandar Waterfront City Berhad and its subsidiaries	15,261
Landasan Erajaya Sdn Bhd	2,028
PLS Plantations Berhad and its subsidiaries	1,451
Tropicana Danga Cove Sdn Bhd	19,334
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**B1 Detailed analysis of the performance of all operating segment of the Group in 2Q 2020**
**Current quarter (“2Q 2020”) against preceding year corresponding quarter (“2Q 2019”)**

	Individual Period (2 <sup>nd</sup> Quarter)		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	Amount	%
	30 June 2020 RM'000	30 June 2019 RM'000	RM'000	
Revenue	54,078	94,329	(40,251)	(42.7)
Gross profit	2,216	7,610	(5,394)	(70.9)
Result from operating activities	(773)	2,967	(3,740)	(126.1)
Share of loss of equity-accounted investments, net of tax	(1,418)	(215)	(1,203)	(559.5)
Net (loss)/profit before tax	(2,688)	2,737	(5,425)	(198.2)
Net (loss)/profit after tax	(3,146)	3,072	(6,218)	(202.4)
(Loss)/Profit attributable to Owners of the Company	(3,146)	3,072	(6,218)	(202.4)

For the 2Q 2020, the Group registered revenue of RM54.078 million and loss before tax of RM2.688 million as compared to revenue of RM94.329 million and profit before tax of RM2.737 million reported in 2Q 2019. The Group shared a loss of RM1.418 million from the equity accounted investment as compared with loss before tax of RM0.215 million in 2Q 2019, mainly due to provision for impairment on its property, plant & equipment, upon completion of the project.

The implementation of the Movement Control Order (“MCO”) by the authority since 18 March 2020, followed by the Conditional Movement Control Order (“CMCO”) and Recovery Movement Control Order (“RMCO”), which led to construction site shut down and related precautionary measures taken also hinder the construction progress at our sites and customers’ sites, also resulted in lesser demand for building materials.

The performance of the respective operating business sector for the 2Q 2020 under review as compared to the 2Q 2019 is analysed as follow:

Trading

Revenue decreased by 25.2% to RM26.427 million as compared to RM35.349 million in 2Q 2019. In tandem with the lower revenue, the profit before tax for the sector has also reduced by RM0.330 million from RM2.030 million in 2Q 2019 to RM1.700 million in 2Q 2020.

Property development

No revenue was recognised in 2Q 2020 as compared to RM0.633 million in 2Q 2019, due to no development inventories sold in 2Q 2020.

Construction

The construction sector registered a lower revenue of RM33.029 million in 2Q 2020 as compared to RM68.282 million in 2Q 2019 and a loss of RM1.456 million as compared to profit before tax of RM2.998 million in 2Q 2019. The decrease in revenue and losses incurred are mainly due to lesser construction activities during MCO, CMCO and RMCO.

Investment property

The revenue has improved by RM0.063 million to RM0.713 million in the 2Q 2020 as compared to RM0.650 million in 2Q 2019. This sector also recorded a higher profit before tax of RM0.577 million in 2Q 2020 as compared to profit before tax of RM0.126 million in 2Q 2019, mainly due to gain on disposal of an investment property of RM0.423 million in 2Q 2020

Other services

This sector saw an increase in revenue from RM1.439 million to RM1.455 million and recorded a reduced loss before tax of RM0.992 million in 2Q 2020 as compared to loss before tax of RM1.099 million in 2Q 2019, mainly due to lower overheads incurred in 2Q 2020.

**Current year to date (“YTD 2020”) against preceding year corresponding period (“YTD 2019”)**

	Cumulative Period		Changes	
	Current Year To-Date	Preceding Year To-Date	Amount	%
	30 June 2020 RM'000	30 June 2019 RM'000	RM'000	
Revenue	107,709	165,031	(57,322)	(34.7)
Gross Profit	5,269	13,993	(8,724)	(62.3)
Result from operating activities	(1,670)	4,568	(6,238)	(136.6)
Share of (loss)/profit of equity-accounted investments, net of tax	(1,341)	207	(1,548)	(747.8)
(Loss)/Profit before Tax	(3,514)	3,749	(7,263)	(193.7)
(Loss)/Profit After Tax	(4,184)	3,802	(7,986)	(210.0)
(Loss)/Profit Attributable to Ordinary Equity Holders of Parent	(4,184)	3,802	(7,986)	(210.0)

For the YTD 2020, the Group recorded revenue of RM107.709 million, a decrease of RM57.322 million or 34.7% from RM165.031 million in YTD 2019. The Group also recorded loss before tax of RM3.514 million in YTD 2020 as compared to a profit before tax of RM3.749 million in YTD 2019. The decrease in revenue was mainly due to lesser revenue contribution by construction and trading sector.

The implementation of MCO by the authority since 18 March 2020, followed by the CMCO and RMCO, which led to construction site shut down and related precautionary measures taken also hinder the construction progress at our sites and customers' sites. As the Group business operations had been adversely affected by the Covid-19 pandemic, the Group's revenue and earnings dropped significantly.

The Group shared a loss of RM1.341 million in YTD 2020 from the equity accounted investment as compared with a profit of RM0.207 in YTD 2019, mainly due to provision for impairment on its property, plant and equipment upon completion of the project.

The performance of the respective operating business segments for the YTD 2020 under review as compared to the YTD 2019 is analysed as follow:

Trading

The trading sector reported a decrease 27.8% in revenue of RM50.943 million in YTD 2020 as compared to RM70.515 million in YTD 2019 mainly due to lesser demand from existing customers.

Property development

The property development sector registered a lower revenue of RM1.769 million in YTD 2020 as compared to RM3.419 million in YTD 2019, mainly due to lesser units sold in YTD 2020. Correspondingly, a lesser profit before tax from RM0.799 million in YTD 2019 to RM0.051 million in YTD 2020 was reported.

Construction

The construction sector registered a lower revenue of RM68.945 million in YTD 2020 as compared to RM109.559 million in YTD 2019. This sector recorded loss before tax of RM1.920 million in YTD 2020 as compared to profit before tax of RM3.835 million in YTD 2019 mainly due lower percentage of work done for its construction projects. YTD 2019 results also include profit of a completed project which has a better margin.

## Current year to date (“YTD 2020”) against preceding year corresponding period (“YTD 2019”) (cont’d)

### Investment property

The investment property sector recorded a higher revenue of RM1.478 million in YTD 2020, a marginal increase by RM0.171 million as compared to RM1.307 million in YTD 2019, mainly due to rental revision for a unit of investment property. This sector also recorded a higher profit before tax of RM0.646 million in YTD 2020 as compared to profit before tax of RM0.183 million in YTD 2019, mainly due to gain on disposal of an investment property of RM0.423 million in YTD 2020.

### Other services

The decrease in revenue from RM2.685 million in YTD 2019 to RM2.262 million in YTD 2020 was mainly due to decrease in rental of plant and machinery in YTD 2020. This sector recorded a loss before tax of RM1.936 million in YTD 2020 as compared to loss before tax of RM2.686 million in YTD 2019, mainly due to provision for other receivables of RM0.544 million in YTD 2019.

## B2 Comparison with preceding quarter results

### Current quarter (“2Q 2020”) against immediate preceding quarter (“1Q 2020”)

	Current Quarter	Immediate Preceding Quarter	Changes	
	30 June 2020	31 March 2020	Amount	%
	RM’000	RM’000	RM’000	
Revenue	54,078	53,631	447	0.8
Gross profit	2,216	3,053	(837)	(27.4)
Result from operating activities	(773)	(897)	124	13.8
Share of (loss)/profit of equity-accounted investments, net of tax	(1,418)	77	(1,495)	(1,941.6)
Net loss before tax	(2,688)	(826)	(1,862)	(225.4)
Net loss after tax	(3,146)	(1,038)	(2,108)	(203.1)
Loss attributable to Owners of the Company	(3,146)	(1,038)	(2,108)	(203.1)

For 2Q 2020, the Group recorded revenue of RM54.078 million, an increase of RM0.447 million or 0.8% from RM53.631 million in 1Q 2020. The Group recorded loss before tax of RM2.688 million as compared to loss before tax of RM0.826 million in 1Q 2020. The Group’s revenue has increased marginally as compared to 1Q 2020 mainly due to a slight increase in demand from trading segment’s customers. Despite an increase in revenue, the loss before tax increased mainly due to the share of a loss of RM1.418 million from the equity accounted investments as compared with the profit of RM0.077 million in 1Q 2020.

## B3 Prospects

The Covid-19 pandemic is unprecedented and its impact and ripple effects are still yet to be reliably predicted. At this juncture, the outlook for the local construction and property industry is expected to remain competitive and challenging. We are similarly facing the consequence of the Covid-19 pandemic with most of our construction activities and that of our customers being halted upon implementation of MCO commencing from 18 March 2020. We expect our financial performance in terms of revenue and earning for the remaining period for the current financial year, to be impacted due to MCO, CMCO and RMCO and its related procedures which is likely to adversely affect the construction progress.

In the meantime, the Group will also take the necessary measures including keeping operation costs at a manageable level to mitigate adverse impact from this pandemic on the Group’s performance. Business resiliency should be the key focus in challenging times like this.

The Board is mindful of the risks arising from Covid-19 pandemic and will continue to take all proactive measures to ensure the existing business remains sustainable, resilient and will focus in delivering and completing all our projects in hand within the budgeted cost and on agreed time frame.

As at 30 June 2020, the Group’s unbilled construction order book is about RM475 million.

**B4 Variance of actual profit from forecast profit / profit guarantee**

Not applicable.

**B5 Taxation**

	<b>Current quarter ended 30 June 2020 RM '000</b>	<b>6 months ended 30 June 2020 RM '000</b>
Income tax		
Current provision	458	676
Deferred tax	-	(6)
	458	670
	458	670

**B6 Corporate proposals**

There were no corporate proposals announced or pending completion as at the date of this report.

**B7 Group borrowings**

	<b>As at 30 June 2020</b>		<b>Total borrowings</b>
	<b>Non-current RM'000</b>	<b>Current RM'000</b>	<b>RM'000</b>
<b>Secured</b>			
Hire purchase liabilities	6,342	2,943	9,285
Lease liabilities	33	20	53
<b>Unsecured</b>			
Revolving credit	-	11,400	11,400
	6,375	14,363	20,738
	6,375	14,363	20,738
		<b>As at 30 June 2019</b>	
	<b>Non-current RM'000</b>	<b>Current RM'000</b>	<b>Total borrowings RM'000</b>
<b>Secured</b>			
Hire purchase liabilities	1,484	1,193	2,677
Lease liabilities	58	100	158
<b>Unsecured</b>			
Revolving credit	-	5,600	5,600
	1,542	6,893	8,435
	1,542	6,893	8,435

The borrowing is mainly for the purpose of working capital requirement.



## **B8 Changes in material litigation**

The wholly-owned subsidiary of Knusford Berhad (“KB”), Knusford Marketing Sdn Bhd (“KMKSBB”) had served a notice under Section 218(1)(e) & 218(2)(a) of the Companies Act 1965 (collectively known as “Notices”) on Kinsteel Berhad (“KINSB”) and Kin Kee Marketing Sdn Bhd (“KKMSB”) on 25 November 2016 for failure, negligence and/or refusal to comply with a Consent Judgment dated 5 September 2016 recorded at the Kuantan High Court Suit No. 22NCVC-21-04/2016 which involved the sum of RM19,574,186.09.

Winding up petition was subsequently filed and served on both Companies, KINSB and KKMSB on 22 December 2016 at the Kuantan High Court.

The winding up petition hearing was postponed several times due to multiple Restraining Orders (“ROs”) filed in different states.

The following is a summary of outcome of the said winding up petition:-

### KMKSBB v KKMSB, Winding Up Petition No. 28NCC-49-12/2016

On 18 January 2018, the Court proceeded with winding up Hearing in absence of the KKMSB’s directors and/or its solicitors and ordered as follows:

- a) KKMSB be wound up pursuant to Section 218(1)(e) and 218(2)(a) of the Companies Act 1965
- b) Baltasar bin Maskor be appointed as liquidator of KKMSB

### KMKSBB v KINSB, Winding Up Petition No. 28NCC-50-12/2016

On 22 January 2018, the Court proceeded with winding up hearing and ordered as follows:

- a) KINSB be wound up pursuant to Section 218(1)(e) and 218(2)(a) of the Companies Act 1965
- b) Duar Tuan Kiat be appointed as liquidator of KINSB as he gathered consent of the majority creditors.

On 29 January 2018, KINSB lodged an appeal to the Court of Appeal against the Winding Up Order. The appeal is registered as Civil Appeal No. C-02(NCC)(A)-197-01/2018.

On 5 February 2018, KINSB filed a motion at the Kuantan High Court to stay the Winding Up Order pending its appeal to the Court of Appeal. On 3 April 2018, the High Court dismissed KINSB’s application for stay of the Winding Up Order.

### Court of Appeal Civil Appeal No. C-02(NCC)(A)-197-01/2018

KINSB subsequently filed another motion at the Court of Appeal on 12 April 2018 to stay the Winding Up Order.

On 2 May 2018, KMKSBB filed a motion at the Court of Appeal to obtain an order for security for costs in the sum of RM200,000.00 be paid by KINSB and/or its directors to KMKSBB. On 27 July 2018, KINSB agreed to pay an amount of security for the costs in the sum of RM100,000.00, which was to be shared among four respondents (KMKSBB, AmBank (M) Islamic Berhad, AmBank (M) Berhad and AmBank (M) Berhad in its capacity as agent for multiple lenders). KMKSBB agreed with the arrangement if it receives RM25,000.00 by 3 August 2018.

On 8 August 2018, the KMKSBB’s motion for security for costs and KINSB’s motion for stay pending appeal were struck out with no order as to costs upon KMKSBB receiving RM25,000.00 from KINSB on 3 August 2018.

During Case Management on 12 November 2018, the Court fixed Hearing for the appeal proper on 26 November 2018.

However, 22 days before the appeal proper, ie on 4 November 2018, KINSB’s solicitors, Messrs Chooi, Saw & Lim (“CSL”) filed a motion to discharge themselves from acting for KINSB. The motion was heard on 10 January 2019. The Court dismissed the motion on the basis that the supporting affidavit which was affirmed by Chow Siew Wai on 5 November 2018 merely contained bare assertions that CSL was not able to obtain instructions from KINSB. No proof was forwarded by CSL to show CSL’s efforts in obtaining KINSB’s instruction.

## **B8 Changes in material litigation (cont'd)**

During a Case Management before the Registrar on 10 January 2019, CSL sought a date to file a new motion to discharge. Despite being objected to by solicitors for KMKSB, AmBank (M) Islamic Berhad, AmBank (M) Berhad and AmBank (M) Berhad in its capacity as agent for multiple lenders, the Registrar fixed a Case Management on 4 March 2019 for CSL to file the new motion.

CSL filed its second motion to discharge on 19 February 2019.

The appeal proper against the winding up order and the motion by CSL to discharge was fixed for Hearing on 25 June 2019.

On 25 June 2019, the Court allowed CSL's application to discharge. The Court then forewarned KINSB's directors that the Court will proceed with hearing of the appeal proper on 12 July 2019.

### Kuantan High Court Originating Summons No. CA-24NCC-4-06/2019

On 10 July 2019, on an application by one of KINSB's contributories, Kin Kee Hardware Sdn Bhd under Section 366 of the Companies Act 2016, the Kuantan High Court granted leave to KINSB to convene a Court-convened meeting ("CCM"), its purpose of which is to table a regularisation scheme to scheme creditors.

### Court of Appeal Civil Appeal No. C-02(NCC)(A)-197-01/2018

On 12 July 2019, Encik Ahmad Ezmeel bin Ahmad Tarmizi of Messrs Ezmeel & Co ("Ezmeel"), being the newly appointed solicitor for KINSB, updated the Court on decision by the Kuantan High Court Originating Summons No. CA-24NCC-4-06/2019 on 10 July 2019. In view of the decision by the Kuantan High Court, Ezmeel requested for postponement of the above Hearing pending tabling of the regularization scheme.

The Court fixed final Hearing on 15 October 2019.

### Kuantan High Court Summons No. CA-28PW-41-10/2019

On 9 October 2019, KMKSB, vide its solicitors, was served with an application by KINSB to stay the winding up order dated 22 January 2018 until full completion and execution of a Scheme of Arrangement and Compromise ("the Stay Application"). The Stay Application was fixed for Hearing on 10 October 2019.

During the Hearing on 10 October 2019, the Judge after having considered grounds contained in certificate of urgency filed by KINSB's solicitors granted and fixed inter alia the following:-

- a) that the hearing at the Court of Appeal be stayed pending disposal of the Stay Application; and
- b) hearing of the Stay Application is fixed on 20 November 2019.
- c) cost of the day of RM2,000.00 be awarded to each firm attending the matter on that day to be paid on or before 20 November 2019.

### Court of Appeal Civil Appeal No. C-02(NCC)(A)-197-01/2018

However, on 15 October 2019, the Court of Appeal proceeded with the appeal proper despite the ad-interim stay granted by the Kuantan High Court in the Stay Application on 10 October 2019. The Court of Appeal dismissed the appeal with costs of RM25,000.00 be paid to each Respondents subject to allocator.

### Kuantan High Court Summons No. CA-28PW-41-10/2019

On 20 November 2019, the High Court struck off KINSB's application to stay the Winding Up Order dated 22 January 2018 with costs of RM4,000.00 to be paid to KMKSB by the deponent of the application, Bernard Cheng Tong Liang within 14 days from the date of the order.

The Board is of the opinion that the above suit will not have any material adverse financial or operational impact as the claim involved a back-to-back agreement with KMKSB's customer who has paid for steel bars which were to be delivered to them and agreed not to hold KMKSB accountable nor liable for any losses suffered (if any).

**B9 Dividends declared**

No interim dividend has been declared for the current quarter and period ended 30 June 2020.

**B10 Earnings per share**

	<b>Current quarter ended 30 June 2020</b>	<b>Preceding year corresponding quarter ended 30 June 2019</b>	<b>Cumulative 6 months ended 30 June 2020</b>	<b>Cumulative 6 months ended 30 June 2019</b>
(Loss)/Profit for the period attributable to owners of the Parent (RM'000)	(3,146)	3,072	(4,184)	3,802
Weighted average number of ordinary shares in issue ('000)	99,645	99,645	99,645	99,645
Basic (loss)/earnings per share (sen)	(3.16)	3.08	(4.20)	3.82
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

**B11 Notes to the statement of profit or loss and other comprehensive income**

	<b>Current quarter ended 30 June 2020 RM'000</b>	<b>6 months ended 30 June 2020 RM'000</b>
Loss before tax is arrived at after (crediting)/charging :		
Interest income	(154)	(428)
Other income including investment income	(615)	(853)
Interest expense		
- Unwinding of discount in relation to provision for onerous contract	432	432
- Others	219	499
Depreciation and amortisation	1,151	2,320
Provision for and write off of receivables	4	459
Reversal of impairment loss on receivables	-	-
Impairment loss on inventory	-	-

**B12 Fair value information**

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. Accordingly, the fair values and fair value hierarchy levels have not been presented for these instruments.

Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical financial assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liabilities, either directly or indirectly

Level 3 – Inputs for the financial asset or liabilities that are not based on observable market data

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2020</b>					
<b>Financial liabilities</b>					
Finance lease liabilities	-	-	9,924	9,924	9,285
<b>30 June 2019</b>					
<b>Financial liabilities</b>					
Finance lease liabilities	-	-	2,795	2,795	2,677