Engtex Group Berhad (Company No: 536693-X)

Quarterly Report on consolidated results
For the Second Quarter ended 30 June 2019
(The figures have not been audited)

Condensed Consolidated Statement of Financial Position
As at 30 June 2019

	Note	As at 30 June 2019 RM'000	Audited As at 31 December 2018 RM'000
ASSETS			
Property, plant and equipment		378,194	394,393
Investment properties		40,258	40,703
Right-of-use assets		733	-
Deferred tax assets		7,798	6,465
Total non-current assets		426,983	441,561
Property under development		80,126	80,150
Inventories		383,254	413,925
Receivables, deposits and prepayments		338,587	367,828
Assets held for sale		9,927	5,197
Current tax assets		1,647	3,293
Cash and bank balances		72,507	54,344
Total current assets		886,048	924,737
TOTAL ASSETS		1,313,031	1,366,298
EQUITY AND LIABILITIES			
Share capital		269,934	269,934
Reserves		412,783	415,066
Total equity attributable to Owners of the Company		682,717	685,000
Non-controlling interests		18,874	18,993
TOTAL EQUITY		701,591	703,993
LIABILITIES			
Lease liabilities		1,105	-
Loans and borrowings	B7	63,876	83,558
Deferred tax liabilities		10,728	10,727
Total non-current liabilities		75,709	94,285
Payables and accruals		105,726	105,246
Lease liabilities		2,937	-
Loans and borrowings	B7	417,408	457,222
Dividend payable	A9	3,294	-
Current tax liabilities		6,366	5,552
Total current liabilities		535,731	568,020
TOTAL LIABILITIES		611,440	662,305
TOTAL EQUITY AND LIABILITIES		1,313,031	1,366,298
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.58	1.59

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad (Company No: 536693-X)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period ended 30 June 2019

	Note	Individual quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue		254,643	286,138	528,891	584,337
Cost of sales		(226,765)	(246,608)	(471,422)	(500,477)
Gross profit		27,878	39,530	57,469	83,860
Other operating income		5,748	1,116	7,296	2,461
Operating expenses		(24,145)	(24,039)	(47,650)	(49,106)
Finance cost		(5,766)	(7,843)	(11,432)	(14,981)
Profit before tax	B11	3,715	8,764	5,683	22,234
Tax expense	B5	(2,867)	(2,555)	(4,699)	(6,024)
Profit for the financial period		848	6,209	984	16,210
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		-	-	-	32
Total other comprehensive income for the financial period		-	-	-	32
Profit and total comprehensive income for the financial period		848	6,209	984	16,242
Profit/(Loss) attributable to:					
Owners of the Company		985	6,286	1,103	16,172
Non-controlling interests		(137)	(77)	(119)	38
Profit for the financial period		848	6,209	984	16,210
Total comprehensive income/(expense) attributable to:					
Owners of the Company		985	6,286	1,103	16,204
Non-controlling interests		(137)	(77)	(119)	38
Profit and total comprehensive income for the financial period		848	6,209	984	16,242
Basic and diluted earnings per ordinary shares (sen)	B10	0.22	1.43	0.25	3.68

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad (Company No: 536693-X)

Condensed Consolidated Statement of Changes In Equity
For the financial period ended 30 June 2019

	/---Attributable to owners of the Company---/						
	/---*Non-distributable*---/			*Distributable*		**Non-**	
	Share capital RM'000	**Translation reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**controlling interests RM'000**	**Total equity RM'000**
At 1 January 2019	269,934	(85)	(4,275)	419,426	685,000	18,993	703,993
Profit/(Loss) and total comprehensive income/(expense) for the financial period	-	-	-	1,103	1,103	(119)	984
Own shares acquired	-	-	(92)	-	(92)	-	(92)
Dividends to owners of the Company	-	-	-	(3,294)	(3,294)	-	(3,294)
At 30 June 2019	269,934	(85)	(4,367)	417,235	682,717	18,874	701,591
At 1 January 2018	269,934	(85)	(3,645)	409,783	675,987	19,461	695,448
Adjustment on initial application of MFRS 9	-	-	-	(248)	(248)	(15)	(263)
At 1 January 2018, *restated*	269,934	(85)	(3,645)	409,535	675,739	19,446	695,185
Foreign currency translation differences for foreign operations	-	32	-	-	32	-	32
Total other comprehensive income for the financial period	-	32	-	-	32	-	32
Profit for the financial period	-	-	-	16,172	16,172	38	16,210
Profit and total comprehensive income for the financial period	-	32	-	16,172	16,204	38	16,242
Own shares acquired	-	-	(630)	-	(630)	-	(630)
Dividends to owners of the Company	-	-	-	(3,295)	(3,295)	-	(3,295)
At 30 June 2018	269,934	(53)	(4,275)	422,412	688,018	19,484	707,502

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

Engtex Group Berhad (Company No: 536693-X)

Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2019

	6 months ended 30 June	
	2019	**2018**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	5,683	22,234
Adjustments for:		
Allowance for impairment losses on trade receivables	187	120
Allowance for impairment losses written back on trade receivables	(2,157)	(140)
Bad debts written off	116	-
Depreciation of:		
- investment properties	445	429
- property, plant and equipment	12,032	11,933
- right-of-use assets	170	-
Finance cost	11,432	14,981
(Gain)/Loss on disposal of:		
- asset held for sale	(2,127)	-
- property, plant and equipment	222	(112)
Interest income	(975)	(1,086)
Inventories written down	300	1,050
Property, plant and equipment written off	31	92
Operating profit before changes in working capital	25,359	49,501
Changes in:		
Inventories	30,371	(146,251)
Receivables, deposits and prepayments	31,095	3,939
Contract assets	-	14,434
Payables and accruals	480	(52,559)
Property under development	579	66,760
Cash generated from/(used in) operations	87,884	(64,176)
Interest paid	(1,260)	(1,248)
Net tax paid	(3,571)	(5,896)
Net cash from/(used in) operating activities	83,053	(71,320)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,650)	(10,779)
Increased in pledged deposits placed with licensed banks	-	(4)
Interest received	975	1,086
Proceeds from disposal of:		
- asset held for sale	7,324	-
- property, plant and equipment	59	181
Net cash from/(used in) investing activities	2,708	(9,516)

Engtex Group Berhad (Company No: 536693-X)

Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2019

	6 months ended 30 June	
	2019	**2018**
	RM'000	**RM'000**
Cash flows from financing activities		
Interest paid	(10,956)	(14,352)
Net proceed from other borrowings	3,858	68,308
Net (repayment of)/proceed from revolving credit	(26,341)	20,855
Payment of lease liabilities	(2,269)	(3,454)
Proceeds from:		
- finance lease liabilities	-	92
- term loans	-	4,681
Repayment of term loans	(22,446)	(10,810)
Repurchase of treasury shares	(92)	(630)
Net cash (used in)/from financing activities	(58,246)	64,690
Net increase/(decrease) in cash and cash equivalents	27,515	(16,146)
Effect of exchange rate fluctuation on cash held	-	(10)
Cash and cash equivalents at the beginning of financial period	16,214	85,689
Cash and cash equivalents at the end of financial period	43,729	69,533

Note:

Cash and cash equivalents comprise:

	As at 30 June	
	2019	**2018**
	RM'000	**RM'000**
Cash and bank balances	34,332	30,918
Deposits are placed with:		
- licensed banks	25,816	12,832
- other corporations	12,359	49,867
	72,507	93,617
Less:		
Bank overdrafts	(27,665)	(22,794)
Deposits pledged	(1,113)	(1,290)
	43,729	69,533

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial report for the financial quarter ended 30 June 2019

A. Compliance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134 – *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018. The accounting policies and methods of computation followed by the Group in this interim financial report are consistent with those adopted in the financial statements of the Group for the financial year ended 31 December 2018 except for the following:

(a) Adoption of new and revised MFRSs, Amendments to MFRS and IC Interpretations

In the current financial period ended 30 June 2019, the Group adopted the following standards, amendments and interpretations which applicable to its financial statement effective for annual periods beginning on or after 1 January 2019:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures**

** The Amendments is not applicable to the Group.*

The above applicable standards, amendments and interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application except as mentioned in **Note (b)** below**.**

(b) Adoption of MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparatives and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 January 2019.

On the date of initial application, the Group recognised the right-of-use assets and lease liabilities of RM903,067 for its leases previously classified as operating leases.

The estimated impacts arising from the adoption of MFRS 16 on the financial statements are summarised as follows:

Statement of financial position

	As at 31/12/18 RM'000	**Estimated effects of MFRS 16 RM'000**	**As at 1/1/19 RM'000**
Non-current assets			
Right-of-use assets	-	903	903
Non-current liabilities			
Lease liabilities	-	(1,987)	(1,987)
Loans and borrowings	(83,558)	1,358	(82,200)
Current liabilities			
Lease liabilities	-	(4,131)	(4,131)
Loans and borrowings	(457,222)	3,857	(453,365)

* The new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

A2. Qualification of Audit Report

The audit report of the Group's preceding annual financial statements was reported without qualification.

A3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the current financial quarter.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

The business of the Group was not affected by any significant unusual items affecting assets, liabilities, equity, net income or cash flows in the current financial quarter and financial year-to-date.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter as compared to the financial statements of the Group for the financial year ended 31 December 2018.

A6. Debt and Equity Securities

On 24 May 2019, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Eighteenth Annual General Meeting held on even date.

During the current financial quarter, the Company repurchased 126,400 of its issued share capital from the open market at an average price of RM0.72 per share including transactions cost. The total consideration paid was RM91,614.

As at the end of the current financial quarter, a total of 4,081,000 ordinary shares were repurchased from the open market at an average price of RM1.07 per share for a total cash consideration of RM4,366,431. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Other than the above, there were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

A7. Dividend paid

No dividend was paid during the current financial quarter.

A8. Operating segment information

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group Managing Director and the Board of Directors review management reports on at least a quarterly basis. The following summary described the operations in each of the Group reportable segments:

Wholesale and distribution	Includes wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products, general hardware products and construction materials.
Manufacturing	Includes manufacture and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire, steel bars and other steel related products.
Property development	Includes property development and investment activities.
Hospitality	Includes provision of rooms, food and beverage, meeting and function rooms, and other hospitality services.

The reportable segment information for the financial period ended 30 June 2019 is as follows:

Business segments	Wholesale & distribution RM'000	Manufacturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
External revenue	312,745	205,649	5,985	4,512	528,891
Inter segment revenue	23,143	87,003	300	77	110,523
Total reportable revenue	335,888	292,652	6,285	4,589	639,414
Reportable segment profit/(loss)*	23,021	7,710	(317)	(1,006)	29,408
Reportable segment assets	466,260	522,092	199,157	96,907	1,284,416
Reportable segment liabilities	(249,176)	(279,364)	(45,831)	(33,024)	(607,395)

Reconciliation of reportable segment profit or loss for the financial period ended 30 June 2019

	RM'000
Total profit for reportable segments	29,408
Other non-reportable segment loss	(611)
Elimination of inter-segment transactions	(10)
Depreciation and amortisation	(12,647)
Finance costs	(11,432)
Interest income	975
Consolidated profit before tax	5,683

* Refer to profit before interest, tax, depreciation and amortisation.

A9. Subsequent Events

The approved single tier dividend of 0.75 sen per ordinary share totalling RM3,294,288 in respect of the financial year ended 31 December 2018 has been subsequently paid on 2 July 2019 to depositors whose names in the Record of Depositors on 14 June 2019.

Other than the above, there were no material subsequent events since the end of the date of the last annual reporting period until 15 August 2019, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial year under review.

A10. Changes in the composition of the Group

There was no change in the composition of the Group for the current financial quarter under review.

A11. Contingent liabilities

As at the end of the current financial quarter, the contingent liabilities of the Company as represented by the outstanding banking and credit facilities of the subsidiaries are as follows:

	30 June 2019 RM'000	31 December 2018 RM'000
Corporate guarantees issued to:		
- financial institutions for banking facilities granted to its subsidiaries	484,170	540,142
- suppliers for credit facilities granted to its subsidiaries	8,443	6,748
	492,613	546,890

B. Compliance with Bursa Malaysia Main Market Listing Requirements (Part A of Appendix 9B)

B1. Review of performance

	6 months ended 30 June 2019 RM'000	6 months ended 30 June 2018 RM'000
Revenue	528,891	584,337
Segment profit	28,797	47,968
Profit before tax	5,683	22,234
Profit after tax	984	16,210
Profit attributable to Owners of the Company	1,103	16,172

The net revenue and profit before taxation for the first half year of 2019 was 9.5% and 74.4% lower than the preceding year corresponding period mainly due to the soft market demand for the most part of its manufactured steel products and unsold property units. The declining profit before tax was further exacerbated by the increased procurement and operating costs for certain metal related trading products and manufactured steel products.

On the financial position review for the six months ended 30 June 2019, the Group's equity attributable to owners of the Company decreased from RM685.0 million as at 31 December 2018 to RM682.7 million as at 30 June 2019 and the net assets per share of the Group decreased from RM1.59 as at 31 December 2018 to RM1.58 as at 30 June 2019 on the back of dividends accrued and marginal earnings. The reduction in procurement of raw materials and trading inventories during the period and the tightening of working capital requirement has resulted in the decrease in bank borrowings, net of cash and cash equivalents, from RM486.4 million as at 31 December 2018 to RM412.8 million as at 30 June 2019. Accordingly, the net gearing has improved from 0.69 times as at 31 December 2018 to 0.59 times as at 30 June 2019 which enables better flexibility in cash flow management as well as sturdier financial position to weather the remaining year ahead.

Wholesale and distribution division

The wholesale and distribution division recorded a net revenue of RM312.7 million in 2019 representing a 4.7% decrease as compared to 2018 and contributed 59.1% of the Group's net revenue. The division recorded a lower segment profit and profit before tax of RM23.0 million and RM14.2 million respectively, representing a decrease of 18.9% and 22.1% respectively as compared to 2018. The decrease in revenue and profit before tax was mainly due to soft market demand and increased procurement cost for certain metal related trading products.

Manufacturing division

The manufacturing division recorded a net revenue of RM205.7 million in 2019 representing a decrease of 16.2% as compared to 2018 and contributed 38.9% of the Group's net revenue. The lower revenue was mainly due to the softening market demand for mild steel concrete-lined pipes and other steel products. Correspondingly, the division recorded a lower segment profit of RM7.7 million and loss before tax of RM2.5 million representing a decrease of 66.3% and 122.6% respectively as compared to 2018. The sharp decrease in profitability was further exacerbated by the increased procurement cost of raw materials and the high operating cost. The division accounted for 26.8% of the Group's segment profit.

Property development division

The division recorded a lower net revenue of RM6.0 million in 2019 as compared to RM6.2 million in 2018 and contributed 1.1% to the Group's net revenue. The revenue was solely contributed by the completed Amanja project in Kepong with 61.6% sold at end of current quarter. The division continued to register loss before tax mainly due to low revenue arising from the weak property market demand and operating cost to maintain its unsold property stocks located in Kepong and Selayang.

Hospitality division

The division recorded a lower net revenue of RM4.5 million in 2019 (2018: RM4.6 million) in line with lower average occupancy rate of 60.0% (2018: 64.5%) from its three operating hotels. Consequently, the division recorded a higher loss before tax of RM3.9 million (2018: RM3.3 million) and exacerbated by high operating cost.

B2. Comparison with preceding financial quarter's results

	3 months ended	
	30/6/19	**31/3/19**
	RM'000	**RM'000**
Revenue	254,643	274,248
Profit before tax	3,715	1,968

The decrease in revenue as compared to preceding quarter ended 31 March 2019 was mainly due to declining market demand for certain metal related trading products and manufactured steel products. Excluding the gain on disposal of vacant industrial land at North Port Klang of approximately RM2.1 million, the lower profit before tax of RM1.6 million was mainly due to declining revenue and high operating cost for certain metal related trading products and manufactured steel products.

B3. Prospects

The Malaysian economy grew at a stronger pace of 4.9% in the second quarter of 2019 (1Q 2019: 4.5%), supported by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.0% (1Q 2019: 1.1%). Domestic demand expanded by 4.6% in the second quarter (1Q 2019: 4.4%), supported by firm household spending and slightly higher private investment. Expansion across all economic sectors with the services sector expanded by 6.1% in the second quarter of 2019 (1Q 2019: 6.4%). Growth in the wholesale and retail trade subsector was relatively sustained amid firm household spending. Growth in the manufacturing sector registered a marginal improvement at 4.3% (1Q 2019: 4.2%) amid better performance in the domestic-oriented industries. Demand for metal related materials for existing transport and infrastructure projects supported the higher production within the construction-related cluster. The construction sector registered marginally higher growth at 0.5% (1Q 2019: 0.3%), on account of growth improvements in the residential and special trade subsectors. While the residential subsector registered a smaller contraction, activity remained weak amid the high unsold properties. The higher growth in the special trade subsector was due to end-works activity amid completion of some mixed development projects. Non-residential subsector remained weak amid the oversupply of commercial properties.

The global economy is expected to grow at a moderate pace in 2019 compared to 2018. The IMF revised downward its 2019 global growth forecast by 0.1% to 3.2%. Risks to the outlook remain tilted to the downside, emanating from a potential escalation of trade disputes, continued uncertainties in Brexit negotiations, and excessive financial market volatility. Growth of the Malaysian economy to remain within the range of 4.3% - 4.8%. While the recovery from supply shocks is expected to continue into the second half of the year, the slower global growth amid ongoing trade tensions would continue to weigh on growth. In this environment, economic growth is projected to remain supported mainly by private sector activity. Household spending will continue to be driven by stable labour market conditions while investment activity will be supported by capacity expansion in key sectors such as manufacturing and services. *(Source: Bank Negara Malaysia Quarterly Bulletin for Q2 2019)*

The performance of the Group was affected by factors such as the domestic demand, the volatility in the international and domestic metal prices and the delay in the implementation of projects in the construction, utilities, infrastructure and property development sectors. The outlook in the forthcoming year will remain challenging. Notwithstanding this, the wholesale and distribution division will continue to focus on expanding its existing customer network and product range and sourcing for new products locally and abroad. The manufacturing division will improve, automate, optimise and expand its operating capacity and continue to look for new business opportunity. The Group is currently installing a new ductile iron pipe production line to produce pipe with diameter up to 1,200mm to broaden the range of product sizes in the water and sewerage sectors and the commissioning will be delayed to the third quarter of 2019. The property division does not intend to launch new property development projects on its existing land bank in light of the weak property market other than selling its remaining unsold residential and commercial properties in Kepong and Selayang. The hotel division will focus on increasing its revenue stream by increasing their average occupancy and room rates, and targeting the right customer mix to achieve higher gross operating profits to meet its finance cost and depreciation incurred.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

B5. Tax expense

	Individual quarter 3 months ended 30/6/19 RM'000	Cumulative quarter 6 months ended 30/6/19 RM'000
Tax expense		
- current financial year	2,525	5,225
- under provision in prior financial year	806	806
Deferred tax expense		
- origination and reversal of temporary differences	(464)	(1,332)
	2,867	4,699
Reconciliation of tax expense		
Income tax using Malaysian tax rate	892	1,364
Income not subject to tax	(535)	(542)
Non-deductible expenses	1,452	2,819
Real property gain tax	252	252
Under provision in prior financial year	806	806
Tax expense	2,867	4,699

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed for the financial quarter under review.

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
Denominated in Ringgit Malaysia			
Term loans	63,876	-	63,876
	63,876	-	63,876
Current			
Denominated in Ringgit Malaysia			
Bank overdrafts	8,096	19,569	27,665
Revolving credit	-	39,607	39,607
Bills payables	50,190	273,023	323,213
Term loans	24,729	-	24,729
Bridging loans	2,194	-	2,194
	85,209	332,199	417,408

B8. Changes in Material Litigation

There was no impending material litigation as at 15 August 2019, being the date not earlier than 7 days from the date of this announcement.

B9. Dividend declared

The Board does not recommend any interim dividend for the financial quarter ended 30 June 2019.

B10. Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share for the current financial quarter ended 30 June 2019 are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter 3 months ended 30 June		**Cumulative quarter 6 months ended 30 June**	
	2019	**2018**	**2019**	**2018**
Profit attributable to owners of the Company (RM'000)	985	6,286	1,103	16,172
Weighted average number of ordinary shares ('000)				
Number of ordinary shares issued as at 1 January	443,319	443,319	443,319	443,319
Effects of shares repurchased	(3,997)	(3,920)	(3,976)	(3,649)
Weighted average number of ordinary shares as at 30 June	439,322	439,399	439,343	439,670
Basic and diluted earnings per ordinary share (sen)	0.22	1.43	0.25	3.68

B11. Profit before tax

	Individual quarter 3 months ended 30/6/19 RM'000	**Cumulative quarter 6 months ended 30/6/19 RM'000**
Profit before tax is arrived at after charging:		
Allowance for impairment losses on trade receivables	62	187
Bad debt written off	115	116
Depreciation of:		
- investment properties	223	445
- property, plant and equipment	6,008	12,032
- right-of-use assets	98	170
Finance cost	5,766	11,432
Inventories written down	300	300
Loss on disposal of property, plant and equipment	268	222
Property, plant and equipment written off	31	31
and after crediting:		
Allowance for impairment losses written back on trade receivables	1,988	2,157
Gain on disposal of asset held for sale	2,127	2,127
Interest income	669	975
Realised gain on foreign exchange, net	187	270
Rental income:		
- land and building	258	512
- vehicles	15	30
	=======	=======

B12. Capital commitment

	30 June 2019 RM'000
Property, plant and equipment	
Contracted but not provided for	1,761
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B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 June 2019 were as follows:

	RM'000
Sales	(2,606)
Purchases	4,646
Rental income	(71)
Rental expenses	1,164
Consultancy fee expenses	263
	=======

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

B14. Provision of financial assistance

Pursuant to paragraph 8.23(1) of the Listing Requirements, the amount of financial assistance provided by the Company and its subsidiaries is as follows:

	30 June 2019 RM'000	31 December 2018 RM'000
Corporate guarantees issued to :		
- financial institutions for banking facilities granted to its non wholly-owned subsidiaries	88,883	71,716
- suppliers for credit facilities granted to its non wholly-owned subsidiaries	436	412
	89,319	72,128

The above financial assistance does not have a material financial impact on the Group.