

Engtex Group Berhad (Company No: 536693-X)**Quarterly Report on consolidated results
For the Third Quarter ended 30 September 2019**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position
As at 30 September 2019**

	Note	As at 30 September 2019 RM'000	Audited As at 31 December 2018 RM'000
<u>ASSETS</u>			
Property, plant and equipment		377,524	394,393
Investment properties		41,885	40,703
Right-of-use assets		687	-
Deferred tax assets		8,045	6,465
Total non-current assets		428,141	441,561
Property under development		80,615	80,150
Inventories		363,689	413,925
Receivables, deposits and prepayments		355,475	367,828
Assets held for sale		10,031	5,197
Current tax assets		2,325	3,293
Cash and bank balances		58,140	54,344
Total current assets		870,275	924,737
TOTAL ASSETS		1,298,416	1,366,298
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		413,312	415,066
Total equity attributable to Owners of the Company		683,246	685,000
Non-controlling interests		18,938	18,993
TOTAL EQUITY		702,184	703,993
<u>LIABILITIES</u>			
Lease liabilities		1,075	-
Loans and borrowings	B7	60,086	83,558
Deferred tax liabilities		10,728	10,727
Total non-current liabilities		71,889	94,285
Payables and accruals		97,302	105,246
Lease liabilities		2,383	-
Loans and borrowings	B7	422,028	457,222
Current tax liabilities		2,630	5,552
Total current liabilities		524,343	568,020
TOTAL LIABILITIES		596,232	662,305
TOTAL EQUITY AND LIABILITIES		1,298,416	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.

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

	Note	Individual quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue		299,464	315,171	828,355	899,508
Cost of sales		(266,719)	(279,159)	(738,141)	(779,636)
Gross profit		32,745	36,012	90,214	119,872
Other operating income		1,201	3,845	8,497	6,306
Operating expenses		(24,869)	(26,186)	(72,519)	(75,292)
Finance cost		(5,833)	(8,192)	(17,265)	(23,173)
Profit before tax	B11	3,244	5,479	8,927	27,713
Tax expense	B5	(2,070)	(2,307)	(6,769)	(8,331)
Profit for the financial period		1,174	3,172	2,158	19,382
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		1,174	3,172	2,158	19,414
Profit/(Loss) attributable to:					
Owners of the Company		1,110	2,991	2,213	19,163
Non-controlling interests		64	181	(55)	219
Profit for the financial period		1,174	3,172	2,158	19,382
Total comprehensive income/(expense) attributable to:					
Owners of the Company		1,110	2,991	2,213	19,195
Non-controlling interests		64	181	(55)	219
Profit and total comprehensive income for the financial period		1,174	3,172	2,158	19,414
Basic and diluted earnings per ordinary shares (sen)	B10	0.25	0.68	0.50	4.36

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.

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

		/-----Attributable to owners of the Company-----/						
		/-----Non-distributable-----/		Distributable				
		Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- 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		-	-	-	2,213	2,213	(55)	2,158
Own shares acquired	A6	-	-	(673)	-	(673)	-	(673)
Dividends to owners of the Company	A7	-	-	-	(3,294)	(3,294)	-	(3,294)
At 30 September 2019		269,934	(85)	(4,948)	418,345	683,246	18,938	702,184
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		-	-	-	19,163	19,163	219	19,382
Profit and total comprehensive income for the financial period		-	32	-	19,163	19,195	219	19,414
Own shares acquired		-	-	(630)	-	(630)	-	(630)
Dividends to owners of the Company		-	-	-	(3,295)	(3,295)	-	(3,295)
Dividends to non-controlling interests		-	-	-	-	-	(172)	(172)
At 30 September 2018		269,934	(53)	(4,275)	425,403	691,009	19,493	710,502

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.

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

	Note	9 months ended 30 September	
		2019 RM'000	2018 RM'000
Cash flows from operating activities			
Profit before tax		8,927	27,713
<i>Adjustments for:</i>			
Allowance for impairment losses on trade receivables		271	137
Allowance for impairment losses written back on trade receivables		(2,386)	(547)
Bad debts recovered		-	(30)
Bad debts written off		118	-
Depreciation of:			
- investment properties		672	644
- property, plant and equipment		17,812	17,908
- right-of-use assets		216	-
Finance cost		17,265	23,173
(Gain)/Loss on disposal of:			
- asset held for sale		(2,127)	-
- property, plant and equipment		165	(2,271)
Interest income		(1,470)	(1,735)
Inventories written down		1,970	2,380
Property, plant and equipment written off		71	92
Operating profit before changes in working capital		41,504	67,464
Changes in:			
Inventories		48,266	(105,798)
Receivables, deposits and prepayments		12,965	(5,414)
Contract assets		-	14,434
Payables and accruals		(7,944)	(16,447)
Property under development		839	(1,849)
Cash generated from/(used in) operations		95,630	(47,610)
Interest paid		(1,836)	(1,946)
Net tax paid		(10,302)	(19,787)
Net cash from/(used in) operating activities		83,492	(69,343)
Cash flows from investing activities			
Acquisition of:			
- an investment property		(574)	-
- property, plant and equipment		(10,299)	(15,633)
Released of/ (Increased in) pledged deposits placed with licensed banks		1,113	(4)
Interest received		1,470	1,735
Proceeds from disposal of:			
- asset held for sale		7,324	-
- property, plant and equipment		306	8,019
Net cash used in investing activities		(660)	(5,883)

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

	Note	9 months ended 30 September	
		2019 RM'000	2018 RM'000
Cash flows from financing activities			
Dividends paid to:-			
- non-controlling interests		-	(172)
- owners of the Company	A7	(3,294)	(3,295)
Interest paid		(17,231)	(22,054)
Net proceed from other borrowings		7,301	66,270
Net (repayment of)/proceed from revolving credit		(28,003)	8,119
Payment of lease liabilities		(3,274)	(4,998)
Proceeds from:			
- finance lease liabilities		-	92
- term loans		-	4,679
Repayment of term loans		(27,719)	(19,504)
Repurchase of treasury shares		(673)	(630)
Net cash (used in)/from financing activities		<u>(72,893)</u>	<u>28,507</u>
Net increase/(decrease) in cash and cash equivalents		9,939	(46,719)
Effect of exchange rate fluctuation on cash held		-	(10)
Cash and cash equivalents at the beginning of financial period		<u>16,214</u>	<u>85,689</u>
Cash and cash equivalents at the end of financial period		<u>26,153</u>	<u>38,960</u>

Note:

Cash and cash equivalents comprise:

	As at 30 September	
	2019 RM'000	2018 RM'000
Cash and bank balances	24,042	17,624
Deposits are placed with:		
- licensed banks	8,383	15,833
- other corporations	25,715	40,980
	<u>58,140</u>	<u>74,437</u>
Less:		
Bank overdrafts	(31,987)	(34,187)
Deposits pledged	-	(1,290)
	<u>26,153</u>	<u>38,960</u>

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.

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Notes to the interim financial report for the financial quarter ended 30 September 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 September 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.

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(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.

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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 956,300 of its issued share capital from the open market at an average price of RM0.61 per share including transactions cost. The total consideration paid was RM581,469.

During the current financial period to date, the Company repurchased 1,082,700 of its issued share capital from the open market at an average price of RM0.62 per share including transactions cost. The total consideration paid was RM673,083. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. There were 5,037,300 treasury shares held at end of the current financial quarter.

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

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

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.

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

<i>Business segments</i>	Wholesale & distribution RM'000	Manufacturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
External revenue	483,087	317,484	20,683	7,101	828,355
Inter segment revenue	26,903	134,377	450	81	161,811
Total reportable revenue	509,990	451,861	21,133	7,182	990,166
Reportable segment profit/(loss)*	30,093	15,947	(463)	(1,302)	44,275
Reportable segment assets	464,437	535,294	185,090	95,443	1,280,264
Reportable segment liabilities	(222,655)	(304,308)	(37,883)	(30,819)	(595,665)

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

	RM'000
Total profit for reportable segments	44,275
Other non-reportable segment loss	(896)
Elimination of inter-segment transactions	43
Depreciation and amortisation	(18,700)
Finance costs	(17,265)
Interest income	1,470
Consolidated profit before tax	8,927

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

A9. Subsequent Events

There were no material subsequent events since the end of the date of the last annual reporting period until 14 November 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.

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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 September 2019 RM'000	31 December 2018 RM'000
Corporate guarantees issued to:		
- financial institutions for banking facilities granted to its subsidiaries	484,558	540,142
- suppliers for credit facilities granted to its subsidiaries	6,990	6,748
	<u>491,548</u>	<u>546,890</u>

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

B1. Review of performance

	9 months ended 30 September	
	2019 RM'000	2018 RM'000
Revenue	828,355	899,508
Segment profit	43,379	69,308
Profit before tax	8,927	27,713
Profit after tax	2,158	19,382
Profit attributable to Owners of the Company	2,213	19,163

The net revenue and profit before tax for the nine months of 2019 was 7.9% and 67.8% lower than the preceding year corresponding period mainly due to the soft market demand and the increase in procurement and operating costs for certain metal related trading products and manufactured steel products.

On the financial position review for the nine months ended 30 September 2019, the Group's equity attributable to owners of the Company decreased from RM685.0 million as at 31 December 2018 to RM683.2 million as at 30 September 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 September 2019 on the back of dividends paid. In view of the softer market environment, the group has reduced its inventories holding and this is in tandem with the decrease in bank borrowings. Accordingly, the net gearing has improved from 0.69 times as at 31 December 2018 to 0.61 times as at 30 September 2019.

Wholesale and distribution division

The wholesale and distribution division recorded a net revenue of RM483.1 million in 2019 representing a 6.0% decrease as compared to 2018 and contributed 58.3% of the Group's net revenue. The division recorded a lower segment profit and profit before tax of RM30.1 million and RM17.7 million respectively, representing a decrease of 30.0% and 31.3% 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. The division accounted for 69.4% of the Group's segment profit.

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Manufacturing division

The manufacturing division recorded a net revenue of RM317.5 million in 2019 representing a decrease of 14.4% as compared to 2018 and contributed 38.3% of the Group's net revenue. The lower revenue was mainly due to the declining market demand for mild steel concrete-lined pipes, wire mesh and hard drawn wire, and other steel products. Correspondingly, the division recorded a lower segment profit of RM15.9 million and loss before tax of RM0.2 million representing a decrease of 46.9% and 102.0% respectively as compared to 2018. The sharp decrease in profitability was exacerbated by the increased procurement cost of raw materials and the high operating cost. The division accounted for 36.8% of the Group's segment profit.

Property development division

The division recorded a higher net revenue of RM20.7 million in 2019 as compared to RM7.1 million in 2018 and contributed 2.5% to the Group's net revenue. The revenue was mainly contributed by the Amanja project in Kepong. As at end of the current quarter, the total units sold in Amanja stood at 72.3% (2018: 56.7%). The division continued to register loss before tax mainly due to operating costs to maintain its unsold property stocks located in Kepong and Selayang.

Hospitality division

The division recorded a lower net revenue of RM7.1 million in 2019 (2018: RM7.4 million) due to lower food and beverage revenue despite the improvement in room revenue arising from increase in average occupancy rate which stood at 65.1% (2018: 63.3%) from its three operating hotels. The division recorded a higher loss before tax of RM5.7 million (2018: RM4.8 million) mainly due to high operating costs, and incurred borrowing cost and depreciation charge totaling RM4.5 million (2018: RM4.4 million)

B2. Comparison with preceding financial quarter's results

	3 months ended	
	30/9/19	30/6/19
	RM'000	RM'000
Revenue	299,464	254,643
Profit before tax	3,244	3,715

The increase in revenue as compared to preceding quarter ended 30 June 2019 was mainly due to improved market demand for certain metal related trading products and manufactured steel products, and increased sales in property units in Kepong. The current quarter operating profit before tax of RM3.2 million was higher than RM1.6 million (excluding RM2.1 million gain on disposal of vacant industrial land at North Port Klang) recorded in the preceding quarter mainly due to improved market demand for certain manufactured steel products.

B3. Prospects

The Malaysian economy grew by 4.4% in the third quarter of 2019 (2Q 2019: 4.9%), primarily attributed to lower growth in key sectors and a decline in the mining and construction activities. On the demand side, most domestic demand components and net exports registered slower growth momentum. Domestic demand growth moderated to 3.5% (2Q 2019: 4.6%), with private sector expenditure remaining the key contributor to growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (2Q 2019: 1.0%). The services sector grew by 5.9% in the third quarter of 2019 (2Q 2019: 6.1%). Most key subsectors moderated. Growth in the manufacturing sector moderated to 3.6% (2Q 2019: 4.3%) due to the slower growth in the electrical and electronic, and consumer-related industries. The construction sector contracted by 1.5% (2Q 2019: +0.5%).

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The main contributor was the larger contraction in the non-residential subsector amid the continued oversupply of commercial properties. In the residential subsector, activities declined further amid high number of unsold residential properties. The civil engineering subsector's growth moderated following the near completion of large petrochemical and highway projects.

Global growth is expected to moderate in 2019 and marginally improve in 2020, amid continued headwinds from weak global trade and softer domestic demand in major economies. However, the outlook for 2020 is fragile and predicated upon faster growth in vulnerable emerging market economies, which is subject to uncertainty. The average Malaysian economy growth for the three quarters of 2019 of 4.6% is expected to be sustained for the remainder of the year and going into 2020. Household spending will remain the key driver of growth, supported by continued employment and income growth. (Source: Bank Negara Malaysia Quarterly Bulletin for Q3 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 installation of a new ductile iron pipe production line to produce pipe with diameter up to 1,200mm has been completed during the current quarter to broaden the range of product sizes in the water and sewerage sectors. 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 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 30/9/19 RM'000	Cumulative quarter 9 months ended 30/9/19 RM'000
Tax expense		
- current financial year	2,035	7,260
- under provision in prior financial year	282	1,088
Deferred tax expense		
- origination and reversal of temporary differences	(247)	(1,579)
	<u>2,070</u>	<u>6,769</u>
Reconciliation of tax expense		
Income tax using Malaysian tax rate	778	2,142
Income not subject to tax	(31)	(573)
Non-deductible expenses	1,041	3,860
Real property gain tax	-	252
Under provision in prior financial year	282	1,088
Tax expense	<u>2,070</u>	<u>6,769</u>

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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 September 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Term loans	60,086	-	60,086
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	12,344	19,643	31,987
Revolving credit	-	37,945	37,945
Bills payables	66,654	262,196	328,850
Term loans	23,246	-	23,246
	102,244	319,784	422,028

B8. Changes in Material Litigation

There was no impending material litigation as at 14 November 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 September 2019.

B10. Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share for the current financial quarter and the financial period ended 30 September 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 September		Cumulative quarter 9 months ended 30 September	
	2019	2018	2019	2018
Profit attributable to owners of the Company (RM'000)	1,110	2,991	2,213	19,163
<i>Weighted average number of ordinary shares ('000)</i>				
Number of ordinary shares issued as at 1 January	443,319	443,319	443,319	443,319
Effects of shares repurchased	(4,471)	(3,954)	(4,143)	(3,752)
Weighted average number of ordinary shares as at 30 September	438,848	439,365	439,176	439,567
Basic and diluted earnings per ordinary share (sen)	0.25	0.68	0.50	4.36

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B11. Profit before tax

	Individual quarter 3 months ended 30/9/19 RM'000	Cumulative quarter 9 months ended 30/9/19 RM'000
Profit before tax is arrived at after charging:		
Allowance for impairment losses on trade receivables	84	271
Bad debt written off	2	118
Depreciation of:		
- investment properties	227	672
- property, plant and equipment	5,780	17,812
- right-of-use assets	46	216
Finance cost	5,833	17,265
Inventories written down	1,670	1,970
Loss on disposal of property, plant and equipment	(57)	165
Property, plant and equipment written off	40	71
and after crediting:		
Allowance for impairment losses written back on trade receivables	229	2,386
Gain on disposal of asset held for sale	-	2,127
Interest income	495	1,470
Realised gain on foreign exchange, net	105	375
Rental income:		
- land and building	183	695
- vehicles	10	40
	=====	=====

B12. Capital commitment

	30 September 2019 RM'000
Property, plant and equipment	
Contracted but not provided for	14,748
	=====

B13. Related party transactions

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

	RM'000
Sales	(3,932)
Purchases	7,754
Rental income	(99)
Rental expenses	1,739
Consultancy fee expenses	377
	=====

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

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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 September 2019 RM'000	31 December 2018 RM'000
Corporate guarantees issued to :		
- financial institutions for banking facilities granted to its non wholly-owned subsidiaries	90,836	71,716
- suppliers for credit facilities granted to its non wholly-owned subsidiaries	238	412
	<u>91,074</u>	<u>72,128</u>

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