



CARING PHARMACY GROUP BERHAD

(Company No.1011859-D)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2019

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 30 November 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 November 2019 RM000	Preceding Year Quarter 30 November 2018 RM000 Restated	Current Year To Date 30 November 2019 RM000	Preceding Year To Date 30 November 2018 RM000 Restated
REVENUE	166,913	145,802	330,169	295,771
COST OF SALES	(127,358)	(109,184)	(254,261)	(226,083)
GROSS PROFIT	39,555	36,618	75,908	69,688
OTHER OPERATING INCOME	1,240	1,058	2,338	1,997
	40,795	37,676	78,246	71,685
SELLING AND DISTRIBUTION EXPENSES	(24,773)	(21,513)	(46,605)	(42,006)
ADMINISTRATIVE EXPENSES	(6,241)	(5,423)	(13,046)	(11,492)
OTHER OPERATING EXPENSES	(1,129)	(977)	(2,186)	(1,899)
FINANCE COSTS	(991)	(29)	(1,970)	(54)
PROFIT BEFORE TAXATION	B5 7,661	9,734	14,439	16,234
TAXATION	B6 (1,992)	(2,628)	(3,754)	(4,383)
PROFIT AFTER TAXATION	5,669	7,106	10,685	11,851
OTHER COMPREHENSIVE INCOME, NET OF TAX	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	5,669	7,106	10,685	11,851
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-				
- Owners of the Company	4,956	5,740	9,137	9,828
- Non-Controlling interests	713	1,366	1,548	2,023
	5,669	7,106	10,685	11,851
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-				
- Owners of the Company	4,956	5,740	9,137	9,828
- Non-Controlling interests	713	1,366	1,548	2,023
	5,669	7,106	10,685	11,851
Earnings per share (Sen) attributable to Owners of the Company				
- Basic ⁽²⁾	B11 2.28	2.64	4.20	4.51
- Diluted	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable.

(1) The Unaudited 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 May 2019 and the accompanying explanatory notes attached to these financial statements.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

(3) Preceding year quarter figures have been reclassified to conform with the presentation of the current year quarter.

Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2019

	Note	AS AT 30 November 2019 RM'000	AS AT 31 May 2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		41,526	39,646
Intangible assets		4,594	3,476
Right of use assets		74,335	-
Deferred tax assets		1,172	1,250
		121,627	44,372
CURRENT ASSETS			
Inventories		117,669	96,633
Trade receivables		798	232
Other receivables, deposits and prepayments		12,530	11,673
Amount owing by related parties		1	9
Tax recoverable		2,829	2,977
Short term investments		74,407	74,079
Fixed deposits with financial institutions		419	418
Cash and bank balances		56,896	57,047
		265,549	243,068
TOTAL ASSETS		387,176	287,440

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Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2019 (Cont'd)

	Note	AS AT 30 November 2019 RM'000	AS AT 31 May 2019 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		225,108	225,108
Retained profits		102,424	110,343
Merger deficit		(181,984)	(181,984)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		145,548	153,467
NON-CONTROLLING INTERESTS		3,054	4,934
TOTAL EQUITY		148,602	158,401
NON-CURRENT LIABILITIES			
Long term borrowings	B8	6,933	7,632
Lease liabilities		58,295	-
Deferred tax liabilities		139	139
		65,367	7,771
CURRENT LIABILITIES			
Trade payables		135,341	105,836
Other payables and accruals		9,449	10,118
Amount owing to non-controlling shareholders		3,096	2,328
Amount owing to related parties		393	117
Contract liabilities		1,120	924
Lease liabilities		20,571	-
Provision for taxation		1,856	593
Short term borrowings	B8	1,381	1,352
		173,207	121,268
TOTAL LIABILITIES		238,574	129,039
TOTAL EQUITY AND LIABILITIES		387,176	287,440
Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽²⁾		0.67	0.70

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these financial statements.*
- (2) *Based on the issued share capital of 217,706,400 shares*

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 November 2019 (Cont'd)

	<----- Non-distributable ----->		<Distributable>			
	Share Capital	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period Ended 30 November 2018</u>						
At 1 June 2018	225,108	(181,984)	100,585	143,709	5,780	149,489
Initial application of MFRS15	-	-	(51)	(51)	-	(51)
At 1 June 2018 (as restated)	225,108	(181,984)	100,534	143,658	5,780	149,438
Total comprehensive income for the period	-	-	9,828	9,828	2,023	11,851
Contribution by and distributions to owners of the Company:-						
- Issuance of shares by subsidiaries	-	-	-	-	70	70
- Dividends: -						
- by the Company	-	-	(10,885)	(10,885)	-	(10,885)
- by subsidiaries to non-controlling interests	-	-	-	-	(4,821)	(4,821)
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	(36)	(36)	(5)	(41)
Total transactions with owners	-	-	(10,921)	(10,921)	(4,756)	(15,677)
At 30 November 2018	225,108	(181,984)	99,441	142,565	3,047	145,612

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 November 2019 (Cont'd)

	<----- Non-distributable ----->		<Distributable>			
	Share Capital	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period Ended 30 November 2019</u>						
At 1 June 2019 (as previously stated)	225,108	(181,984)	110,343	153,467	4,934	158,401
Initial application of MFRS16	-	-	(3,570)	(3,570)	(800)	(4,370)
At 1 June 2019 (as restated)	225,108	(181,984)	106,773	149,897	4,134	154,031
Total comprehensive income for the period	-	-	9,137	9,137	1,548	10,685
Contribution by and distributions to owners of the Company:-						
- Issuance of shares by subsidiaries	-	-	-	-	120	120
- Dividends: -						
- by the Company	-	-	(13,062)	(13,062)	-	(13,062)
- by subsidiaries to non-controlling interests	-	-	-	-	(2,763)	(2,763)
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	(424)	(424)	15	(409)
Total transactions with owners	-	-	(13,486)	(13,486)	(2,628)	(16,114)
At 30 November 2019	225,108	(181,984)	102,424	145,548	3,054	148,602

Notes :

(1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these financial statements.*

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 November 2019

	Current Year To Date 30 November 2019 RM000	Preceding Year To Date 30 November 2018 RM000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,439	16,234
Adjustments for:-		
Depreciation of property, plant and equipment	2,110	1,830
Depreciation of right-of-use assets	9,947	-
Equipment written off	-	3
Bad debts written off	3	-
Interest expense	58	54
Lease interest expense	1,912	-
Interest income	(1,964)	(1,659)
Rental income	(80)	(98)
Operating profit before working capital changes	<u>26,425</u>	<u>16,364</u>
Increase in inventories	(21,036)	(9,243)
(Increase)/decrease in trade and other receivables	(1,418)	465
Increase in trade and other payables	29,308	21,807
CASH FROM OPERATIONS	<u>33,279</u>	<u>29,393</u>
Income tax paid	(4,213)	(1,782)
Income tax refunded	1,949	-
Interest paid	(1,970)	(54)
NET CASH FROM OPERATING ACTIVITIES	<u>29,045</u>	<u>27,557</u>
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Changes in subsidiaries' ownership interests that do not result in a loss of control	(409)	29
Interest received	1,964	1,659
Increase in pledged fixed deposits with licensed bank	(1)	-
Purchase of property, plant and equipment	(3,990)	(1,368)
Payment of goodwill	(1,118)	-
Rental received	80	98
NET CASH (FOR)/FROM INVESTING ACTIVITIES	<u>(3,474)</u>	<u>418</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid to :		
- shareholders of the Company	(13,062)	(10,885)
- non-controlling shareholders of subsidiaries	(2,763)	(4,821)
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	120	-
Repayment of hire purchase obligations	-	(34)
Payment of lease liabilities	(9,787)	-
Proceeds from term loan drawdown	-	2,040
Repayment of term loan	(670)	(619)
Advances from/(Repayment to) non-controlling shareholders	768	(109)
NET CASH FOR FINANCING ACTIVITIES	<u>(25,394)</u>	<u>(14,428)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	177	13,547
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	131,344	111,909
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>131,521</u>	<u>125,456</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-		
- Short term investments	74,407	61,442
- Fixed deposits with financial institutions	218	406
- Cash and bank balances	56,896	63,608
	<u>131,521</u>	<u>125,456</u>

Notes:

(1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these financial statements.*

**Interim Financial Report for the Financial Period Ended 30 November 2019
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134,
Interim Financial Reporting**

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Para 9.22 and 9.40 (Appendix 9B Part A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 May 2019. The interim consolidated financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The group has adopted merger accounting method for the preparation of this Interim Financial Statements.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the adopted as disclosed in the Audited Financial Statements for the financial year ended 31 May 2019.

A2.1 New MFRSs adopted during the current financial year

During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019

Interim Financial Report for the Financial Period Ended 30 November 2019
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134,
Interim Financial Reporting

A2. Changes in Accounting Policies (cont'd)
A2.1 New MFRSs adopted during the current financial year (cont'd)

During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) (cont'd):-

Title	Effective Date
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the following:-

MFRS 16 Leases

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease assets and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

The following summarises the impact of adopting MFRS 16 on the statements of profit or loss and other comprehensive income of the Group for the quarter and financial year then ended for each of the line items affected.

	INDIVIDUAL QUARTER Current Year Quarter 30 November 2019			CUMULATIVE QUARTER Current Year To Date 30 November 2019		
	As reported RM'000	Impact of MFRS 16 RM'000	Without Adoption of MFRS 16 RM'000	As reported RM'000	Impact of MFRS 16 RM'000	Without Adoption of MFRS 16 RM'000
Revenue	166,913	-	166,913	330,169	-	330,169
Cost of sales	(127,358)	-	(127,358)	(254,261)	-	(254,261)
Other operating income	1,240	-	1,240	2,338	-	2,338
Selling and distribution expenses	(24,773)	(965)	(25,738)	(46,605)	(1,912)	(48,517)
Administrative expenses	(6,241)	-	(6,241)	(13,046)	-	(13,046)
Other operating expenses	(1,129)	-	(1,129)	(2,186)	-	(2,186)
Finance costs	(991)	965	(26)	(1,970)	1,912	(58)
Taxation	(1,992)	-	(1,992)	(3,754)	-	(3,754)
Profit after taxation	<u>5,669</u>	<u>-</u>	<u>5,669</u>	<u>10,685</u>	<u>-</u>	<u>10,685</u>
Total comprehensive income	<u>5,669</u>	<u>-</u>	<u>5,669</u>	<u>10,685</u>	<u>-</u>	<u>10,685</u>

Interim Financial Report for the Financial Period Ended 30 November 2019
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134,
Interim Financial Reporting

A2. Changes in Accounting Policies (cont'd)
A2.1 New MFRSs adopted during the current financial year (cont'd)

During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) (cont'd):-

MFRS 16 Leases (cont'd)

The following summarises the impact of adopting MFRS 16 on the statements of financial position of the Group resulting from the adoption of MFRS 16 as at 1 June 2019.

	As at 31 May 2019 RM'000	Changes RM'000	As at 1 June 2019 RM'000
Non-current assets			
Right-of-use assets	-	78,242	78,242
Non-current liabilities			
Lease liabilities	-	63,321	63,321
Current liabilities			
Lease liabilities	-	19,291	19,291
Total lease liabilities	-	82,612	82,612
Equity attributable to owners of the Company			
Retained earnings	110,343	(3,570)	106,773
Non-controlling interests	4,934	(800)	4,134

The Group apply modified retrospective approach upon adopting MFRS 16, as such, comparative figures are not been restated. Instead, the Group recognises the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings and non-controlling interests at 1 June 2019. The Group is using the weighted average incremental borrowing rate of 4.36%. Subsequent to initial recognition, the Group measures the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Other than the above, the Group elected to apply exemption for lease of premises expiring within 12 months under the Appendix C, paragraph 10(c) of this Standard. The lease payments of these premises are recognised as an expense on a straight line basis over the remaining lease terms.

Interim Financial Report for the Financial Period Ended 30 November 2019
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134,
Interim Financial Reporting

A2. Changes in Accounting Policies (cont’d)
A2.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 101 Presentation of Financial Statements</i>	1 January 2020
<i>Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
<i>Amendments to MFRS 134 Interim Financial Reporting</i>	1 January 2020
<i>Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
<i>Amendments to MFRS 138 Intangible Assets</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2019.

A4. Seasonal or Cyclical Factors

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors save for the materialization of purchase rebate entitlements from our suppliers which can only be determined in the third quarter of the financial year.

A5. Item of Unusual Nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

**Interim Financial Report for the Financial Period Ended 30 November 2019
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134,
Interim Financial Reporting**

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

A8. Dividend Paid

A final single tier tax exempt dividend of 6.0 sen per ordinary share amounting to RM13,062,384 in respect of the financial year ended 31 May 2019 is paid on 20 November 2019.

A9. Segmental Information

No segmental analysis is prepared as the Group is primarily engaged in retail pharmacy and related activities in Malaysia.

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 30 November 2019 are as follows:-

Capital expenditure commitments	RM'000
Purchase of property, plant and equipment	7,506

A11. Material Events during the Interim Period

There were not material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report.

A12. Changes in Composition of the Group

- a) Acquisition of 30,000 ordinary shares in Living Glory Sdn. Bhd. for a total consideration of RM123,900 by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”), resulting an increase in CPRM’s effective equity interest in the subsidiary from 70% to 100%.
- b) Disposal of 25,000 ordinary shares in Cosy Vision Sdn. Bhd. for a total consideration of RM25,000 by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”), resulting a decrease in CPRM’s effective equity interest in the subsidiary from 100% to 75%.
- c) Disposal of 40,000 ordinary shares in Viva caring Sdn. Bhd. for a total consideration of RM40,000 by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”), resulting a decrease in CPRM’s effective equity interest in the subsidiary from 100% to 60%.

**Interim Financial Report for the Financial Period Ended 30 November 2019
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134,
Interim Financial Reporting**

A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

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Interim Financial Report for the Financial Period Ended 30 November 2019
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B1. Review of Performance of the Group

The Group registered a revenue of RM166.91 million and profit before tax of RM7.66 million for the current financial quarter as compared to a revenue of RM145.80 million and profit before tax of RM9.73 million reported in the previous year corresponding quarter. The higher revenue was mainly contributed by the sales generated from the establishment of 18 new outlets and a slight increase in A&P Income.

During the quarter under review, we have established additional of 1 complex outlet, 2 high street outlets and 1 clinic. As of 30 November 2019, we have a total of 132 community pharmacies and 1 clinic.

There is a decline in profit before taxation for the current quarter compared to the corresponding quarter in the preceding year because of immature outlets yet to be turnaround. We have 30 immature outlets compared to preceding corresponding quarter of 20 outlets.

B2. Variation of Results with the Immediate Preceding Quarter

For the current quarter under review, the Group reported an increase in profit before tax by RM0.88 million, from RM6.78 million (immediate preceding quarter) to RM7.66 million.

B3. Prospect for the Group

The Company will maintains its strategies to strengthen the operational productivity, digitalisation of business operations, stores refurbishment and appropriate marketing strategies in order to ensure that its core business will remain resilient. Nevertheless, the Board of Directors believes that the Group will continue to achieve higher sales in the next quarter via year-end and festive sales and enjoy the higher profit.

B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

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Interim Financial Report for the Financial Period Ended 30 November 2019
Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income

Profit before tax is arrived at after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 November 2019 RM'000	Preceding Year Quarter 30 November 2018 RM'000	Current Year To Date 30 November 2019 RM'000	Preceding Year To Date 30 November 2018 RM'000
Depreciation of property, plant and equipment	1,070	951	2,110	1,830
Depreciation of right-of-use assets	5,041	-	9,947	-
Equipment write off	-	-	-	3
Bad debts written off	3	-	3	-
Interest expense	26	28	58	54
Lease interest expense	965	-	1912	-
Interest income	(1,007)	(912)	(1,964)	(1,659)
Rental Income	(43)	(49)	(80)	(98)

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 November 2019 RM'000	Preceding Year Quarter 30 November 2018 RM'000	Current Year To Date 30 November 2019 RM'000	Preceding Year To Date 30 November 2018 RM'000
<u>Income Tax</u>				
Tax Expense	1,992	2,628	3,754	4,383

Note:

The effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate of 24% mainly due to deferred tax assets not recognized

B7. Status of Corporate Proposals

There were no corporate proposals commenced but not completed as at the date of this report.

**Interim Financial Report for the Financial Period Ended 30 November 2019
Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

B8. Group Borrowings

The Group's borrowings as at 30 November 2019 are as follows:

	As at 30 November 2019 RM'000	As at 30 November 2018 RM'000
Long term borrowings		
Secured:		
Hire purchase	-	-
Term loan	6,933	7,903
	<u>6,933</u>	<u>7,903</u>
Short term borrowings		
Secured:		
Hire purchase	-	23
Term loan	1,381	1,712
	<u>1,381</u>	<u>1,735</u>
Total borrowings	<u>8,314</u>	<u>9,638</u>

B9. Material Litigation

There was no material litigation and the Directors do not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

B10. Dividends

No dividend was declared or recommended for payment by the Company for the quarter under review.

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**Interim Financial Report for the Financial Period Ended 30 November 2019
Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**
B11. Earnings Per Share
(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year to date are computed as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 November 2019 RM'000	Preceding Year Quarter 30 November 2018 RM'000	Current Year To Date 30 November 2019 RM'000	Preceding Year To Date 30 November 2018 RM'000
Profit for the period	4,956	5,740	9,137	9,828
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	2.28	2.64	4.20	4.51

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.

By order of the Board
20 January 2020