

Notes to the Interim Financial Statements

Fiamma Holdings Berhad (Company No: 88716-W) (“Fiamma” or “the Company”) Notes to the interim financial statements for the financial quarter ended 30 June 2019

A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and MFRS 134, *Interim Financial Reporting*. The interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group as at and for the financial year ended 30 September 2018.

A1. First Time Adoption of MFRS Framework

The Group prepared its financial statements in accordance with Financial Reporting Standards (“FRSs”) up to financial year ended 30 September 2018.

These are the Group’s unaudited interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The comparative information in these interim financial statements have been restated to give effect to the transition to MFRSs and they are provided in Notes A2(i) to A2(iii).

A2. Accounting Policies

Except as described below, the accounting policies applied by the Group in these unaudited interim financial statements are the same as those applied by the Group in its annual financial statements as at and for the year ended 30 September 2018.

MFRS 9 Financial Instruments

MFRS 9 introduces an “expected credit loss” model on impairment. The expected credit loss model (ECL) requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss model only requires recognition of credit losses incurred as at the reporting date.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. MFRS 15 established a five-step model to account for revenue arising from contracts with customers and it requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. MFRS 15 also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted MFRS 15 using the modified retrospective method, i.e. apply MFRS 15 to only contracts that have not been completed at the date of initial application.

Notes to the Interim Financial Statements

A2. Accounting Policies (continued)

The following are accounting standards, interpretations and amendments of the MFRS that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, interpretations and amendments 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*

MFRSs, interpretations and 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*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Notes to the Interim Financial Statements

A2. Accounting Policies (continued)

The Group plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2019 for those accounting standard, interpretation and amendments that are effective for annual periods beginning on or after 1 January 2019; and
- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group.

The Group is currently assessing the financial impact that may arise from the adoption of the abovementioned accounting standards, interpretations and amendments.

Notes to the Interim Financial Statements

A2. Accounting Policies (continued)

A2(i) Condensed Consolidated Statement of Comprehensive Income For the 9 months ended 30 June 2018

| | As previously stated RM'000 | Adjustments RM'000 | As restated RM'000 |
|--|-----------------------------------|-----------------------|-----------------------|
| Revenue | 232,195 | (439) | 231,756 |
| Cost of sales | (157,568) | 544 | (157,024) |
| Gross profit | 74,627 | 105 | 74,732 |
| Operating expenses | (39,623) | 26 | (39,597) |
| Other operating income | 2,842 | - | 2,842 |
| Profit from operations | 37,846 | 131 | 37,977 |
| Finance costs | (4,971) | (438) | (5,409) |
| Depreciation and amortisation | (3,535) | - | (3,535) |
| Profit before taxation | 29,340 | (307) | 29,033 |
| Taxation | (7,049) | 359 | (6,690) |
| Profit for the period | 22,291 | 52 | 22,343 |
| Other comprehensive income | | | |
| Foreign exchange translation difference | (793) | - | (793) |
| Total comprehensive income | 21,498 | 52 | 21,550 |
| Profit for the period attributable to: | | | |
| Owners of the Company | 20,349 | 113 | 20,462 |
| Non-controlling Interest | 1,942 | (61) | 1,881 |
| Profit for the period | 22,291 | 52 | 22,343 |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the Company | 19,789 | 113 | 19,902 |
| Non-controlling Interest | 1,709 | (61) | 1,648 |
| Total comprehensive income | 21,498 | 52 | 21,550 |
| Basic earnings per share (sen) | 4.02 | | 4.04 |
| Diluted earnings per share (sen) | 3.83 | | 4.04 |

Notes to the Interim Financial Statements

A2. Accounting Policies (continued)

A2(ii) Condensed Consolidated Statement of Financial Position As at 30 September 2018

| | As previously stated RM'000 | Adjustments RM'000 | As restated RM'000 |
|---|-----------------------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 100,641 | - | 100,641 |
| Investment properties | 76,419 | - | 76,419 |
| Inventories - land held for property development | 27,815 | 122,464 | 150,279 |
| Deferred tax assets | 2,591 | 2,527 | 5,118 |
| | <u>207,466</u> | <u>124,991</u> | <u>332,457</u> |
| Current assets | | | |
| Property development costs | 221,093 | (221,093) | - |
| Inventories | 147,822 | 83,939 | 231,761 |
| Contract assets | - | 2,661 | 2,661 |
| Contract costs | - | 10,693 | 10,693 |
| Trade and other receivables | 102,246 | - | 102,246 |
| Prepayments | 980 | - | 980 |
| Tax recoverable | 2,849 | - | 2,849 |
| Cash and cash equivalents | 102,645 | - | 102,645 |
| | <u>577,635</u> | <u>(123,800)</u> | <u>453,835</u> |
| TOTAL ASSETS | <u>785,101</u> | <u>1,191</u> | <u>786,292</u> |
| EQUITY | | | |
| Share capital | 265,028 | - | 265,028 |
| Treasury shares | (13,620) | - | (13,620) |
| Reserves and retained earnings | 216,545 | (2,204) | 214,341 |
| Total equity attributable to owners of the Company | <u>467,953</u> | <u>(2,204)</u> | <u>465,749</u> |
| Non-controlling interest | <u>22,847</u> | <u>(80)</u> | <u>22,767</u> |
| TOTAL EQUITY | <u>490,800</u> | <u>(2,284)</u> | <u>488,516</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 62,101 | - | 62,101 |
| Other payables | 7,536 | - | 7,536 |
| Deferred tax liabilities | 5,802 | - | 5,802 |
| | <u>75,439</u> | <u>-</u> | <u>75,439</u> |
| Current liabilities | | | |
| Loans and borrowings | 118,506 | - | 118,506 |
| Trade and other payables | 97,183 | (2,684) | 94,499 |
| Contract liabilities | - | 6,159 | 6,159 |
| Provision for warranties | 570 | - | 570 |
| Taxation | 2,603 | - | 2,603 |
| | <u>218,862</u> | <u>3,475</u> | <u>222,337</u> |
| TOTAL LIABILITIES | <u>294,301</u> | <u>3,475</u> | <u>297,776</u> |
| TOTAL EQUITY AND LIABILITIES | <u>785,101</u> | <u>1,191</u> | <u>786,292</u> |
| Net assets per share (RM) | <u>0.93</u> | | <u>0.92</u> |

Notes to the Interim Financial Statements

A2. Accounting Policies (continued)

A2(iii) Condensed Consolidated Statement of Cash Flows For the 9 months ended 30 June 2018

| | As previously stated RM'000 | Adjustments RM'000 | As restated RM'000 |
|---|-----------------------------------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Profit before taxation | 29,340 | (308) | 29,032 |
| Adjustments | 8,319 | 438 | 8,757 |
| Operating profit before changes in working capital | 37,659 | 130 | 37,789 |
| Changes in working capital: | | | |
| Inventories | (1,727) | (15,018) | (16,745) |
| Prepayments | 61 | - | 61 |
| Contract assets | - | 11,459 | 11,459 |
| Contract costs | - | (903) | (903) |
| Property development costs | (25,753) | 25,753 | - |
| Trade and other receivables | 10,584 | (5,764) | 4,820 |
| Trade and other payables | 12,084 | (3,514) | 8,570 |
| Cash and bank balance held under Housing Development Account | (674) | - | (674) |
| Cash generated from operations | 32,234 | 12,143 | 44,377 |
| Provision for warranties utilised | (320) | - | (320) |
| Tax paid net of refund | (6,694) | - | (6,694) |
| Net cash generated from operating activities | 25,220 | 12,143 | 37,363 |
| Cash flows from investing activities | | | |
| Additions of: - | | | |
| - property, plant and equipment | (227) | - | (227) |
| - inventories - land held for property development | - | (11,706) | (11,706) |
| Interest received | 1,534 | - | 1,534 |
| Proceeds from disposal of property, plant and equipment | 12 | - | 12 |
| Net cash generated from / (used in) investing activities | 1,319 | (11,706) | (10,387) |
| Cash flows from financing activities | | | |
| Dividends paid to owners of the Company | (8,862) | - | (8,862) |
| Drawdown of borrowings - net | 14,748 | - | 14,748 |
| Interest paid | (4,591) | (438) | (5,029) |
| Purchase of own shares | (1,392) | - | (1,392) |
| Net cash used in financing activities | (97) | (438) | (535) |
| Net increase in cash and cash equivalents | 26,442 | (1) | 26,441 |
| Cash and cash equivalents at beginning of period | 60,242 | - | 60,242 |
| Effect of exchange rate fluctuation on cash held | (823) | - | (823) |
| Cash and cash equivalents at end of period | 85,861 | (1) | 85,860 |
| Cash and cash equivalents | | | |
| Cash and bank balance and deposits placed with licensed banks | 107,845 | | 107,845 |
| Bank overdraft | (18,323) | | (18,323) |
| Cash and bank balances held under Housing Development Account | (3,661) | | (3,661) |
| | 85,861 | | 85,861 |

Notes to the Interim Financial Statements

A3. *Report of the Auditors to the Members of Fiamma*

The reports of the auditors to the members of Fiamma and its subsidiaries on the financial statements for the financial year ended 30 September 2018 were not subject to any qualification and did not include any adverse comments made under Section 266 (3) of the Companies Act 2016.

A4. *Seasonality or Cyclicity of Interim Operations*

The business of the Group was not subject to material seasonal or cyclical fluctuations.

A5. *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 for the current quarter ended 30 June 2019.

A6. *Material Changes in Estimates of Amounts Reported*

There were no material changes in estimates used in reporting the current quarter as compared to the financial statements of the Group for the financial year ended 30 September 2018.

A7. *Debt and Equity Securities*

The owners of the Company, by a special resolution passed at the Annual General Meeting held on 26 February 2019, approved the Company's plan to repurchase its own shares.

During the current financial quarter, the Company repurchased 9,857,600 of its issued share capital from the open market, at an average price of RM0.48 per share including transaction cost. The total consideration paid was RM4,743,399. During the current financial period, the Company repurchased 11,390,200 of its issued share capital from the open market at an average price of RM0.48 per share including transaction cost. The total consideration paid was RM5,496,188. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016. The repurchase transactions were financed by internally generated funds.

As at 30 June 2019, the Company held 36,514,200 of its own shares, representing 6.89% of the total paid-up share capital of the Company. These shares were being held and retained as treasury shares.

There were no other issuance, cancellation, resale and repayments of debt and equity securities for the current financial quarter ended 30 June 2019.

Notes to the Interim Financial Statements

A8. Dividend Paid

During the current quarter, the Company paid a final single-tier dividend of 2.25 sen per ordinary share in respect of the financial year ended 30 September 2018 on 5 April 2019.

A9. Operating Segment Information

The Group has three (3) reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Groups' reportable segments:

| | |
|--|---|
| Trading and services | Distribution and servicing of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, other household products, bathroom accessories, medical devices and healthcare products |
| Property development | Property development |
| Investment holding and property investment | Long term investment in unquoted shares and property investment |

Notes to the Interim Financial Statements

A9. Operating Segment Information (continued)

The reportable segment information for the Group is as follows:

| | Trading & Services RM'000 | Property Development RM'000 | Investment Holding & Property Investment RM'000 | Total RM'000 |
|---|---------------------------------|-----------------------------------|---|---------------------|
| For the financial period ended 30 June 2019 | | | | |
| External revenue | 211,511 | 39,046 | 4,225 | 254,782 |
| Inter segment revenue | 17,751 | - | 1,498 | 19,249 |
| Total reportable revenue | 229,262 | 39,046 | 5,723 | 274,031 |
| Segment profit | 30,440 | 6,489 | 3,245 | 40,174 |
| Segment assets | 390,981 | 418,427 | 438,149 | 1,247,557 |
| Segment assets | | | | 1,247,557 |
| Other non-reportable segments | | | | 8,690 |
| Elimination of inter-segment transactions or balances | | | | (444,962) |
| | | | | 811,285 |
| Segment liabilities | (112,215) | (231,030) | (138,827) | (482,072) |
| Segment liabilities | | | | (482,072) |
| Other non-reportable segments | | | | (7,982) |
| Elimination of inter-segment transactions or balances | | | | 175,176 |
| | | | | (314,878) |
| <i>Reconciliation of profit</i> | | | | |
| | | | | 30 June 2019 |
| | | | | RM'000 |
| Total profit for reportable segments | | | | 40,174 |
| Elimination of inter-segment profits | | | | (1,086) |
| Depreciation | | | | (3,005) |
| Interest expense | | | | (5,870) |
| Interest income | | | | 1,997 |
| | | | | 32,210 |

Notes to the Interim Financial Statements

A10. Events Subsequent to the end of the Financial Period

(i) Repurchase of the Company's shares

Subsequent to the financial quarter end, the Company repurchased 670,000 of its issued share capital from the open market at an average price of RM0.49 per share including transaction costs. The total consideration paid was RM325,007.

(ii) Cancellation of the Company's treasury shares

On 17 July 2019, the Company cancelled 20,000,000 treasury shares with carrying amount of RM10,469,104.04 at an average price of RM0.52 per ordinary share.

Other than the above, there were no other material events as at 14 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 quarter under review.

A11. Changes in Composition of the Group

There was no change in the composition of the Group for the current quarter, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

A12. Contingent Liabilities

Contingent liabilities of the Company are as follows:

| | As at 30 June 2019 RM'000 | As at 30 Sept 2018 RM'000 |
|---|--|--|
| Guarantees to financial institutions for facilities granted to subsidiaries | 150,383 ===== | 154,607 ===== |

Notes to the Interim Financial Statements

B. Compliance with Bursa Securities Listing Requirements.

B1. Review of the Performance of the Group

| | 9 months ended | |
|------------------------|------------------------|------------------------------------|
| | 30 June 2019 RM'000 | 30 June 2018 RM'000 Restated |
| Revenue | 254,782 | 231,756 |
| Profit before taxation | 32,210 | 29,033 |

The Group recorded a higher revenue of RM254.78 million in the current financial period compared with RM231.76 million in the preceding year financial period. This was mainly due to higher contribution from both trading and services segment and property development segment. Consequently, the Group recorded a higher profit before taxation ("PBT") of RM32.21 million in the current financial period compared with RM29.03 million in the preceding year financial period.

The Group's revenue is derived primarily from the trading and services segment which contributed 83.0% of the Group's revenue in the current financial period. The segment recorded revenue of RM211.51 million in the current financial period compared with RM202.71 million in the preceding year financial period. Consequently, this segment recorded a higher PBT of RM29.23 million in the current financial period compared with RM27.63 million in the preceding year financial period.

The property development segment contributed 15.3% of the Group's revenue in the current financial period. The segment recorded a higher revenue of RM39.05 million in the current financial period compared with RM24.89 million in the preceding year financial period. Consequently, this segment recorded PBT of RM1.78 million in the current financial period compared with loss before taxation of RM0.12 million in the preceding year financial period.

The investment holding and property investment segment contributed 1.7% of the Group's revenue in the current financial period. The segment recorded a revenue of RM4.23 million and PBT of RM1.20 million in the current financial period compared with RM4.15 million and RM1.52 million respectively in the preceding year financial period. The revenue is derived mainly from letting of investment properties at Wisma Fiamma in Bandar Menjalara and Menara Centara in Jalan Tuanku Abdul Rahman, both in Kuala Lumpur.

Notes to the Interim Financial Statements

B2. Comparison with Preceding Quarter's Results

| | 3 months ended | |
|------------------------|-----------------------|--------------------|
| | 30 June 2019 | 31 Mar 2019 |
| | RM'000 | RM'000 |
| Revenue | 94,992 | 79,643 |
| Profit before taxation | 12,067 | 9,038 |

The Group recorded a higher revenue of RM94.99 million in the current quarter ended 30 June 2019 compared with RM79.64 million in the previous quarter ended 31 March 2019. The increase in revenue was due to higher contribution from both the trading and services segment and property development segment. Consequently, the Group recorded a higher PBT of RM12.07 million compared with RM9.04 million in the previous quarter ended 31 March 2019.

Notes to the Interim Financial Statements

B3. Prospects

GDP registered a higher growth 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.

Core inflation, excluding the impact of consumption tax policy changes, was unchanged at 1.6%.

The global economy is expected to grow at a moderate pace in 2019 compared to 2018. 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 continued to improve. The baseline projection, therefore, remains within the range of 4.3% - 4.8%. Nonetheless, the outlook is subject to downside risks from lingering uncertainties in the global and domestic environment, worsening trade tensions and extended weakness in commodity-related sectors.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2019, Bank Negara Malaysia)

With the above outlook, the Directors expect the performance for the current financial year to remain challenging. Nevertheless, the Group will continue to remain focused on expanding its existing core businesses.

For the trading and services segment, Fiamma will continue to build on its effective supply chain system and proven core competencies to remain a market leader for its products. It will continue to invest in brand building and promotional activities to strengthen and expand its distribution network in Malaysia for its various brands of home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products and source for new products and business opportunities that are in synergy with the Group's products and activities.

For the property development segment, the on-going development of service apartments (East Parc @ Menjalara) in Bandar Menjalara, Kuala Lumpur and the residential developments in Batu Pahat, Johor, as well as the completed residential and commercial developments in Kota Tinggi, Johor, will contribute to the Group's revenue in the financial year 2019 and the coming financial years. The upcoming medium cost project in Kota Tinggi, Johor and the proposed residential developments in Jalan Yap Kwan Seng and Jalan Sungai Besi, both in Kuala Lumpur, are expected to contribute to the Group's future income stream once the proposed developments are launched and sold.

Notes to the Interim Financial Statements

B4. Profit Forecast or Profit Guarantee

Not applicable.

B5. Taxation

Taxation comprises the following:

| | 9 months ended 30 June 2019 RM'000 |
|---|---|
| Current tax expense | 8,664 |
| Deferred tax expense | (494) |
| | <hr/> |
| | 8,170 |
| Prior year tax expense | (144) |
| | <hr/> |
| | 8,026 |
| | <hr/> <hr/> |
| | RM'000 |
| Profit before taxation | 32,210 |
| | <hr/> <hr/> |
| Tax at Malaysian tax rate of 24% | 7,730 |
| Non-deductible expenses and other tax effects | 440 |
| | <hr/> |
| Tax expense | 8,170 |
| Prior year tax expense | (144) |
| | <hr/> |
| Tax expense | 8,026 |
| | <hr/> <hr/> |

B6. Status of Corporate Proposal

The Group has not announced any corporate proposals, which have not been completed at the date of this announcement.

Notes to the Interim Financial Statements

B7. Group Borrowings and Debt Securities

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

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|-----------------------------------|---------------------------|-----------------------------|-------------------------|
| Non-current | | | |
| Repayable after 12 months | | | |
| Term loan | 51,036 | - | 51,036 |
| | ===== | ===== | ===== |
| Current | | | |
| Repayable within 12 months | | | |
| Term loan | 14,766 | - | 14,766 |
| Revolving credit | 91,000 | - | 91,000 |
| Bills payable | - | 38,688 | 38,688 |
| Bank overdraft | 17,893 | - | 17,893 |
| | ----- | ----- | ----- |
| Sub-total | 123,659 | 38,688 | 162,347 |
| | ===== | ===== | ===== |
| Total | 174,695 | 38,688 | 213,383 |
| | ===== | ===== | ===== |

B8. Derivatives

The details of the Group's foreign currency forward contracts as at 30 June 2019 are as follows:

| | Notional amount RM'000 | Fair value RM'000 | Difference RM'000 |
|---|---------------------------------------|----------------------------------|------------------------------|
| Foreign currency forward contracts | | | |
| US Dollar | 1,049 | 1,047 | (2) |
| | ===== | ===== | ===== |

The above instruments were executed with established financial institutions in Malaysia. There is no cash requirement for these contracts.

The Group uses appropriate financial instruments, such as foreign currency forward contracts, to hedge against specific exposures including foreign currency risks.

With the adoption of FRS 139, the difference between the notional value and fair value of the contracts amounting to RM2,000 has been recognised in the financial statements.

Notes to the Interim Financial Statements

B9. Changes in Material Litigation

There was no impending material litigation as at 14 August 2019, being the date not earlier than 7 days from the date of this announcement.

B10. Dividend

No interim dividend was declared for the current quarter under review.

B11. Earnings per share

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to the owners of the Company and a weighted average number of ordinary shares outstanding, is as follows:

| | 3 months ended 30 June 2019 RM'000 | 9 months ended 30 June 2019 RM'000 |
|---|---|---|
| Profit for the financial period attributable to owners of the Company | 8,415 | 21,842 |
| | '000 | '000 |
| Issued ordinary shares at 1 October | 530,027 | 530,027 |
| Treasury shares | (36,514) | (36,514) |
| Effects of exercise of warrants | - | 2 |
| Weighted average number of ordinary shares at 30 June 2019 | 493,513 | 493,515 |
| Basic earnings per share (sen) | 1.71 | 4.43 |
| | '000 | '000 |
| Weighted average number of ordinary shares at 30 June 2019 (basic) | 493,513 | 493,515 |
| Effects of share options | -* | -* |
| Weighted average number of ordinary shares at 30 June 2019 (diluted) | 493,513 | 493,515 |
| Diluted earnings per share (sen) | 1.71 | 4.43 |

* At 30 June 2019, the effect on the earnings per share in respect of potential ordinary shares from the exercise of share options is anti-dilutive and therefore excluded from the calculation of diluted earnings per share.

Notes to the Interim Financial Statements

B12. Profit before taxation

| | 9 months ended 30 June 2019 RM'000 |
|---|---|
| Profit before taxation is arrived at after charging: | |
| Depreciation and amortisation | 3,005 |
| Interest expense | 5,870 |
| Allowance for impairment loss for trade receivables | 693 |
| Inventories written down and written off, net | 1,403 |
| Property, plant and equipment written off | 33 |
| Loss on foreign exchange – realised and unrealised | 94 |
| Loss on derivative financial instruments - realised | 13 |
| | <hr/> |
| and after crediting: | |
| Interest income | 1,997 |
| Bad debt recovery | 142 |
| Reversal of allowance for impairment loss for trade receivables | 897 |
| Gain on disposal of property, plant and equipment | 140 |
| Gain on foreign exchange – realised and unrealised | 151 |
| Gain on derivative financial instruments - realised | - |
| | <hr/> |

B13. Capital Commitments

There was no capital commitment as at 30 June 2019.

B14. Provision of Financial Assistance

The amount of financial assistance provided by the Company and its subsidiaries to its non-wholly owned subsidiaries pursuant to paragraph 8.23(1) of the Listing Requirements is as follows:-

| | As at 30 June 2019 RM'000 | As at 30 Sept 2018 RM'000 |
|--|--|--|
| Corporate guarantees to financial institutions for trade facilities granted to non-wholly owned subsidiaries | - | 590 |
| | <hr/> | <hr/> |

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

This announcement is dated 21 August 2019.