



CHUAN HUAT RESOURCES BERHAD

(Registration No. 199401005050 (290729-W))

Condensed Consolidated Financial Statements
For the Sixth Quarter and Period Ended
30 June 2020

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2020

	Unaudited As at 30/06/20 (RM'000)	Audited As at 31/12/18 (RM'000)
ASSETS		
Non-Current assets		
Property, plant & equipment	216,983	223,643
Investment properties	69,330	54,519
Right-of-use assets	4,830	-
Investment in an associated company	-	670
Investments	60	1,804
	<u>291,203</u>	<u>280,636</u>
Current assets		
Inventories	101,339	117,435
Trade receivables	146,354	207,719
Other receivables	6,969	8,406
Amount due from an associate company	-	151
Cash & cash equivalents	16,198	16,898
Non-current assets held for sale	-	155
	<u>270,860</u>	<u>350,764</u>
TOTAL ASSETS	<u>562,063</u>	<u>631,400</u>
EQUITY AND LIABILITIES		
Share Capital	84,335	84,335
Reserves	210,524	233,240
	<u>294,859</u>	<u>317,575</u>
Non-controlling interest	14,911	15,674
Total equity	<u>309,770</u>	<u>333,249</u>
Non-current liabilities		
Borrowings	20,217	19,430
Lease liabilities	3,551	-
Deferred tax liabilities	17,072	10,863
	<u>40,840</u>	<u>30,293</u>
Current liabilities		
Trade & other payables	28,936	59,177
Borrowings	181,025	208,509
Lease liabilities	1,420	-
Taxation	72	172
	<u>211,453</u>	<u>267,858</u>
Total liabilities	<u>252,293</u>	<u>298,151</u>
TOTAL EQUITY AND LIABILITIES	<u>562,063</u>	<u>631,400</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.75</u>	<u>1.88</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2018

**Unaudited Condensed Consolidated Statement of Comprehensive Income
For the Sixth Quarter and Period ended 30 June 2020**

	Individual quarter		Cumulative quarter	
	3 months ended		18 months ended	
	30/06/20 (RM'000)	30/06/19 (RM'000)	30/06/20 (RM'000)	30/06/19 (RM'000)
Revenue	66,571	183,623	970,063	-
Operating expenses	(68,018)	(179,809)	(960,256)	-
Other income	1,796	91	4,824	-
Operating (loss)/profit	349	3,905	14,631	-
Depreciation and amortization	(3,360)	(1,758)	(12,528)	-
Interest expenses	(3,234)	(2,660)	(17,088)	-
Interest income	419	740	2,622	-
Provision for and write off of receivables	(23)	(244)	(2,342)	-
Provision for and write off of inventories	(945)	(22)	(1,029)	-
(Loss)/Gain on disposal of quoted or unquoted investments or properties	-	125	1,237	-
Impairment of assets	-	-	-	-
Share of profit/(loss) in an associate company	(69)	(65)	(390)	-
Foreign exchange (loss)/gain	(17)	(8)	(36)	-
(Loss)/ Profit before tax	(6,880)	13	(14,923)	-
Taxation	(8)	(49)	(1,409)	-
Loss for the period	(6,888)	(36)	(16,332)	-
Other Comprehensive loss net of tax	(21)	(589)	(5,824)	-
Total Comprehensive Loss for the period	(6,909)	(625)	(22,156)	-
Loss attributable to:-				
Owner of the parent	(6,367)	(23)	(14,962)	-
Non-controlling interest	(521)	(13)	(1,370)	-
Profit for the period	(6,888)	(36)	(16,332)	-
Comprehensive Loss attributable to:-				
Owner of the parent	(6,388)	(612)	(20,786)	-
Non-controlling interest	(521)	(13)	(1,370)	-
Comprehensive loss for the period	(6,909)	(625)	(22,156)	-
Earnings per share (sen):-				
Basic and diluted earnings per share	(3.77)	(0.01)	(8.87)	-

The financial year end of the Group has been changed from 31 December to 30 June. Therefore the current year-to-date reporting period covers 18 months, from 1 January 2019 to 30 June 2020. As such, there are no comparative figures available for the cumulative period for the preceding corresponding period.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2018

**Unaudited Condensed Consolidated Statement of Changes in Equity
For the period ended 30 June 2020**

	Share Capital (RM'000)	Capital Reserve (RM'000)	Non-Distributable Exchange Translation Reserve (RM'000)	Revaluation Reserve (RM'000)	Distributable Retained Earnings (RM'000)	Total (RM'000)	Non- Controlling interest (RM'000)	Total Equity (RM'000)
At 1 January 2019	84,335	21,923	361	114,393	96,563	317,575	15,674	333,249
Total comprehensive income for the year	-	-	115	(5,939)	(14,962)	(20,786)	(1,370)	(22,156)
Acquisition of additional equity interest in subsidiary companies	-	-	-	-	(75)	(75)	707	632
Dividend paid	-	-	-	-	(1,855)	(1,855)	(100)	(1,955)
At 30 June 2020	84,335	21,923	476	108,454	79,671	294,859	14,911	309,770
At 1 January 2018	84,335	21,923	309	75,268	90,595	272,430	15,011	287,441
Share in results of an associated co.	-	-	-	-	(53)	(53)	-	(53)
As at 1 January 2018, as restated	84,335	21,923	309	75,268	90,542	272,377	15,011	287,388
Total comprehensive income for the period	-	-	52	39,125	7,876	47,053	263	47,316
Acquisition of additional equity interest in subsidiary company	-	-	-	-	-	-	400	400
Dividend paid	-	-	-	-	(1,855)	(1,855)	-	(1,855)
At 31 December 2018	84,335	21,923	361	114,393	96,563	317,575	15,674	333,249

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2018

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 30 June 2020

	18 months Period Ended	
	30/06/20	30/06/19
	(RM'000)	(RM'000)
Cash flows from operating activities		
Profit/(loss) before tax from operation	(14,923)	-
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	10,987	-
Depreciation on Right-use-of-assets	1,541	-
Interest expenses	17,088	-
Interest income	(2,622)	-
Provision for and write off of receivables	2,342	-
Provision for and write off of inventories	1,029	-
Non-cash items	(2,518)	-
Operating profit before working capital changes	12,924	-
(Increase)/Decrease in inventories	15,093	-
Decrease/(Increase) in receivables	63,606	-
(Increase)/Decrease in amount due from an associate company	151	-
(Decrease)/ increase in payables	(31,077)	-
Cash (used)/ generated from operations	60,697	-
Interest received	2,497	-
Interest paid	(14,810)	-
Repayment of lease liabilities	(1,488)	-
Net tax (paid)/ refund	(2,112)	-
Net cash (outflow) from operating activities	44,784	-
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,698)	-
Purchase of investment and investment properties	(15,031)	-
Acquisition of non-controlling interest	377	-
Net cash inflow from acquisition of a subsidiary company	177	-
Investment in an associate company	(151)	-
Proceeds from disposal of property, plant and equipment	1,551	-
Proceeds from disposal of investment properties	542	-
Proceeds from disposal of quoted and unquoted shares	3,147	-
Interest received	125	-
Net cash outflow from investing activities	(13,961)	-
Cash flows from financing activities		
Net proceeds from /(repayments to) term loans	1,229	-
Repayments of finance lease liabilities	(2,167)	-
Net (repayments to)/ proceeds from short term borrowings	(35,177)	-
Dividend paid	(1,955)	-
Interest paid	(2,018)	-
(Increased)/ decreased in fixed deposit pledged	445	-
Net cash (outflow)/inflow from financing activities	(39,643)	-
Effects of changes in exchange rates	(116)	-
Net increase in cash & cash equivalents	(8,820)	-
Cash & cash equivalents at beginning of the financial period	15,823	-
Cash & cash equivalents at end of the financial period	6,887	-

The financial year end of the Group has been changed from 31 December to 30 June. Therefore the current year-to-date reporting period covers 18 months, from 1 January 2019 to 30 June 2020. As such, there are no comparative figures available for the cumulative period for the preceding corresponding period

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Interim Financial Report and the audited financial statements of the Company for the financial year ended 31 December 2018

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SIXTH QUARTER AND
EIGHTEEN MONTHS ENDED 30 JUNE 2020**

1. Basis of Preparation

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 which were prepared under the Malaysian Financial Reporting Standards (“MFRS”) and amendments to standards to be applied by all Entities Other Than Private Entities.

These interim financial statements of the Group are not audited and have been prepared in accordance with the requirements of MFRS 134 – *Interim Financial Reporting* and the applicable disclosure provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

2. Significant Accounting Policies

The accounting policies applied by the Group in these interim consolidated financial statements are consistent with the audited financial statements for the financial year ended 31 December 2018, including the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January 2019:

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16 : *Leases*
- IC Interpretation 23: *Uncertainty over Income Tax Treatment*
- Amendments to MFRS 9: *Prepayment Features with Negative Compensation*
- Amendments to MFRS 119: *Plan Amendments, Curtailment of Settlement*
- Amendments to MFRS 128: *Long-term Interest in Associates and Joint Ventures*
- Annual Improvements to MFRSs 2015–2017 Cycle

Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3: *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108: *Definition Of Material*

MFRS 16, Leases

On the adoption of MFRS 16, Group has assessed the estimated impact of the initial application of MFRS 16. Based on the preliminary assessment, the Group does not expect the application of MFRS 16 to have a significant financial impact on its consolidated financial statements. 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 recognizes 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.

Standards and Amendments In Issue but not yet effective

As at the date of authorisation of these interim financial statements, the Group have not made early adoption of the following MFRSs, IC Interpretations and Amendments to MFRSs which have been issued and will be effective for the financial periods as stated below:-

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17 : *Insurance Contracts*

Effective date deferred

- Amendments to MFRS 10 and MFRS 128 : *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

3. Auditors' Report in respect of the 2018 Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not qualified.

4. Seasonality or Cyclicity of Interim Operations

The Group's performance was not affected by any significant seasonal or cyclical factors in the current quarter under review.

5. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the eighteen months period ended 30 June 2020.

6. Changes in Estimates

There were no material changes in estimates that have had a material effect during the eighteen months period ended 30 June 2020.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the eighteen months period ended 30 June 2020.

8. Dividends Paid

The company paid a first and final single tier dividend of 1.1 sen per ordinary share amounting to RM1,855,367 in respect of the financial year ended 31 December 2018 on 16 August 2019.

9. Segment Information

	Current year quarter 3 months 30/06/20 (RM'000)	Preceding year quarter 3 months 30/06/19 (RM'000)	Current year to date 18 months 30/06/20 (RM'000)	Preceding year to date 18 months 30/06/19 (RM'000)
<u>Segment Revenue</u>				
Trading of hardware & building materials	44,582	137,552	774,622	-
Steel Service Centre	18,315	55,230	364,089	-
Trading of IT related products	14,328	12,824	80,275	-
Food & Beverage	264	-	3,192	-
Others	11,638	491	14,082	-
Total revenue including inter-segment sales	89,127	206,097	1,236,260	-
Elimination of inter segment sales	(22,555)	(22,473)	(266,197)	-
Total revenue	66,572	183,624	970,063	-
<u>Profit/ (loss) before taxation</u>				
Trading of hardware & building materials	(3,411)	1,449	(3,557)	-
Steel Service Centre	(2,415)	(221)	(6,756)	-
Trading of IT related products	(107)	(670)	(2,522)	-
Food & Beverage	(506)	-	(1,522)	-
Others	(441)	(545)	(566)	-
Total Profit before taxation	(6,880)	13	(14,923)	-

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment for financial period ended 30 June 2020 has been brought forward without amendment from the previous audited financial statements as at 31 December 2018.

11. Material Events Subsequent to the Balance Sheet Date

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement.

12. Changes in Composition of the Group

The changes in the composition of the Group during the quarter and eighteen months ended 30 June 2020 and up to the date of this Interim Financial Report is as follows:-

The Company through a subsidiary company, Pineapple Computer Systems Sdn. Bhd. ("PCS"), a wholly-owned subsidiary of the Company together with Great Eat Sdn. Bhd. ("GESB") and E-Food Products Sdn. Bhd. ("EFP") had on 03 October 2019 entered into a Sale of Shares Agreement ("SSA") with Gema Naga 2 Sdn. Bhd. ("GN2") for the acquisition from GN2, its entire shareholdings in THS Restaurants Sdn. Bhd. ("THS") of 1,691,143 ordinary shares ("Sale Shares") for a total cash consideration of RM3 only ("Acquisition"). The shares acquired by PCS was 904,305 ordinary shares, GESB acquired 393,419 ordinary shares and EFP acquired 393,419 ordinary shares. Upon Completion of the SSA, THS is a subsidiary of PCS and PRB,

Details of net assets acquired during the acquisition are as follows:

	RM'000
Property, plant and equipment	871
Inventories	26
Trade and other receivables	69
Deposit & prepayment	257
Cash and cash equivalents	177
Trade and other payables	(481)
Accrual	(91)
Non-controlling interest	(406)
Net assets acquired	422
Gain on combination	(243)
Fair value of the equity interests previously owned at acquisition date	(179)
Purchase consideration	0
Cash and cash equivalents	177
Net cash inflow from acquisition of subsidiary company	177

13. Contingent Liabilities/Contingent Assets

	30/06/20 (RM'000)	31/03/20 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	257,749	324,844	(67,095)
Corporate guarantees in respect of the Supply of goods to subsidiary companies	38,900	38,900	-

14. Capital Commitments

The Group has commitments as follows:

	30/06/20 (RM'000)	31/03/20 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	1,559	1,445	114

15. Related Party Transactions

The related parties of the Group and of the Company comprise the following:

Related companies being subsidiary companies of Chuan Huat Resources Berhad (CHRB) are as follow:-

- i) Chuan Huat Metal Sdn Bhd (CHM), a 80% owned subsidiary
- ii) Pineapple Resources Berhad, a 63.85% owned subsidiary and it's subsidiary companies (PRB Group)
- iii) Keyline Consulting Sdn Bhd (KLC), a 70% owned subsidiary
- iv) CHRB Building Materials Sdn Bhd (CHRB BM), a 60% owned subsidiary
- v) CHRB Trading Sdn Bhd (CHRB Trading), a 55% owned subsidiary
- vi) CH Sweestech Door Sdn Bhd ("CHSD"), a 52.5% owned subsidiary

Other related parties being companies in which a Substantial shareholder or a Director of the Company and subsidiary companies have interest.

The significant related party transactions are as follows:

	Current year to date 18 months 30/06/20 (RM'000)	Preceding Year to date 18 months 30/06/19 (RM'000)
a) Sale of goods to		
i) <u>Other related parties</u>		
Ahmad Zaki Sdn Bhd	53,291	-
ii) <u>Subsidiaries</u>		
CHM	10,298	-
CHRB BM	4,759	-
CHSD	-	-
KLC	-	-
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
KLC	3,744	-
CHM	-	-
CHRB BM	3	-
CHSD	-	-

15. Related Party Transactions (cont'd)

c) Others

i) Subsidiaries

Rental income received from subsidiaries	424	-
Security, water & electricity charges received from subsidiaries	72	-
Management fee and incentive received from subsidiaries	350	-
Rental of motor vehicle	2	-
Handling fee		-
Transport charges	5	-
Interest expenses	-	-

In the opinion of the Directors, the above related party transactions have been entered into in the normal course of business and have been established under terms that are no more favourable than those arranged with independent third parties.

16. Cash and Cash Equivalents

	As at 30/06/20 (RM'000)	As at 31/12/18 (RM'000)
Fixed deposit with a licensed bank	362	808
Cash and bank balances	15,836	16,089
Bank overdraft	(8,949)	(266)
	7,249	16,631
Less : Fixed Deposits pledged	(362)	(808)
	6,887	15,823

17. Review of Performance

The Group recorded a total revenue of RM970 million for 18 months financial period ended 30 June 2020 while as for the period (Quarter 6 April-June 2020) it recorded a revenue of RM66.6 million as compared to RM183.6 million in the corresponding period of the preceding year. The Company had changed its financial year end to 30 June 2020.

The Group recorded a loss before tax of RM14.9 million for the 18 months financial period ended 30 June 2020. As for the current quarter (Q6), it reported a loss before tax of RM6.9 million as compared to a profit before tax of RM0.013 million in the previous corresponding period.

The details of the performance of the various segments are as follows:

	Current year quarter 30.06.20 RM'000	Preceding year quarter 30.06.19 RM'000	Change %	Current year to date 18 months 30.06.20 RM'000	Preceding year to date 18 months 30.06.19 RM'000	Change %
Revenue						
Trading of hardware & building materials	40,406	135,221	-70.12	702,293	-	-
Steel Service Centre	11,058	35,498	-68.85	182,495	-	-
IT related products & F&B	14,583	12,824	13.72	83,459	-	-
Others	525	81	548.15	1,816	-	-
Total	66,572	183,624	-63.75	970,063	-	-
Profit / (Loss) before taxation						
Trading of hardware & building materials	(3,411)	1,449	-335.40	(3,557)	-	-
Steel Service Centre	(2,415)	(221)	-992.76	(6,756)	-	-
IT related products & F&B	(613)	(670)	8.51	(4,044)	-	-
Others	(441)	(545)	19.08	(566)	-	-
Total	(6,880)	13	-53023	(14,923)	-	-

The reasons for the changes in the various sectors are as follows:-

(i) Trading of hardware & building materials

The current quarter registered a drop in revenue by 70% as compared to the corresponding period in the preceding year which was mainly due to the lockdown during the MCO (Movement Control Order) from mid-March until the slow reopening of businesses from mid-May onward. For the similar reason, the profit and loss before tax was also adversely affected resulting in a loss of RM3.41 million in the current quarter as compared to a profit of RM1.45 million in the preceding year quarter. The 18 months for the period ended 30 June 2020 recorded a loss of RM3.56 million.

17. Review of Performance (cont'd)

(ii) Steel Service Centre

The revenue was reduced by 69% when compared to the preceding quarter under review whilst the profit and loss before tax was adversely affected by reporting a loss of RM2.41 million in the current quarter as compared to a loss of RM0.22 million in the preceding year quarter. The 18 months for the period ended 30 June 2020 recorded a loss of RM6.76 million. The reasons are similarly due to the lockdown.

(iii) IT related products & food and beverage

Although the revenue for the F&B division was also adversely affected by the lockdown during this quarter, it was compensated by the IT division which saw an increase in its online revenue which eventually contributed an increase of 13.7%. However, as for its current quarter bottom line, it registered a loss before tax of RM0.61 million as compared to a loss of RM0.67 million in the corresponding period. The losses were attributed to the temporary closure of the F&B outlets due to the lockdown. The 18 months for the period ended 30 June 2020 recorded a loss of RM4.04 million.

(iv) Others

Revenue was at RM0.53 million as compared to RM0.08 million in the preceding quarter which was from the sales of property. As for the profit before tax, it registered a loss of RM0.44 million as compared to a loss of RM0.55 million in the corresponding quarter of the preceding year. The 18 months for the period ended 30 June 2020 recorded a loss of RM0.57 million.

18. Material changes in Profit/(Loss) Before Taxation ("PBT/LBT) against preceding quarter

	Current year quarter 3 months 30/06/20 (RM'000)	Immediate preceding quarter 3 months 31/03/20 (RM'000)	Change %
Profit / (Loss) before taxation			
Trading of hardware & building Materials	(3,411)	(2,203)	-54.83
Steel Service Centre	(2,415)	(831)	-190.61
IT related products & Food and Beverage Division	(613)	(1,064)	42.39
Others	(441)	(448)	1.56
Total	(6,880)	(4,546)	-51.34

The reasons for the changes in the various sectors are as follows:-

(i) Trading of hardware & building materials

The division recorded loss before tax of RM3.41 million in current quarter as compared to a loss before tax of RM2.20 million in previous quarter. This was mainly due to decrease in sales for steel products.

18. Material changes in Profit/(Loss) Before Taxation (“PBT/LBT) against preceding quarter... (cont’d)

(ii) Steel Service Centre

The division recorded loss before tax of RM2.42 million in current quarter as compared to a loss before tax of RM0.83 million in previous quarter. This was mainly due to decrease in sales for steel products.

(iii) IT related products and F&B Division

The division recorded loss before tax of RM0.61 million in current quarter as compared to a loss before tax of RM1.06 million in previous quarter. This was mainly due to improved profit margin during the quarter under review

(iv) Others

There is no significant difference in the profit and loss for current quarter as compared to previous quarter for this division.

19. Commentary on Prospects

The construction industry was badly hit by the Covid-19 since mid-March with the imposition of the MCO (Movement Control Order). All construction sites were not allowed to operate until June when some job sites started to operate with restricted conditions on the workers. Until now, it is reported that only about 70% of the projects are operating at a very slow recovery pace due to the restricted movement still in force.

As for the IT division, we are anticipating an increase in the revenue from online whilst for the F&B hospitality business, the recovery will be very much dependent on the timing of the MCO conditions and vaccine availability.

20. Profit Forecast and Profit Guarantee

The Group is not subject to any profit forecast or profit guarantee requirements.

21. Income Tax Expenses

	Current year quarter 3 months 30/06/20 (RM'000)	Preceding year quarter 3 months 30/06/19 (RM'000)	Current year to date 18 months 30/06/20 (RM'000)	Preceding year to date 18 months 30/06/19 (RM'000)
Malaysia income tax				
- current	(621)	529	1,360	-
- under/ (over) provision in prior years	-	-	(234)	-
	(621)	529	1,126	-
Deferred taxation	629	(480)	283	-
TOTAL	8	49	1,409	-

21. Income Tax Expenses (cont'd)

The effective tax rate for the financial period ended 30 June 2020 and 31 December 2018 are not reflective of the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

22. Borrowings

	As at 30/06/20 (RM'000)	As at 30/06/19 (RM'000)
<u>Short Term</u>		
Bank overdrafts (unsecured)	8,949	1,124
Bills payable (unsecured)	162,362	226,977
Trust receipts	1,466	1,057
Finance lease liabilities	1,271	1,373
Term loans (amount payable within 12 months)	6,977	8,766
	<u>181,025</u>	<u>239,297</u>
<u>Long Term</u>		
Finance lease liabilities	2,624	3,554
Less : amount payable within 12 months	(1,271)	(1,373)
	<u>1,353</u>	<u>2,181</u>
Term Loans (secured)	25,841	27,894
Less : amount payable within 12 months	(6,977)	(8,766)
	<u>18,864</u>	<u>19,128</u>
	<u>20,217</u>	<u>21,309</u>

23. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

24. Changes in Material Litigation

As at date of this report, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2018.

25. Dividends

No dividend has been declared nor recommended for payment for the eighteen months ended 30 June 2020.

26. Earnings per share

a. Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the total number of ordinary shares of the Company in issue for the respective period as follows:

	Current year quarter 3 months 30/06/20 (RM'000)	Preceding year quarter 3 months 30/06/19 (RM'000)	Current year to date 18 months 30/06/20 (RM'000)	Preceding year to date 18 months 30/06/19 (RM'000)
(Loss)/Profit attributable to the owners of the parent (RM'000)	(6,367)	(23)	(14,962)	-
Total number of ordinary shares in issue ('000)	168,670	168,670	168,670	-
Basic (loss)/earnings per share (sen)	(3.77)	(0.01)	(8.87)	-

27. Authorisation for Issue

This interim consolidated financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

BY ORDER OF THE BOARD

DATO' LIM LOONG HENG
DEPUTY MANAGING DIRECTOR

Date: 26 August 2020