



# **CHUAN HUAT RESOURCES BERHAD**

*(Registration No. 199401005050 (290729-W))*

(Incorporated in Malaysia)

Condensed Consolidated Financial Statements  
For the First Quarter Ended  
30 September 2020

**Unaudited Condensed Consolidated Statement of Financial Position**  
**As at 30 September 2020**

	Unaudited As at 30/09/20 (RM'000)	Audited As at 30/06/20 (RM'000)
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant & equipment	129,303	130,478
Investment properties	69,381	69,330
Right-of-use assets	89,734	91,108
Other investments	60	60
	<u>288,478</u>	<u>290,976</u>
<b>Current assets</b>		
Inventories	85,405	101,339
Trade receivables	177,004	146,354
Other receivables, deposits and prepayments	8,986	6,969
Cash & cash equivalents	22,599	16,198
	<u>293,994</u>	<u>270,860</u>
<b>TOTAL ASSETS</b>	<b>582,472</b>	<b>561,836</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	84,335	84,335
Reserves	210,390	209,612
	<u>294,725</u>	<u>293,947</u>
<b>Non-controlling interest</b>	14,719	14,873
<b>Total equity</b>	<u>309,444</u>	<u>308,820</u>
<b>Non-current liabilities</b>		
Borrowings	18,300	18,864
Lease liabilities	3,986	4,922
Deferred tax liabilities	17,652	17,772
	<u>39,938</u>	<u>41,558</u>
<b>Current liabilities</b>		
Trade & other payables	44,770	28,936
Borrowings	185,620	179,754
Lease liabilities	2,519	2,696
Taxation	181	72
	<u>233,090</u>	<u>211,458</u>
<b>Total liabilities</b>	<u>273,028</u>	<u>253,016</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>582,472</b>	<b>561,836</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.75	1.74

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the interim financial statements.*

**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**For the First Quarter and Three Months Period ended 30 September 2020**

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30/09/20	30/09/19	30/09/20	30/09/19
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>Revenue</b>	158,338	213,548	158,338	-
Operating expenses	(154,937)	(213,003)	(154,937)	-
Other income	745	401	745	-
<b>Operating profit</b>	4,146	946	4,146	-
Depreciation of property, plant and equipment	(1,180)	(1,815)	(1,180)	-
Depreciation of Right-of-use assets	(987)	-	(987)	-
Interest expenses	(1,582)	(3,089)	(1,582)	-
Interest income	461	697	461	-
Provision for and write off of receivables	297	(325)	297	-
Provision for and write off of inventories	-	(41)	-	-
Gain on disposal of quoted or unquoted investments or properties	-	1,237	-	-
Impairment of assets	-	-	-	-
Share of loss in an associate company	-	(124)	-	-
Foreign exchange gain / (loss)	15	(16)	15	-
<b>Profit / (Loss) before tax</b>	1,170	(2,530)	1,170	-
Taxation	(461)	(198)	(461)	-
<b>Profit / (Loss) for the period</b>	709	(2,728)	709	-
Other Comprehensive (Loss)/income net of tax	(85)	741	(85)	-
<b>Total Comprehensive Income / (Loss) for the period</b>	624	(1,987)	624	-
<b>Comprehensive Profit / (Loss) attributable to:-</b>				
Owner of the parent	778	(1,758)	778	-
Non-controlling interest	(154)	(229)	(154)	-
Comprehensive loss for the period	624	(1,987)	624	-
<b>Earnings per share (sen):-</b>				
Basic earnings / (loss) per share	0.51	(1.48)	0.51	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the Interim financial statements.

Note: In view of the change in financial year end from 12 months ended 31 December 2019 to 18 months ended 30 June 2020, the current reporting financial period will be for a period of 3 months, made up from 1 July 2020 to 30 September 2020. Furthermore, there is no comparative figures for the preceding year to date.

**Unaudited Condensed Consolidated Statement of Changes in Equity  
For the period ended 30 September 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 July 2020	84,335	21,923	476	108,454	78,759	<b>293,947</b>	14,873	<b>308,820</b>
Profit for the period	-	-	-	-	863	<b>863</b>	(154)	<b>709</b>
Total comprehensive income for the year	-	-	-	-	-	-	-	-
Other comprehensive loss:								
- Deferred tax on previous revaluation of land and buildings	-	-	-	-	-	-	-	-
- Foreign currency translation loss	-	-	(85)	-	-	<b>(85)</b>	-	<b>(85)</b>
Total other comprehensive loss	-	-	(85)	-	-	<b>(85)</b>	-	<b>(85)</b>
Total comprehensive profit for the period	-	-	(85)	-	863	<b>778</b>	<b>(154)</b>	<b>624</b>
Acquisition of additional equity interest in subsidiary companies	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
At 30 September 2020	84,335	21,923	391	108,454	79,622	<b>294,725</b>	14,719	<b>309,444</b>

(Cont'd)

	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)
<b>GROUP</b>								
At 1 January 2019-previously reported	84,335	21,923	360	114,393	96,563	317,574	15,674	333,248
Adjustment on initial application of MFRS 16	-	-	-	-	(21)	(21)	(5)	(26)
As at 1 January 2019 - restated	84,335	21,923	360	114,393	96,542	317,553	15,669	333,222
Loss for the period	-	-	-	-	(15,833)	(15,833)	(1,463)	(17,296)
Other comprehensive loss:								
- Deferred tax on previous revaluation of land and buildings	-	-	-	(5,939)	-	(5,939)	-	(5,939)
- Foreign currency translation gain	-	-	116	-	-	116	-	116
Total other comprehensive loss	-	-	116	(5,939)	-	(5,823)	-	(5,823)
Total comprehensive loss for the period	-	-	116	(5,939)	(15,833)	(21,656)	(1,463)	(23,119)
Changes in non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	(95)	(95)	489	394
Issuance of shares to non-controlling interests in subsidiaries	-	-	-	-	-	-	278	278
Dividend paid to non-controlling interests	-	-	-	-	-	-	(100)	(100)
Dividend paid	-	-	-	-	(1,855)	(1,855)	-	(1,855)
At 30 June 2020	84,335	21,923	476	108,454	78,759	293,947	14,873	308,820

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 period ended 30 June 2020

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

	<b>3 months</b> <b>30/09/20</b> <b>(RM'000)</b>	<b>18 months</b> <b>30/06/20</b> <b>(RM'000)</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	1,170	(15,187)
<b>Adjustment for non-cash items :-</b>		
Depreciation of property, plant and equipment	1,180	7,095
Depreciation of Right-of-use assets	987	5,429
Interest expenses	1,582	17,088
Interest income	(461)	(2,622)
Bad debts written off	-	317
Impairment loss on trade receivables	211	2,025
Reversal of impairment losses on trade receivables	(506)	(1,259)
Inventories written off	-	1,029
Non-cash items	182	(1,768)
Operating profit before working capital changes	4,345	12,147
Decrease in inventories	15,934	15,093
(Increase)/Decrease in trade and other receivables	(32,857)	63,064
increase/(Decrease) in trade and other payables	15,854	(30,812)
Cash generated from/(used in) operations	3,276	59,492
Interest received	451	2,497
Interest paid	(1,304)	(14,810)
Tax paid, net of refund	(157)	(2,092)
Net cash from operating activities	2,266	45,087
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(375)	(3,709)
Purchase of investment properties	(50)	(15,031)
Acquisition of additional shares in an associate	-	(151)
Repayment from/(Advances to) an associate	-	151
Net cash inflow from acquisition of a subsidiary company	-	177
Proceeds from disposal of property, plant and equipment	44	1,496
Proceeds from disposal of investment properties	-	697
Proceeds from disposal of quoted investments	-	3,147
Interest received	10	125
Net cash outflow from investing activities	(371)	(13,098)
<b>Cash flows from financing activities</b>		
Net proceeds from /(repayments to) term loans	(2,294)	1,229
Payments of lease liabilities	(605)	(3,708)
Proceeds from issuance of new shares to non-controlling interests in subsidiaries	-	377
Net (repayment)/ drawdown of short term borrowings	16,057	(35,177)
Dividend paid to owners of the company	-	(1,855)
Dividend paid to non-controlling interests	-	(100)
Interest paid on term loans	(194)	(1,760)
Interest paid on lease liabilities	(83)	(517)
Uplift of fixed deposit pledged	110	446
Net cash inflow/(outflow) from financing activities	12,991	(41,065)
Effects of changes in exchange rates	85	140
Net Increase/(Decrease) in cash & cash equivalents	14,886	(9,076)
Cash & cash equivalents at beginning of the financial period	6,887	15,823
<b>Cash &amp; cash equivalents at end of the financial period</b>	<b>21,858</b>	<b>6,887</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the interim financial statements*

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER AND THREE MONTHS PERIOD ENDED 30 SEPTEMBER 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 period ended 30 June 2020 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 period ended 30 June 2020.

**2. Significant Accounting Policies**

The accounting policies applied by the Group in these interim consolidated interim financial statements are consistent with the audited financial statements for the 18 months financial period ended 30 June 2020, including the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January 2020:

Effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendment to MFRS 3: Definition of a Business
- Amendments to MFRS 101 and MFRS 108: Definition Of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendment to MFRS 16: Covid-19-Related Rent Concessions

The adoption of the above Standards and Amendments do not have any significant impact on the financial statements of the Group.

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 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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3: Reference to the Conceptual Framework<sup>3</sup>
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 : Insurance Contracts
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

## **2. Significant Accounting Policies (cont'd)**

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 2020 Annual Financial Statements**

The auditors' report on the financial statements for the financial period ended 30 June 2020 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 three months period ended 30 September 2020.

## **6. Changes in Estimates**

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

## **7. Debt and Equity Securities**

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

## **8. Dividends**

No dividend has been paid during the first quarter ended 30 September 2020.



## 9. Segment Information

	Current year quarter 3 months 30/09/20 (RM'000)	Preceding year quarter 3 months 30/09/19 (RM'000)	Current year to date 3 months 30/09/20 (RM'000)	Preceding year to date 30/09/19 (RM'000)
<b><u>Segment Revenue</u></b>				
Trading of hardware & building materials	124,799	190,954	124,799	-
Steel Service Centre	44,419	135,717	44,419	-
Trading of IT related products	13,756	11,886	13,756	-
Food & Beverage	892	378	892	-
Others	616	493	616	-
Total revenue including inter-segment sales	184,482	339,428	184,482	-
Elimination of inter segment sales	(26,144)	(125,880)	(26,144)	-
<b>Total revenue</b>	<b>158,338</b>	<b>213,548</b>	<b>158,338</b>	<b>-</b>
<b><u>Profit/ (loss) before taxation</u></b>				
Trading of hardware & building materials	838	(633)	838	-
Steel Service Centre	966	(1,801)	966	-
Trading of IT related products	89	(689)	89	-
Food & Beverage	(528)	(234)	(528)	-
Share of result of an associate	-	(124)	-	-
Others	(195)	951	(195)	-
<b>Total Profit before taxation</b>	<b>1,170</b>	<b>(2,530)</b>	<b>1,170</b>	<b>-</b>

## 10. Valuation of Property, Plant and Equipment

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

### 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. Contingent Liabilities/Contingent Assets

	30/09/20 (RM'000)	30/06/20 (RM'000)	Changes (RM'000)
Corporate guarantees in respect of Banking facilities granted to subsidiary Companies	258,349	258,349	-
Corporate guarantees in respect of the Supply of goods to subsidiary companies	37,571	37,571	-

### 13. Capital Commitments

The Group has commitments as follows:

	30/09/20 (RM'000)	30/06/20 (RM'000)	Changes (RM'000)
Capital expenditure approved and contracted for	1,559	1,559	114

### 14. 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.

**14. Related Party Transactions (cont'd)**

The significant related party transactions are as follows:

	Current year to date 3 months 30/09/20 (RM'000)	Preceding Year to date 30/09/19 (RM'000)
<b>a) Sale of goods to</b>		
i) <u>Subsidiaries</u>		
CHM	488	-
CHRB BM	233	-
CHSD	-	-
KLC	-	-
<b>b) Purchase of goods from</b>		
i) <u>Subsidiaries</u>		
KLC	330	-
CHM	204	-
CHRB BM	138	-
CHSD	-	-
<b>c) Others</b>		
i) <u>Subsidiaries</u>		
Rental income received from subsidiaries	70	-
Security, water & electricity charges received from subsidiaries	18	-
Management fee and incentive received from subsidiaries	21	-

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.

**15. Cash and Cash Equivalents**

	As at 30/09/20 (RM'000)	As at 30/06/20 (RM'000)
Fixed deposit with a licensed bank	252	362
Cash and bank balances	22,346	15,836
Bank overdraft	(488)	(8,949)
	22,110	7,249
Less : Fixed Deposits pledged	(252)	(362)
	21,858	6,887

## 16. Review of Performance

The Group recorded a total revenue of RM158 million for 3 months financial period ended 30 September 2020 as compared to RM213 million in the corresponding period of the preceding year.

The Group recorded a profit before tax of RM1.2 million for the current quarter as compared to a loss before tax of RM2.5 million in the previous corresponding period.

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

	Current year quarter 30.09.20 RM'000	Preceding year quarter 30.09.19 RM'000	Change %	Current year to date 3 months 30.09.20 RM'000	Preceding year to date 30.09.19 RM'000	Change %
<b>Revenue</b>						
Trading of hardware & building materials	116,230	163,513	-28.92	116,230	-	-
Steel Service Centre	27,069	37,508	-27.83	27,069	-	-
Trading of IT related products	13,756	11,886	15.73	13,756	-	-
Food and Beverage	892	378	135.98	892	-	-
Others	391	263	48.67	391	-	-
<b>Total</b>	<b>158,338</b>	<b>213,548</b>	<b>-25.85</b>	<b>158,338</b>	<b>-</b>	<b>-</b>
<b>Profit / (Loss) before taxation</b>						
Trading of hardware & building materials	838	(633)	232.38	838	-	-
Steel Service Centre	966	(1,801)	153.64	966	-	-
IT related products &	89	(689)	112.92	89	-	-
Food and beverage	(528)	(234)	-125.64	(528)	-	-
Share of result of an associate	-	(124)	100.00	-	-	-
Others	(195)	951	-120.50	(195)	-	-
<b>Total</b>	<b>1,170</b>	<b>(2,530)</b>	<b>146.24</b>	<b>1,170</b>	<b>-</b>	<b>-</b>

## 16. Review of Performance (cont'd)

### 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 28.9% 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. However, the profit and loss before tax was favourable resulting in a profit of RM0.8 million in the current quarter as compared to a loss of RM0.6 million in the preceding year quarter. The improvement in the performance in terms of profitability was due to higher selling margin.

(ii) Steel Service Centre

The revenue was reduced by 27.8% when compared to the preceding quarter under review whilst the profit and loss before tax was favourable by reporting a profit of RM0.9 million in the current quarter as compared to a loss of RM1.8 million in the preceding year quarter. The improvement in the performance in terms of profitability was due to higher selling margin.

(iii) Trading of IT related products

The increase in revenue was mainly due to higher sales from the strong demand for notebook, printers and printing consumables during the WFH (Work from home) and online activities. The improvement in the performance in terms of profitability was due to higher selling margin.

(iv) Food and Beverage

The increase in the revenue was mainly due to the reopening of the "Bhai Jim Jun" outlet at Pavilion Kuala Lumpur where it was closed for one month for renovation during the preceding year quarter.

The losses during this quarter was mainly due to the write off from the closing down of the "Thai Hou Sek" outlet at Plaza Arkadia, Desa Parkcity.

(v) Others

Revenue was at RM0.4 million as compared to RM0.3 million in the preceding quarter which was from the sales of property. As for the profit before tax, it registered a loss of RM0.2 million as compared to a profit of RM0.9 million in the corresponding quarter of the preceding year.

**17. Material changes in Profit/(Loss) Before Taxation (“PBT/LBT) against preceding quarter**

	Current year quarter 3 months 30/09/20 (RM'000)	Immediate preceding quarter 3 months 30/06/20 (RM'000)	Change %
<b>Revenue</b>			
Trading of hardware & building materials	116,230	40,406	187.66
Steel Service Centre	27,069	11,058	144.79
Trading of IT related products	13,756	14,319	-3.93
Food and Beverage	892	264	237.88
Others	391	525	-25.52
<b>Total</b>	<b>158,338</b>	<b>66,572</b>	<b>137.84</b>
<b>Profit / (Loss) before taxation</b>			
Trading of hardware & building Materials	838	(3,575)	123.44
Steel Service Centre	966	(2,415)	140.00
Trading of IT related products	89	-	100.00
Food and Beverage Division	(528)	(643)	17.88
Share of result of an associate	-	(69)	100.00
Others	(195)	(442)	55.88
<b>Total</b>	<b>1,170</b>	<b>(7,144)</b>	<b>116.38</b>

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

- (i) Trading of hardware & building materials  
The division's revenue increased by 187.66% in current quarter to RM116.2 million from RM40.4 million in previous quarter. The division profit before tax also increased by 123.44% to RM0.8 million in current quarter as compared to a loss before tax of RM3.6 million in previous quarter. This was mainly due to increase in sales for steel products.
- (ii) Steel Service Centre  
The division's revenue increased by 144.79% in current quarter to RM27.1 million from RM11.1 million in previous quarter. The division profit before tax also increased by 140.00% to RM0.9 million in current quarter as compared to a loss before tax of RM2.4 million in previous quarter. This was mainly due to increase in sales at higher profit margin.
- (iii) Trading of IT related products  
Despite the decreases in revenue, the Trading of IT related products division reported a PBT of RM0.09 million for the first quarter ended 30 September 2020. This was mainly due to improved profit margin during the quarter under review.

## 17. Material changes in Profit/(Loss) Before Taxation (cont'd)

(iv) Food and Beverage division

The F&B division reported a lower LBT of RM0.5 million in current quarter as compared to a LBT of RM0.6 million in previous quarter. This was mainly due to increase in revenue during the quarter under review.

(iv) Others

This division reported a lower LBT of RM0.2 million in current quarter as compared to a LBT of RM0.4 million in previous quarter.

## 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. However we are cautiously optimistic that the economic outlook will improve at a slow pace till the end of the year.

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 30/09/20 (RM'000)	Preceding year quarter 3 months 30/09/19 (RM'000)	Current year to date 3 months 30/09/20 (RM'000)	Preceding year to date 3 months 30/09/19 (RM'000)
Malaysia income tax				
- current	595	400	595	-
- under/ (over) provision in prior years	-	(84)	-	-
	595	316	595	-
Deferred taxation	(134)	(118)	(134)	-
<b>TOTAL</b>	<b>461</b>	<b>198</b>	<b>461</b>	<b>-</b>

The effective tax rate for the financial period ended 30 September 2020 is 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. Loans and Borrowings

	As at 30/09/20 (RM'000)	As at 30/09/19 (RM'000)
<u>Amount due within one year</u>		
Bank overdrafts	487	-
Bankers' acceptance	172,076	240,969
Trust receipts	7,808	855
Term loans	5,248	8,968
	<u>185,619</u>	<u>250,792</u>
<u>Amount due more than one year</u>		
Term Loans	23,548	26,416
Less : amount payable within 12 months	(5,248)	(8,968)
	<u>18,300</u>	<u>17,448</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 30 June 2020.

## 25. Dividends

No dividend has been declared nor recommended for payment for the three months ended 30 September 2020.

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## 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 period quarter 3 months 30/09/20 (RM'000)	Preceding year quarter 3 months 30/09/19 (RM'000)	Current period to date 3 months 30/09/20 (RM'000)	Preceding period to date 30/09/19 (RM'000)
Profit/(Loss) attributable to the owners of the parent (RM'000)	863	(7,238)	863	-
Total number of ordinary shares in issue ('000)	168,670	168,670	168,670	-
Basic (loss)/earnings per share (sen)	0.51	(4.29)	0.51	-

## 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: 24 November 2020