

**ANALABS RESOURCES BERHAD**

(Company No: 468971-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER ENDED 31 JULY 2019

*Quarterly financial report on consolidated results for the FIRST financial quarter ended 31 July 2019.
(The figures have not been audited.)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/07/2019 RM'000	Preceding Year Quarter 31/07/2018 RM'000	Current Year Quarter 31/07/2019 RM'000	Preceding Year Quarter 31/07/2018 RM'000
Revenue	29,909	37,768	29,909	37,768
Cost of sales	(22,201)	(30,964)	(22,201)	(30,964)
Gross profit	7,708	6,804	7,708	6,804
Other income	320	387	320	387
Administrative and other operating expenses	(3,825)	(4,131)	(3,825)	(4,131)
Profit from operations	4,203	3,060	4,203	3,060
Finance costs	(406)	(217)	(406)	(217)
Profit before taxation	3,797	2,843	3,797	2,843
Income tax expense	(269)	(250)	(269)	(250)
Profit for the period	3,528	2,593	3,528	2,593

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.



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(Company No: 468971-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER ENDED 31 JULY 2019
(CONT'D)**

*Quarterly financial report on consolidated results for the FIRST financial quarter ended 31 July 2019.
(The figures have not been audited.)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/07/2019 RM'000	Preceding Year Quarter 31/07/2018 RM'000	Current Year Quarter 31/07/2019 RM'000	Preceding Year Quarter 31/07/2018 RM'000
Profit for the period	3,528	2,593	3,528	2,593
Other comprehensive (expenses)/income				
Fair value changes of equity investments	(5,583)	(4,566)	(5,583)	(4,566)
Foreign currency translation differences	(165)	181	(165)	181
Total comprehensive (expenses)/income for the period	(2,220)	(1,792)	(2,220)	(1,792)
Profit after taxation attributable to:				
- owners of the Company	3,323	2,494	3,323	2,494
- non-controlling interests	205	99	205	99
	3,528	2,593	3,528	2,593
Total comprehensive (expenses)/income attributable to:				
- owners of the Company	(2,435)	(1,902)	(2,435)	(1,902)
- non-controlling interests	215	110	215	110
	(2,220)	(1,792)	(2,220)	(1,792)
	sen per share	sen per share	sen per share	sen per share
Earnings per share for profit attributable to the owners of the Company				
- basic	3.05	2.23	3.05	2.23
- diluted	3.05	2.23	3.05	2.23

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

ANALABS RESOURCES BERHAD

(Company No: 468971-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 JULY 2019

Quarterly financial report on consolidated results for the FIRST financial quarter ended 31 July 2019.

(The figures have not been audited.)

	As at End of Current Quarter 31 July 2019 (Unaudited) RM'000	As at Preceding Financial Year End 30 April 2019 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	130,753	180,609
Right-of-use assets	48,053	-
Goodwill on consolidation	9,973	9,985
Other investments	81,638	85,857
Receivable	58	58
	270,475	276,509
CURRENT ASSETS		
Contract assets	2,733	1,043
Receivables	27,769	25,288
Prepayments	-	299
Inventories	13,697	16,812
Other investments	8,006	7,862
Current tax assets	1,289	2,133
Cash and cash equivalents	14,129	15,626
	67,623	69,063
TOTAL ASSETS	338,098	345,572
EQUITY AND LIABILITIES		
EQUITY		
Share capital	66,272	66,272
Treasury shares	(10,140)	(10,140)
Reserves	212,920	215,355
Equity attributable to owners of the Company	269,052	271,487
Non-controlling interests	(1,280)	(1,495)
TOTAL EQUITY	267,772	269,992
NON-CURRENT LIABILITIES		
Deferred tax liabilities	23,608	23,628
Hire purchase payables	350	239
Term loans	10,673	10,273
	34,631	34,140
CURRENT LIABILITIES		
Payables and accruals	18,712	17,878
Hire purchase payables	214	481
Borrowings	15,964	22,262
Provision	805	819
	35,695	41,440
TOTAL LIABILITIES	70,326	75,580
TOTAL EQUITY AND LIABILITIES	338,098	345,572
NET ASSETS PER SHARE (RM)	2.47	2.49

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

ANALABS RESOURCES BERHAD

(Company No: 468971-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2019**

*Quarterly financial report on consolidated results for the FIRST financial quarter ended 31 July 2019.
(The figures have not been audited.)*

	<----- Attributable to owners of the Company ----->							Total equity RM'000
	<----- Non - Distributable ----->				Distributable			
	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Foreign exchange translation reserve RM'000	Retained profits RM'000	Non-controlling interests RM'000	
Balance at 1 May 2019	66,272	(10,140)	79,346	(1,774)	4,828	132,955	(1,495)	269,992
Profit after taxation for the financial year	-	-	-	-	-	3,323	205	3,528
Other comprehensive (expenses)/income for the financial year:								
-foreign currency translation differences	-	-	-	-	(175)	-	10	(165)
-fair value changes of equity investments	-	-	-	(5,583)	-	-	-	(5,583)
Total comprehensive (expenses)/income for the financial year	-	-	-	(5,583)	(175)	3,323	215	(2,220)
Balance at 31 July 2019	66,272	(10,140)	79,346	(7,357)	4,653	136,278	(1,280)	267,772

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

ANALABS RESOURCES BERHAD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2019 (CONT'D)**

Quarterly financial report on consolidated results for the FIRST financial quarter ended 31 July 2019.

	-----> Attributable to owners of the Company <-----<							Total equity RM'000
	<----- Non - Distributable ----->					Distributable		
	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Foreign exchange translation reserve RM'000	Retained profits RM'000	Non-controlling interests RM'000	
Balance at 1 May 2018	66,272	(5,888)	47,194	8,045	4,237	131,310	(1,476)	249,694
-changes in accounting policy	-	-	-	-	-	(2)	-	(2)
-adjusted	66,272	(5,888)	47,194	8,045	4,237	131,308	(1,476)	249,692
Profit after taxation for the financial year	-	-	-	-	-	3,918	145	4,063
Other comprehensive income/(expenses) for the financial year:								
-revaluation of properties	-	-	32,152	-	-	-	(124)	32,028
-foreign currency translation differences	-	-	-	-	591	-	(40)	551
-fair value changes of equity investments	-	-	-	(9,819)	-	-	-	(9,819)
Total comprehensive income/(expenses) for the financial year	-	-	32,152	(9,819)	591	3,918	(19)	26,823
Treasury share acquired	-	(4,252)	-	-	-	(17)	-	(4,269)
Dividends to shareholders	-	-	-	-	-	(2,179)	-	(2,179)
Bonus share issue transaction costs	-	-	-	-	-	(75)	-	(75)
Total transactions with owners	-	(4,252)	-	-	-	(2,271)	-	(6,523)
Balance at 30 April 2019	66,272	(10,140)	79,346	(1,774)	4,828	132,955	(1,495)	269,992

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

ANALABS RESOURCES BERHAD

(Company No: 468971-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2019**

*Quarterly financial report on consolidated results for the FIRST financial quarter ended 31 July 2019.
(The figures have not been audited.)*

	Current Year To Date 31 July 2019 RM'000	Preceding Year To Date 31 July 2018 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	3,797	2,843
Adjustments for :-		
Non-cash items	1,698	1,663
Non-operating items	(2,467)	(2,334)
Operating profit before changes in working capital	3,028	2,172
Changes in working capital :-		
Net change in current assets	(760)	(3,711)
Net change in current liabilities	820	470
Interest paid	(406)	(217)
Income tax refunded	575	446
NET CASH FROM/(FOR) OPERATING ACTIVITIES	3,257	(840)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Decrease in fixed deposits pledged	44	2,712
Purchase of equity investments	(1,498)	(29,506)
Purchase of plant and equipment	(75)	-
Proceeds from disposal of equipment	32	-
Interest received	39	373
Dividend received	2,802	2,196
NET CASH FROM/(FOR) INVESTING ACTIVITIES	1,344	(24,225)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Increase of bankers acceptance	-	2,768
Share repurchased	-	(1,118)
Decrease in other borrowings	(5,898)	(979)
Net repayment of hire purchase liabilities	(156)	(200)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(6,054)	471
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,453)	(24,594)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	-	(150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL QUARTER	14,918	50,323
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER	13,465	25,579
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash, bank balances and deposits	14,129	28,437
Deposits pledged with licensed banks	(664)	(2,858)
	13,465	25,579

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

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NOTES TO THE QUARTERLY FINANCIAL REPORT

(I) Compliance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting

(a) Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2019. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 30 April 2019, except for the adoption of the following new standards, amendments to standards and IC interpretations with effect from May 2019 where applicable:

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty over Income Tax Treatments

Amendments to MFRS 9 Prepayment Features with Negative Compensation

Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

- Amendments to MFRS 3 Previously Held Interest in a Joint Operation
- Amendments to MFRS 11 Previously Held Interest in a Joint Operation
- Amendments to MFRS 112 Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to MFRS 123 Borrowing Costs Eligible for Capitalisation

The adoption of the above accounting standards and interpretations did not have any material impact on the interim financial report of the Group.

(b) Disclosure of Audit Report Qualification and Status of Matters Raised

Not applicable as the audited financial statements for the financial year ended 30 April 2019 were not qualified.

(c) Seasonal or Cyclical Factors

The business and operations of the Group were not significantly affected by any seasonal factors.

(d) Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence for the current financial quarter and financial period under review.

(e) Material Changes in Estimates

There were no material changes in accounting estimates used in the preparation of the financial statements in the current financial quarter as compared with the previous financial quarters or previous financial year.

(f) Debts and Equity Securities

There were no issuances or repayment of debts and equity securities, share cancellation, shares held as treasury shares, employment share option scheme and resale of treasury shares for the current financial quarter.

As at 31 July 2019, the Company held as treasury shares a total of 11,094,000 out of its 120,048,000 issued and fully paid-up ordinary shares.

(g) Dividend Paid

No dividend has been paid for the current financial quarter ended 31 July 2019.

(h) Segment Information

Segment analysis for the current financial quarter under review is set out below:

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31/07/2019 RM'000	Preceding Year Quarter 31/07/2018 RM'000	% + / (-)	Current Year Quarter 31/07/2019 RM'000	Preceding Year Quarter 31/07/2018 RM'000	% + / (-)
<u>Segment Revenue</u>						
Manufacturing, formulation and sale of resin, chemicals and building materials	20,332	27,844	(27.0)	20,332	27,844	(27.0)
Recovery and sales of recycled products	3,897	4,319	(9.8)	3,897	4,319	(9.8)
Culture and sales of prawns	182	221	(17.6)	182	221	(17.6)
Investment holding and property letting	162	94	72.3	162	94	72.3
Contract work, pipe laying and rehabilitation	5,336	5,290	0.9	5,336	5,290	0.9
REVENUE	29,909	37,768		29,909	37,768	
<u>Segment Results</u>						
Manufacturing, formulation and sale of resin, chemicals and building materials	3,031	2,002	51.4	3,031	2,002	51.4
Recovery and sales of recycled products	306	378	(19.0)	306	378	(19.0)
Culture and sales of prawns	(104)	6	(1,833.3)	(104)	6	(1,833.3)
Investment holding and property letting	379	34	1,014.7	379	34	1,014.7
Contract work, pipe laying and rehabilitation	552	267	106.7	552	267	106.7
	4,164	2,687		4,164	2,687	
Finance costs	(406)	(217)		(406)	(217)	
Interest income	39	373		39	373	
PROFIT BEFORE TAXATION	3,797	2,843	33.6	3,797	2,843	33.6
Income tax expense	(269)	(250)		(269)	(250)	
PROFIT AFTER TAXATION	3,528	2,593	36.1	3,528	2,593	36.1
Non-controlling interests	(205)	(99)		(205)	(99)	
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	3,323	2,494	33.2	3,323	2,494	33.2

(II) Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment to the financial statements for the period ended 31 July 2019.

(III) Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current financial quarter under review up to the date of this report.

(IV) Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

(V) Contingent Liabilities

There were no material contingent liabilities in the current financial quarter under review up to the date of this report, except as disclosed in note 11.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

(I) Compliance with Appendix 9B of Bursa Malaysia Listing Requirements

1. Review of the Performance

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year	Preceding Year	%	Current Year	Preceding Year	%
	Quarter	Quarter		Quarter	Quarter	
	31/07/2019	31/07/2018	+ / (-)	31/07/2019	31/07/2018	+ / (-)
	RM'000	RM'000		RM'000	RM'000	
Revenue	29,909	37,768	(20.8)	29,909	37,768	(20.8)
Gross profit	7,708	6,804	13.3	7,708	6,804	13.3
Profit before taxation	3,797	2,843	33.6	3,797	2,843	33.6
Profit for the period	3,528	2,593	36.1	3,528	2,593	36.1
Profit after taxation attributable to owners of the Company	3,323	2,494	33.2	3,323	2,494	33.2

For the current quarter under review, the Group recorded revenue of RM29.9 million, representing a decrease of 20.8% compared to RM37.8 million recorded in the corresponding quarter of the preceding year.

Manufacturing revenue was recorded at RM20.3 million, a decrease of 27.0% compared to RM27.8 million in the preceding year quarter. The decrease in revenue was due to decrease in sale of resin and particle boards.

Recovery and sales of recycled products revenue was recorded at RM3.9 million, a decrease of 9.8% compared to RM4.3 million in the preceding year quarter. The decrease was due to market competition and lower sales order during the quarter.

Contract work revenue was recorded at RM5.34 million, an increase of 0.9% compared to RM5.29 million in the preceding year quarter. The increase was due to more jobs order received during the quarter.

The Group's profit before tax was recorded at RM3.8 million for the current quarter as compared to RM2.8 million in the corresponding quarter of the preceding year. The main reason of increase in profit before tax was due to cost control during the quarter.

2. Material Change in the Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

	Current Quarter 31/07/2019 RM'000	Preceding Quarter 30/04/2019 RM'000	% +/-
Revenue	29,909	18,731	59.7
Profit /(Loss) before taxation	3,797	(2,481)	253.0

Revenue for the current quarter increased by 59.7% as compared to the immediate preceding quarter. The increase in revenue was due to the segment of the manufacturing, formulation and sale of resin, chemicals and building materials. Profit before taxation increased by 253.0% compared to the preceding financial quarter.

3. Prospects

The Group anticipates the business environment would remain challenging and competitive in view of our domestic economy and construction sector slowdown. In spite of the challenging business environment, the Group will continue to adapt with its prudent approach to address the various challenges accordingly. The Group will continue to strengthen its core competencies and increase operational efficiency to sustain and grow.

4. Variance of Actual Profit from Forecast Profit

Not applicable as the Group did not issue any profit forecast or profit guarantee.

5. Income Tax Expense

The income tax expense charged for the current financial quarter and financial year-to-date ended 31 July 2019 is made up as follows:-

	Current Quarter 31/07/2019 RM'000	Year To Date 31/07/2019 RM'000
Current Tax		
Malaysian income tax charge	269	269
Foreign income tax charge	-	-
	269	269

6. Profit on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investment and/or properties for the current financial quarter under review.

7. Purchase or Disposal of Quoted Securities

- (a) Total net purchases of investments in quoted securities by the Group for the current financial quarter and financial year-to-date under review are as follows: -

	Current Quarter 31/07/2019 RM'000	Year To Date 31/07/2019 RM'000
Total net purchase of investments in quoted shares	1,498	1,498

- (b) The details of investments in quoted securities as at the end of the current financial quarter are set out below: -

	31/07/2019 RM'000
Total investments at cost	99,729
Total investments at carrying value	89,464
Total investments at market value	89,464

8. Status of Corporate Proposals Announced

There were no corporate proposals that have been announced as at the date of this report.

9. Group Borrowings and Debt Securities

All the Group's borrowings are short-term and long-term in nature, secured and denominated in Ringgit Malaysia and Singapore Dollar.

	As at 31 July 2019		
	Long-Term RM'000	Short -Term RM'000	Total Borrowings RM'000
<u>Secured</u>			
Denominated in RM			
Hire purchase payables	211	14	225
Bill payables	-	7,332	7,332
Margin trading	-	7,931	7,931
Term loans	7,929	-	7,929
	<u>8,140</u>	<u>15,277</u>	<u>23,417</u>
Denominated in SGD			
Hire purchase payables	139	200	339
Bill payables	-	701	701
Term loans	2,744	-	2,744
	<u>2,883</u>	<u>901</u>	<u>3,784</u>
	<u>11,023</u>	<u>16,178</u>	<u>27,201</u>

	As at 30 April 2019		
	Long-Term RM'000	Short -Term RM'000	Total Borrowings RM'000
<u>Secured</u>			
Denominated in RM			
Hire purchase payables	139	114	253
Bill payables	-	11,227	11,227
Margin trading	-	9,619	9,619
Term loans	7,642	364	8,006
	<u>7,781</u>	<u>21,324</u>	<u>29,105</u>
Denominated in SGD			
Hire purchase payables	100	367	467
Bill payables	-	877	877
Term loans	2,631	175	2,806
	<u>2,731</u>	<u>1,419</u>	<u>4,150</u>
	<u>10,512</u>	<u>22,743</u>	<u>33,255</u>

10. Off Balance Sheet Financial Instruments

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

11. Changes in the Material Litigation

Save as disclosed below, the Group is not engaged in any material litigation.

On 24 December 2013, the Company announced that Analabs (“1st Plaintiff”) and its wholly owned subsidiary, Lux Distributor Sdn Bhd (“2nd Plaintiff”), had filed and served a Writ of Summon and Statement of Claim on Khor Siew Foo (“Defendant”) to claim the following amongst others for breach of the Share Sale Agreement (“SSA”) and Management Cum Profit Guarantee Agreement (“MPGA”) dated 8 March 2012:-

- (a) An order that the Defendant specifically performs the MPGA dated 8 March 2012 by attending to his duties as Chief Executive Officer (“CEO”) of Lux Distributor Sdn Bhd until 31 December 2013;
- (b) An audit be conducted on the 2nd Plaintiff after 31 December 2013 for the period 1 January 2012 until 31 December 2013 to ascertain its Net Profit After Tax for the period; and
- (c) That the Defendant pays the 2nd Plaintiff the shortfall in the Net Profit After Tax (“NPAT”) of the 2nd Plaintiff from the sum of RM1,500,000 from the following:-
 - (i) Firstly, the escrow sum of RM750,000 held by Messrs Abdullah Chan in accordance with the MPGA, and the balance if any to be returned to the Defendant; and
 - (ii) Secondly, if the escrow sum is insufficient, from the balance dividend of RM1,000,000 payable to the Defendant by the 2nd Plaintiff, the balance if any to be returned to the Defendant.

The Defendant has entered his defense and submitted a counter claim against the Plaintiffs claiming breach by the Plaintiffs, for a declaration that the SSA and the MPGA are repudiated and claims damages arising from the breach and repudiation.

The Company had on 13 January 2014 filed the Reply and Defense to the Counterclaim and the case had further adjourned to October and November 2014 for continued hearing.

The High Court awarded Judgment that the balance dividend of RM1,000,000 to the Defendant, and that the escrow sum of RM750,000 held by Messrs Abdullah Chan is to be released to the Defendant. All the other claims by the Defendant were dismissed. The High Court also discharged the Defendant from his profit guarantee to the Plaintiffs.

Analabs and Lux Distributors had filed an Appeal to the Court of Appeal against the decision of the High Court and the hearing date has been fixed on 19 January 2016.

The Court of Appeal had decided as follows:-

- (a) the Plaintiffs/Appellant's appeal was allowed in part;
- (b) the High Court's declaration in favour of the Defendant/Respondent that the Share Sale Agreement and the Management cum Profit Guarantee Agreement as rescinded is set aside;
- (c) the High Court's decision with regard to the dividend of RM1,000,000.00 to be paid by the Plaintiffs/Appellant to the Defendant/Respondent is maintained;
- (d) that an independent auditor be appointed to perform an audit over Lux Distributor Sdn. Bhd. for the years 2012 and 2013 to ascertain the net profit of Lux Distributor Sdn. Bhd. for the 2 years period;
- (e) that the RM750,000.00 escrow sum be applied in accordance with the finding of the independent audit;
- (f) the parties are at liberty to apply to the High Court for directions;
- (g) the High Court costs of RM40,000.00 was set aside; and
- (h) parties bear their respective costs.

The Defendant withdrew his appeal to the Court of Appeal against the High Court's decision which allowed the applicant to strike out his application for directions.

On 27 November 2017, the High Court requested more details of the audit partners who were proposed to be selected as the independent auditor who would ascertain the NPAT of 2nd Plaintiff for the years 2012 and 2013. The Court further ordered that both parties bear the cost of the auditor equally, that both parties agree on the terms of reference for the independent auditor failing which the same would be determined by the Court, that the Defendant is to return the independent auditor the escrow sum of RM815,180.13 by 31 January 2018, that the Defendant pay cost of RM3,000.00 and that parties have liberty to apply.

On 14 December 2017, the Court selected Messrs UHY, as the independent accountants to ascertain the NPAT of the 2nd Plaintiff for the period commencing from 1 January 2012 to 31 December 2013.

On 22 January 2018, the Defendant filed an application to use a property as an escrow. On 15 February 2018, the 1st and 2nd Plaintiffs applied for leave to issue committal proceedings against the Defendant for failing to pay the escrow sum whereupon, leave was granted on 19 April 2018 and an application to commit the Defendant was filed on 20 April 2018. On 23 May 2018, the Defendant sold the property and the parties have agreed to wait for the proceeds of sale to enable the Defendant to pay the escrow sum before the determination of this matter.

On 25 May 2018, the independent auditor, Messrs UHY submitted their final report and the parties have agreed to use the figures computed by Messrs UHY. The Court has requested the parties to file their written submission and the issue for determination by the Court is whether the NPAT of the 2nd Plaintiff for the period 1 January 2012 to 31 December 2013 is to be determined by using either the post-acquisition accounting policy of the 2nd Plaintiff, i.e. the accounting policy of the 1st Plaintiff or the pre-acquisition accounting policy of the 2nd Plaintiff, i.e. the accounting policy used by the Defendant.

Following the case management held on 24 September 2018, the Defendant has paid the escrow sum to the independent auditor as stakeholder and the parties have completed their submissions.

The High Court had on 17 January 2019 delivered its decision. The Court ruled that the Defendant is required to pay the 2nd Plaintiff a sum of RM896,814.00; that the escrow sum held by Messrs UHY as stakeholders is to be paid to the 2nd Plaintiff as part of the payment towards the judgement sum; any shortfall is to be paid by the Defendant directly to the 2nd Plaintiff and High Court costs of RM20,000.00.

On 4 February 2019, the Defendant filed an appeal to the Court of Appeal against the decision of the High Court.

Messrs UHY had on 13 February 2019 paid the escrow sum amounting to RM817,669.81 to the 2nd Plaintiff. The Defendant had on 1 March 2019 paid the remaining judgment sum of RM99,944.19 (including costs and Court allocator fee of RM800) to the Solicitor to hold as stakeholders pending the appeal.

The Court of Appeal has fixed for hearing on 25 November 2019.

12. Dividend Proposed or Declared

No dividend has been declared for the current financial quarter ended 31 July 2019.

13. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current financial quarter and financial year-to-date have been calculated as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year Quarter	Quarter	Year Quarter
	31/07/2019	31/07/2018	31/07/2019	31/07/2018
Net profit attributable to ordinary shares (RM'000)	3,323	2,494	3,323	2,494
Weighted average number of ordinary shares ('000)	108,954	111,605	108,954	111,605
Basic earnings per share (sen)	3.05	2.23	3.05	2.23

Comparative basic earnings per share and net assets per share have been restated to take into account the effects of the bonus issue of ordinary shares on 31 October 2018.

(b) Diluted Earnings Per Share

The fully diluted earnings per share for the Group are not presented as there were no potential dilutive ordinary shares.

14. Profit Before Taxation

	Individual Current Year Quarter 31 July 2019 RM'000	Cumulative Current Year Quarter 31 July 2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Interest expense	406	406
Depreciation and amortisation of:		
- property, plant and equipment	1,397	1,397
- right-of-use assets	301	301
Staff costs	2,264	2,264
Foreign exchange loss		
- realised	14	14
Interest income	(39)	(39)
Dividend income	(2,802)	(2,802)
Gain on disposal of plant and equipment	(32)	(32)
Rental income	(254)	(254)

15. Approval of Quarterly Financial Report

The quarterly financial report as set out above was approved by the Board of Directors in accordance with their resolution dated 25 September 2019.