

GPA Holdings Berhad

Unaudited Interim Report for the Six Months Ended 30 September 2019

Condensed Consolidated Statement of Comprehensive Income*(The current year figures have not been audited)*

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year To Date	Corresponding
	3 months ended	Quarter	6 months ended	Period
	30/09/19	30/09/18	30/09/19	30/09/18
	RM'000	RM'000	RM'000	RM'000
Sales	8,590	11,639	14,496	23,713
Cost of Sales	(7,700)	(10,134)	(12,733)	(20,683)
Gross Profit	890	1,505	1,763	3,030
Other income				
- Non-operating income	486	981	674	1,651
- Interest income	534	384	1,050	736
	1,910	2,870	3,487	5,417
Operating Expenses	(1,193)	(2,636)	(2,373)	(4,868)
Profit from operations	717	234	1,114	549
Finance cost	-	-	-	-
Profit before tax	717	234	1,114	549
Tax	-	(122)	(161)	(226)
Profit after tax	717	112	953	323
Other comprehensive income, net of taxation	-	-	-	-
Total comprehensive income for the period	717	112	953	323
Total comprehensive income attributable to:				
-Owners of the Company	644	94	824	196
-Non-controlling interests	73	18	129	127
Net comprehensive income/(loss) for the period	717	112	953	323
Earning per share - basic (Sen)	0.07	0.01	0.08	0.02

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the financial statements for the financial year ended 31 March 2019

GPA Holdings Berhad

Unaudited Interim Report as at 30 September 2019

Condensed Consolidated Statement of Financial Position*(The current year figures have not been audited)*

	As at 30/09/2019 RM'000	As at 31/03/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,567	29,869
Investment property	14,298	14,371
	<u>43,865</u>	<u>44,240</u>
Current assets		
Inventories	8,049	7,673
Receivables, deposits and prepayments	11,135	14,562
Tax Recoverable	663	751
Other investment	-	-
Cash and bank balances	60,678	58,931
	<u>80,525</u>	<u>81,917</u>
TOTAL ASSETS	<u><u>124,390</u></u>	<u><u>126,157</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	104,303	104,303
Reserves	2,872	2,048
Shareholders' equity	<u>107,175</u>	<u>106,351</u>
Non-controlling interests	4,988	4,859
Total Equity	<u>112,163</u>	<u>111,210</u>
Non-current liabilities		
Deferred tax liabilities	3,520	3,521
	<u>3,520</u>	<u>3,521</u>
Current liabilities		
Trade Payables	601	1,292
Other payables	8,090	10,134
Tax liabilities	16	-
	<u>8,707</u>	<u>11,426</u>
Total Liabilities	<u>12,227</u>	<u>14,947</u>
TOTAL EQUITY AND LIABILITIES	<u><u>124,390</u></u>	<u><u>126,157</u></u>
Net Assets per Share (RM)	<u>0.11</u>	<u>0.11</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the financial statements for the financial year ended 31 March 2019

GPA Holdings Berhad

Unaudited Interim Report for the Six Months Ended 30 September 2019

Condensed Consolidated Statement of Changes in Equity

(The current year figures have not been audited)

Note	Attributable to equity holders of the Parent						Non-controlling interests RM '000	Total Equity RM '000	
	Share Capital RM '000	Non-distributable			Distributable				Total Equity Funds RM '000
		Share Premium RM '000	Available for sales reserves RM '000	Revaluation reserves RM '000	Retained Earnings RM '000				
Balance as at 1 April 2018	104,303	-	-	21,913	(18,430)	107,786	4,547	112,333	
- as previously reported									
Total comprehensive (loss)/ income for the period	-	-	-	(124)	(594)	(594)	312	(282)	
Reversal of Revaluation surplus of Investment property	-	-	-	(124)	124	-	-	-	
Effect of changes in tax rate on property, plant and equipment	-	-	-	(841)	-	(841)	-	(841)	
Balance as at 31 March 2019	104,303	-	-	20,948	(18,900)	106,351	4,859	111,210	
Balance as at 1 April 2019	104,303	-	-	20,948	(18,900)	106,351	4,859	111,210	
- as previously reported									
Total comprehensive (loss)/ income for the period	-	-	-	-	824	824	129	953	
Balance as at 30 September 2019	104,303	-	-	20,948	(18,076)	107,175	4,988	112,163	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the financial statements for the financial year ended 31 March 2019

GPA Holdings Berhad

Unaudited Interim Report for the Six Months Ended 30 September 2019

Condensed Consolidated Statement of Cash flows*(The current year figures have not been audited)*

	6 months ended 30/09/19 RM'000	6 months ended 30/09/18 RM'000
Cash flows (for)/from operating activities		
Cash receipts from customers	19,428	29,461
Cash paid to suppliers and employees	(18,674)	(31,811)
Interest received	1,050	736
Dividend received	-	9
Tax refund	287	81
Tax paid	(344)	(294)
<i>Net cash from/ (used in) operating activities</i>	1,747	(1,818)
Cash flows (for)/from investing activities		
Purchase of property, plant and equipment	-	(167)
Proceeds from disposal of property, plant and equipment	-	2
Purchase of other investment	-	(3,509)
<i>Net cash (used in)/from investing activities</i>	-	(3,674)
Net increase/ (decrease) in cash and cash equivalents	1,747	(5,492)
Cash and cash equivalents at beginning of the period	58,931	52,184
Cash and cash equivalents at end of the period	60,678	46,692

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the financial statements for the financial year ended 31 March 2019

GPA HOLDINGS BERHAD

Notes to the Financial Information – Second Quarter ended 30 September 2019

(The current year figures have not been audited)

A. *Explanatory Notes Pursuant to MFRS 134*

1) *Basis of Preparation*

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRSs") 134: Interim Financial Reporting in Malaysia and Appendix 9B of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019. 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 March 2019.

2) *Changes in Accounting Policies*

The Group's financial statements was prepared in accordance with MFRSs, which is in line with International Financial Reporting Standards as issued by the International Accounting Standards Board. The adoptions of new and revised MFRSs, Amendments/Improvements to MFRSs, IC Interpretations and Amendments to IC Interpretations in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2019.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16, Leases	1 January 2019
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sales or Contribution of Assets between an investor and its Associates or Joint Ventures	Deferred
Amendments to MFRS 9 Financial Instruments (2014) – Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3 Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 11 Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)	1 January 2019

Amendments to MFRS 112 Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 123 Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 119 Employee Benefits – Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 <i>Business Combination – Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 <i>Presentation of Financial Statements</i> and MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021

3) **Auditors' Report**

The auditors' report on the financial statements for the financial year ended 31st March 2019 was not subject to any qualification.

4) **Seasonal and Cyclical Factors**

Export Sales - High season for battery sales occur during the winter months and low season during the summer months.

Local Sales - Low season for battery sales occur during the major festive months.

5) **Individually Significant Items**

There were no individually significant items for the current quarter and financial year-to-date.

6) **Material Changes in Estimates**

There were no material changes in estimates for the current quarter and financial year-to-date.

7) Debt and Equity Securities

The Company had on 4 June 2015 issued and allotted 196,097,520 ordinary shares of RM0.10 each ("Rights Shares") together with 490,243,800 free detachable warrants ("Warrants 2015/2025") pursuant to its Rights Issue with Warrants exercise which was completed on 10 June 2015. The Warrants 2015/2025 were admitted to the Official List and were granted Listing and quotation on the Main Market of Bursa Malaysia Securities Berhad. As at the date of this annual report, none of the Warrants 2015/2025 have been exercised.

8) Dividends Paid

No dividend was paid during the current quarter ended 30th September 2019.

9) Segmental Reporting

The Group is organized into two main business segments as follows:

	Automotive Batteries RM'000	Non- Automotive Batteries RM'000	Personal Care Products RM'000	Eliminations RM'000	Group RM'000
Financial year-to-date ended 30 September 2019					
Revenue					
External revenue	11,507	2,989	-	-	14,496
Results					
Segment results	637	462	(3)	14	1,110
Unallocated income					96
Unallocated expenses					(92)
Finance cost					-
Tax expense					(161)
Profit for the period					953
Net assets					
Segment assets	68,823	20,252	4,212	(45,579)	47,708
Unallocated assets					76,682
Total assets					124,390
Segment liabilities	44,016	3,763	4,033	(45,579)	6,233
Unallocated liabilities					5,994
Total liabilities					12,227
Other information					
Capital expenditure	-	-	-	-	-
Depreciation	369	8	-	-	377

10) Carrying Amount of Revalued Assets

Property

A valuation of the Group's land and buildings by independent qualified valuers using the Comparison Method had been performed for the financial year ended 31 March 2016. The Group have revalued the said properties with a revaluation surplus of RM24 million recognised in other comprehensive income during financial year ended 31 March 2016.

11) Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and the financial year-to-date.

12) Contingent Liabilities / Assets

The Group does not have any contingent liabilities or assets as at the date of this announcement.

13) Capital Commitments

There were no capital commitments as at the date of this announcement.

GPA HOLDINGS BERHAD

Notes to the Financial Information – Second Quarter ended 30 September 2019

(The current year figures have not been audited)

B. Selected Explanatory Notes to the Interim Financial Report (Part A of Appendix 9B of Bursa Malaysia Listing Requirements)

1) Operating Segment Review

Automotive batteries segment

Revenue from the automotive batteries segment decreased from RM9.63 million in previous year corresponding quarter to RM6.92 million in current quarter primarily due to the decrease of local sales volume of automotive batteries.

This segment recorded a lower profit before tax (“PBT”) of RM445,000 in the current quarter compared to PBT of RM1.04 million in the previous year corresponding quarter in tandem with lower sales revenue.

The higher PBT in the previous year corresponding quarter were partly contributed by the write-back of doubtful debts of RM284,000 pertaining to a Material Litigation as disclosed in the previous year.

Non-Automotive Batteries segment

This segment recorded a revenue of RM1.67 million compared to RM1.80 million in the previous year corresponding quarter which are attributable to lower export and local sales.

This segment will continue to focus and expand on the coverage of sealed lead acid batteries as well as the motorcycle batteries.

This segment recorded a higher PBT of RM242,000 in current quarter compared to PBT of RM82,000 in previous year corresponding quarter. The higher PBT are contributed by higher margin of the products mix sold in the current quarter.

2) Material Changes in Profit/(Loss) Before Tax for Current Quarter as Compared with the Immediate Preceding Quarter

The current quarter recorded a PBT of RM717,000 compared to PBT of RM237,000 in the immediate preceding quarter. This is in tandem with the higher revenue of RM8.59m compared to RM5.91 million in the immediate preceding quarter.

3) Current Year Prospects

Business prospects of the Group for the 2020 financial year remain challenging.

The overall market situation will continue to encounter keen competition with all key players in the industry lobbying for stronger foothold. Entry of new players and brands into local markets has further intensified the competition.

Moving forward, the Group will focus towards the products quality, expanding customer base and growing new channels for bigger market presence in this challenging economic environment.

We will remain focused on executing the ongoing initiatives to better position the Group in overcoming the challenges.

4) **Variance of Actual Profit from Forecast**

Not applicable.

5) **Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document**

Not Applicable.

6) **Tax**

	<i>3 months ended 30/09/2019 RM'000</i>	<i>6 months ended 30/09/2019 RM'000</i>
In respect of current period:		
- income tax	-	161
- deferred tax	-	-
- (Over)/ Under provision of previous year	-	-
	<hr/>	<hr/>
	-	161

The effective tax rate on the Group's profit before tax for the financial year-to-date ended 30th September 2019 is higher than the statutory tax rate of 24.0% due to the profit incurred by certain subsidiaries.

7) **Corporate Proposals**

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

8) **Bank Borrowings**

There were no borrowings as at the end of the current financial quarter.

9) **Material Litigation**

Since the preceding financial quarter ended 31 March 2019, there is no change in material litigation as at the date of this announcement except as disclosed below:

High Court of Malaya, Kuala Lumpur (Suit No. 22NCVC-477-09/2015)

GP Autobat Sdn Bhd (“GPA”) was in September 2015 served with a Writ of Summons together with a Statement of Claims issued by the High Court of Malaya, Kuala Lumpur in relation to a claim filed by Battery Solutions Sdn Bhd (“BS”) amounting to RM1,213,989.93 (“the BS’s Claim”) for alleged breach of contract relating to the purchase of battery grid panels from BS.

The High Court had on 28 September 2016 delivered the judgment that GPA was liable to pay the BS’s Claim at an interest rate of 5% per annum together with cost for a sum of RM50,000 (“the High Court Judgment”).

GPA had on 14 October 2016 filed an appeal with the Court of Appeal against the High Court Judgment. The Court of Appeal had on 9 July 2018 allowed GPA’s appeal against the decision of the High Court, and awarded cost of RM80,000 to be paid by BS.

On 1 August 2018, GPA through its solicitors issued a Statutory Notice of Demand pursuant to section 466(1)(a) and/or (b) of the Companies Act 2016 demanding BS to pay the remaining judgment sum of RM649,068.87 and cost of RM80,000-00 as BS had only paid RM680,452.72 up to the date of issuance of the Statutory Notice of Demand.

BS had on 7 August 2018 through its solicitors filed an application for leave to appeal to the Federal Court against the Court of Appeal Judgment. The leave application will be heard on 22nd January 2019.

BS through its solicitors further filed and served an Originating Summons No.WA-24NCC-403-08/2018 dated 10 August 2018 to the Kuala Lumpur High Court applying for an injunction to restraint and stop GPA from proceeding with the winding up petition against BS until the full and final disposal of the case.

GPA through its solicitors, Messrs Singara Velan & Assoc has challenged the Motion dated 7 August 2018 and the Originating Summons dated 10 August 2018 filed by BS. On 31st October 2018, the parties, through mediation process, agreed to enter a consent order that the remaining judgment sum and the cost are to be deposited into a fixed deposit at Ambank Berhad under both parties’ solicitors names as joint stakeholders. pending the outcome of the leave to appeal to the Federal Court.

On 9 July 2018, Court of Appeal has allowed GPA’s appeal against the decision of the High Court of Malaya. The Court of Appeal awarded cost of RM80,000 to be paid by BS subject to allocator fees.

On 22 January 2019, BS was granted the leave to appeal against the decision of the Court of Appeal. On 22 April 2019, the Federal Court has directed the parties to file their written submissions, bundle of authorities are core bundles by 13 September 2019 and the hearing of the appeal which was originally fixed for 30 September 2019 has now been postponed to 24 March 2020.

GPA will announce any material development arising from the above proceedings at the appropriate time.

10) Earnings per Share

		<u>3 months ended</u>		<u>6 months ended</u>	
		<u>30/09/2019</u>	<u>30/09/2018</u>	<u>30/09/2019</u>	<u>30/09/2018</u>
Basic earnings per share					
Net profit attributable to ordinary equity holders of the parent company	(RM'000)	644	94	824	196
Total number of ordinary shares in issue	('000)	980,490	980,490	980,490	980,490
Basic earnings per share	(sen)	0.07	0.01	0.08	0.02

The basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company against the total number of ordinary shares in issue during the period.

11) Profit/(loss) Before Taxation

Profit/ (loss) before taxation is arrived at after charging / (crediting):-

	Current Quarter (RM'000)	YTD (RM'000)
Interest income	(534)	(1,050)
Other income including investment income	(261)	(422)
Depreciation and amortization	188	377
Write-back of receivables	(124)	(108)
Foreign exchange gain	(102)	(129)
Write back of provision for slow moving stock	(169)	(169)

12) Realised and Unrealised Profits/(Losses) Disclosure

The retained profits as at 30th September 2019 and 30th September 2018 are analysed as follows:-

	30/09/19 RM'000	30/09/18 RM'000
Total retained earnings of the company and its subsidiaries:-		
- Realised	9,252	8,596
- Unrealised	(5,579)	(5,382)
Less: Consolidation adjustments	(21,749)	(21,451)
Total group retained earnings as per consolidated statements	<u>(18,076)</u>	<u>(18,237)</u>