

TA WIN HOLDINGS BERHAD

(291592-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

	Note	(Unaudited) Current Quarter 3 months ended		(Unaudited) Cummulative Quarter 6 months ended	
		31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
Revenue	15,16	87,153	94,003	154,070	N/A
Cost of sales		(85,630)	(94,814)	(150,395)	N/A
Gross Profit		1,523	(811)	3,675	N/A
Other Income		232	1,183	401	N/A
Selling and distribution expenses		(619)	(355)	(980)	N/A
Administrative expenses		(2,497)	(1,584)	(5,727)	N/A
Profit/(loss) from operation		(1,362)	(1,567)	(2,630)	N/A
Finance costs		(625)	(608)	(1,465)	N/A
Profit/(loss) before tax	15,16	(1,987)	(2,175)	(4,095)	N/A
Income tax expense		(111)	-	(152)	N/A
Net profit/(loss) for the period		(2,098)	(2,175)	(4,247)	N/A
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		11	(3)	11	N/A
Balance at 31 December 2019		11	(3)	11	N/A
Total comprehensive income/(loss) for the period		(2,087)	(2,178)	(4,236)	N/A
Total income/(loss) attributable to:					
Equity holders of the parents		(1,868)	(2,175)	(3,961)	N/A
Non-controlling interests		(230)	-	(285)	N/A
		(2,098)	(2,175)	(4,247)	N/A
Total comprehensive income attributable to:					
Equity holders of the parents		(1,857)	(2,178)	(4,521)	N/A
Non-controlling interests		(230)	-	285	N/A
		(2,087)	(2,178)	(4,236)	N/A
Earning/(loss) per share (sen)					
- Basic	26	(0.59)	(2.73)	(1.19)	N/A
- Diluted	26	(0.22)	N/A	(0.44)	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the period ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements form an integral part of the financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

	(Unaudited) As at end of Current Quarter 31-Dec-19 RM'000	(Audited) Financial Period End 30-Jun-19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,676	44,999
Current assets		
Inventories	53,338	32,728
Trade receivables	39,949	39,639
Other receivables, prepayment and deposits	18,782	23,979
Derivation assets	-	8
Cash and cash equivalents	43,805	36,380
	155,874	132,734
TOTAL ASSETS	203,551	177,733
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	59,984	80,523
Trade payables	11,417	418
Other payables	2,964	2,416
Hire purchase payables	220	86
Amount due to directors	-	936
Derivative liability	504	-
Current tax liabilities	1,068	935
	76,157	85,314
Non-current liabilities		
Deferred tax liabilities	4,556	4,927
Hire purchase payables	573	339
	5,130	5,266
Total liabilities	81,287	90,580
Equity attributable to equity holders of the Company		
Share capital	95,134	73,725
Preference share - ICPS	10,969	-
Warrant reserve	6,369	-
Total loss attributable to:		
Foreign exchange reserves	(400)	(411)
Revaluation reserves	13,219	13,219
Accumulated losses	(5,523)	(1,562)
	119,767	84,971
Non-controlling interest	2,497	2,182
Total equity	122,264	87,153

TOTAL EQUITY AND LIABILITIES

No. of share issued as at 31 December 2019/30 June 2019
Net asset per share

	<u>203,551</u>	<u>177,733</u>
	357,391	79,614
	<u>0.34</u>	<u>1.09</u>

TA WIN HOLDINGS BERHAD

(291592-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

	Attributable to Equity Holders of the Parents						Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	ICPS share RM'000	Non-Distributable Warrant reserve RM'000	Revaluation reserve RM'000	Exchange reserve RM'000	Accumulated losses RM'000			
Balance at 1 July 2019	73,725	-	-	13,219	(411)	(1,562)	84,971	2,182	87,154
Profit/(loss) for the period	-	-	-	-	-	(3,961)	(3,961)	(285)	(4,247)
<u>Other comprehensive income</u>									
Foreign currency translation differences for foreign operation	-	-	-	-	11	-	11	-	11
Total comprehensive income for the period	-	-	-	-	11	(3,961)	(3,951)	(285)	(4,236)
<i>Contribution by and distributions to owners of the Company</i>									
Issue of ordinary shares:									
- Right issue	23,884	11,942	-	-	-	-	35,826	-	35,826
- Exercise of ICPS conversion	973	(973)	-	-	-	-	-	-	-
- Additional price paid for ICPS conversion	2,920	-	-	-	-	-	2,920	-	2,920
- Reclassification of free warrant reserve	(6,369)	-	6,369	-	-	-	-	-	-
Arising from business combination	21,409	10,969	6,369	-	-	-	38,746	-	38,746
Total transactions with owners of the Company	21,409	10,969	6,369	-	-	-	38,746	600	39,346
Balance at 31 December 2019	95,134	10,969	6,369	13,219	(400)	(5,523)	119,767	2,497	122,264
18 months ended									
Balance at 1 January 2018	66,084	-	-	4,320	(399)	(2,717)	67,287	-	67,287
Profit for the period	-	-	-	-	-	1,156	1,156	(268)	888
<u>Other comprehensive income</u>									
Foreign currency translation differences for foreign operation	-	-	-	-	(12)	-	(12)	-	(12)
Revaluation surplus of property	-	-	-	8,899	-	-	8,899	-	8,899
Total comprehensive income for the period	-	-	-	8,899	(12)	1,156	10,043	(268)	9,775
<i>Contribution by and distributions to owners of the Company</i>									
Issue of ordinary shares:									
- Share option exercised	4,002	-	-	-	-	-	4,002	-	4,002
- Special issue	3,308	-	-	-	-	-	3,308	-	3,308
- Share-based payment expenses	332	-	-	-	-	-	332	-	332
Arising from business combination	7,641	-	-	-	-	-	7,641	-	7,641
Total transactions with owners of the Company	7,641	-	-	-	-	-	7,641	2,450	10,091
Balance at 30 June 2019	73,725	-	-	13,219	(411)	(1,562)	84,971	2,182	87,153

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

TA WIN HOLDINGS BERHAD

(291592-U)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

	(Unaudited) 6 months ended 31-Dec-19 RM'000	(Audited) 18 months ended 30-Jun-19 RM'000
Operating activities		
Profit/(loss) before tax	(4,095)	1,984
Adjustments for :		
Depreciation of property, plant and equipment	902	1,308
Interest expense	1,465	4,890
Impairment loss on inventories	-	733
Loss on fair value on derivative liability	512	838
Share-based payment expenses	-	332
Unrealised foreign exchange loss/(gain)	(0)	124
Interest income	(341)	(354)
Rental income	-	(119)
Gain on disposal of investment property	-	(300)
Gain on disposal of property, plant and equipment	(18)	(8,723)
Operating cash flows before changes in working capital	(1,575)	713
<u>Changes in working capital</u>		
Decrease/(increase) in receivables	4,887	5,059
(Increase)/decrease in inventories	(20,919)	(2,396)
(Decrease)/increase in payables	10,612	(3,365)
Cash flows (used)/from operations	(6,996)	11
Tax (paid)/refunded	(69)	(334)
Interest paid	(1,465)	(4,890)
Interest received	341	354
Net cash flows (used in)/from operating activities	(8,188)	(4,859)
Investing activities		
Purchase of property, plant and equipment	(3,662)	(13,836)
Proceeds from disposal of property plant and equipment	100	209
Placement of deposit pledged with bank	(530)	(13,051)
Rental income	0	119
Net cash flows used in investing activities	(4,092)	(26,559)
Financing activities		
Repayment of loans and borrowings	(147,522)	(382,667)
Drawdown of loans and borrowings	126,983	416,085
Repayment of hire purchase financing	(127)	(155)
Drawdown of hire purchase financing	495	-
Amount due to directors	-	764
Proceeds from issuance of shares	23,884	7,309
Proceeds from issuance of shares to non-controlling interests	600	2,450
Proceeds from issuance of ordinary shares from ICPS exercise	2,920	-
Proceeds from issuance of Preference Share - ICPS exercise	973	-
Proceeds from issuance of Preference Share - ICPS	10,969	-
Net cash flows from/(used in) financing activities	19,176	43,786

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(291592-U)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

	(Unaudited) 6 months ended 31-Dec-19 RM'000	(Audited) 18 months ended 30-Jun-19 RM'000
Net increase/(decrease) in cash and cash equivalents	6,895	12,368
At beginning of financial period	19,216	6,857
Effects of exchange rate changes	-	(9)
At end of financial year	<u>26,111</u>	<u>19,216</u>
Cash and bank balances	43,806	36,380
Deposit pledged with banks	<u>(17,695)</u>	<u>(17,164)</u>
Net cash and cash equivalents	<u>26,111</u>	<u>19,216</u>
	-	-

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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(291592-U)

(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

1. Basis of Preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 : Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2019. These 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 30 June 2019.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2019 except for the adoption of the following MFRSs, Amendments to MFRSs, Issues Committee Interpretations ("IC Interpretations") and Statement of Principles.

Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 12	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 140	Investment Property – Transfers of Investment Property
IC Interpretation 23, Uncertainty over Income Tax Treatment	

The adoption of the above pronouncements did not have any impact on the financial statements of the Group

MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective

The following MFRSs, Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted by the Group:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 2, Share-based Payment	1 January 2020
Amendments to MFRS 3, Business Combinations	1 January 2020
Amendments to MFRS 3, Annual Improvements to MFRS Standards 2015 - 2017 Cycle - Definition of a Business	1 January 2019
Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 9, Prepayment Features with Negative Compensation	1 January 2020
Amendments to MFRS 11, Annual Improvements to MFRS Standards 2015 - 2017 Cycle - Joint Arrangements	1 January 2019
Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 16 and 117, Leases	1 January 2019
Amendments to MFRS 17, Insurance Contracts	1 January 2021
Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
Amendments to MFRS 112, Annual Improvements to MFRS Standards 2015 - 2017 Cycle - Income Taxes	1 January 2019
Amendments to MFRS 119, Plan Amendment, Curtailment, or Settlement	1 January 2019

TA WIN HOLDINGS BERHAD

(291592-U)

(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

Amendments to MFRS 123, Annual Improvements to MFRS Standards 2015 - 2017 Cycle - Borrowing Costs	1 January 2019
Amendments to MFRS 128, Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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

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

3. Audit Qualification of Preceding Annual Financial Statements

The auditors' report on the annual audited financial statements for the financial year ended 30 June 2019 was not qualified.

4. Comments About Seasonal or Cyclical Factors

The sales of copper wire and rods are not subject to significant cyclical or seasonal factors, other than mild slowdowns due to holidays, especially during festival holiday season.

5. Unusual Items Due to their Nature, Size or Incidence

There were no other material unusual items in this financial period.

6. Changes in Estimates

There were no significant changes in estimates that had a material effect in the current quarter.

7. Debt and Equity Securities

There were no material issuances, repayments of debt or equity securities, or share cancellation in the current interim period under review. The Company has not implemented any share buy back scheme and it does not hold any shares as treasury shares during the current financial year.

8. Dividend Paid

No dividend was paid in the current financial year under review.

9. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment had been revalued and amended from the financial statements for the period ended 30 June 2019.

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(291592-U)

(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

10. Segmental Reporting

Segment information for the 3 months ended 31 Dec 2019 is as follows:-

	Malaysia RM'000	Hona Kona RM'000	Elimination RM'000	Total RM'000 31-Dec-19
Revenue				
External sales	87,153	-	-	87,153
Inter-segment sales	-	-	-	-
Total revenue	<u>87,153</u>	<u>-</u>	<u>-</u>	<u>87,153</u>
Results				
Operating profit/(loss)	(1,356)	(6)	-	(1,362)
Finance costs	(625)	-	-	(625)
Profit/(loss) before tax	<u>(1,981)</u>	<u>(6)</u>	<u>-</u>	<u>(1,987)</u>
Income tax expenses	(111)	-	-	(111)
Profit/(loss) for the period	<u>(2,092)</u>	<u>(6)</u>	<u>-</u>	<u>(2,098)</u>
Assets				
Segment assets	203,546	5	-	203,551
Liabilities				
Segment liabilities	81,277	569	(559)	81,287

11. Subsequent Event

There were no material events subsequent to the financial period ended 31 December 2019 and up to the date of this report, which affects substantially the results of the operation of the group.

12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

13. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2019.

TA WIN HOLDINGS BERHAD

(291592-U)

(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

14. Capital Commitments

Capital commitments of the Group in respect of capital expenditure is as follows:

	As at 31-Dec-19 RM'000
Approved and contracted for	
Share of joint venture's capital commitments (Cyprium Wire Technology Sdn. Bhd.)	4,096
Property, Plant and Equipment Purchase of Plant and Machinery (Ta Win Industries (M) Sdn. Bhd.)	7,837
	<u>11,933</u>

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

15. Performance Analysis

Segment	3 months ended	
	31-Dec-19	31-Dec-18
	RM'000	RM'000
Malaysia		
Revenue	87,153	94,003
Gross profit	1,523	(811)
Profit/(loss) before tax	(1,981)	(2,175)
Hong Kong		
Revenue	-	-
Gross Profit	-	-
Loss before tax	(6)	(12)
Group Total		
Revenue	87,153	94,003
Gross Profit	1,523	(811)
Profit/(loss) before tax	(1,987)	(2,187)

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(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

For the 3 months ended 31 December 2019, the Group registered a low revenue of RM87.153 million as compared to RM94.003 million in the same corresponding quarter ended 31 Dec 2018. The decline in revenue of RM6.850million is mainly due to 8.3% drop in average price level from RM27.32 to RM25.23 per kgs. The Group recorded gross profit of RM1.523 million as compared to RM0.811 million in the same corresponding quarter ended 31 Dec 2018. This was mainly due to an improved in gross margin from -0.9% to 1.7%.

The Group registered a loss before tax of RM1.987 million in the current quarter as compared to the loss before tax as well of RM2.187 million in the same corresponding quarter ended 31 Dec 2018. The Group recorded a loss for the current quarter period as well primarily due to slightly increase on the additional operating cost for two newly subsidiary operation during the period under review.

16. Comparison with immediate Preceding Quarter's results

Segment	3 months ended	
	31-Dec-19	30-Sep-19
	RM'000	RM'000
Malaysia		
Revenue	87,153	66,917
Gross profit	1,523	2,152
Profit/(loss) before tax	(1,981)	(2,102)
Hong Kong		
Revenue	-	-
Gross profit	-	-
Loss before tax	(6)	(6)
Group Total		
Revenue	87,153	66,917
Gross profit	1,523	2,152
Profit/(loss) before tax	(1,987)	(2,108)

For the 2nd quarter under review, the Group's revenue is recorded at RM87.153 million as compared to RM66.917 million in the preceding quarter. The increase revenue was mainly due to sales volume demand increase by 32% from 2,665 to 3,526 tonnes period under review.

The Group recorded a gross profit of RM1.523 million as compared to gross profit of RM2.152 million in the preceding quarter. The decrease in gross profit was mainly due to decrease in gross margin from 3.2 % to 1.7%, as due to increase in the production cost even the sales volume is increase.

The Group registered a loss before tax of RM1.987 million during the 2nd quarter as compared to loss before tax of RM2.108 million in the preceding quarter. The slightly saving in the loss before tax amounted to RM0.121K about 5.7% , this was due to saving in expenditure cost and increase in the additional interest charge for the long over due debts during this period under review.

17. Commentary on Prospects

Management is continuing to secure additional orders from existing and new customers. The newly raised funds from the recent rights issue corporate exercise are in the process of being deployed for working capital, specifically for purchase of raw materials for the Group's active subsidiaries, the board is cautiously optimistic that the financial performance for the coming period to be satisfactory.

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(291592-U)

(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

18. Profit Forecast or Profit Guarantee

There was neither a profit forecast nor a profit guarantee issued by the Company for the current quarter ending 31 December 2019.

19. Income Tax Expense

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
Tax expenses				
Malaysia Income tax	-	-	-	N/A
Real Property Gain Tax	(111)	-	(111)	-
Deferred tax	-	-	(41)	N/A
Total tax expenses charges in current/cumulative period	<u>(111)</u>	<u>-</u>	<u>(152)</u>	<u>N/A</u>

20. Status of Corporate Proposals

There were no other corporate proposals announced as at the of issue of these interim financial statement.

21. Borrowings and Debts Securities

There were no debts securities for the current financial period to the date. Particular of the Group's borrowings as at 31 December 2019 are as follows:

	As at 31-Dec-19 RM'000	As at 31-Dec-18 RM'000
	Short term borrowings	
Secured - Trade Facilities	<u>59,984</u>	<u>57,221</u>

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(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

22. Derivative Financial Instruments

(i) Disclosure of derivative liability

As at 31 Dec 2019, the Group has the following derivative financial instrument:

Type of derivative	Contract value RM'000	Fair value RM'000	Fair value loss RM'000
Commodity swap contract - less than 1 year	16,547	16,042	(504)

Commodity swap contract is used to mitigate copper commodity price risk arising from volatile market prices. There are no cash requirement risks as the Group only uses commodity swap contract as hedging instrument.

There have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's management objectives, accounting policies and processes.

(ii) Fair value changes of derivative liability

The Group determines the gains or losses from fair value changes of the derivative financial instruments (commodity swap contracts) by using the difference between the contracted value and market price.

23. Changes in Material Litigation

There was no material litigation pending as at the date of this announcement.

24. Dividend

No dividend was recommended for the current financial period under review.

25. Profit/(loss) before tax

The following items have been included in the statement of comprehensive income in arriving at loss before tax:

	Cumulative Qtr 6 months ended 31-Dec-19 RM'000
Interest income	(341)
Rental income	(15)
Gain on disposal of plant and machinery	18
Realised Foreign exchange gain	(13)
Interest expenses	1,465
Depreciation and amortization	607
Unrealised Foreign exchange loss	187
Fair value (gain)/loss on derivative liability	90
Professional Fee	1,669

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

26. Earnings Per Share ("EPS")

The basic EPS is calculated by dividing the profit/(loss) for the period attributable to the owners of the Company by weighted average number of ordinary issue shares in during the period as follows:

		3 months ended Current Quarter		3 months ended Cummulative Quarter	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
a) Basic earning/(loss) per share					
Loss for the period attributable to equity holders of the parent	(RM'000)	(2,098)	(2,175)	(4,247)	N/A
Weighted average number of ordinary shares in issue	('000)	357,391	79,614	357,391	N/A
Basic earnings/(loss) per share	(sen)	(0.59)	(2.73)	(1.19)	N/A
b) Diluted earning/(loss) per share (Note 2)					
Weighted average number of ordinary shares in issue after convertible securities	('000)	955,367	N/A	955,367	N/A
Diluted earnings/(loss) per share	(sen)	(0.22)	N/A	(0.44)	N/A
					(Note 1)

Note:

N/A Not Applicable.

- (1) No comparative figures for the corresponding period of preceding year are presented as this is 2nd interim financial report on the consolidated results for the period ended 31 December 2019 announced by the Company in compliance with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.
- (2) For the financial period ended 31 December 2019, diluted EPS was calculated by dividing the loss attributable to owners of the Company by the weighted average diluted number of ordinary shares outstanding during the period and after accounting for the effect of all diluted potential ordinary share arising from the exercise of outstanding ICPS and warrants.

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(291592-U)

(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

27. Corporate Proposals

a) Status of Utilisation of Proceeds from Right Issue and ICPS

During the last financial period ended 30 June 2019, the Company has undertaken the Renounceable Rights Issue of 238,841,790 new ordinary shares in the Company ("Right Shares") and 477,683,580 Irredeemable Convertible Preference Shares ("ICPS") in the Company together with 159,227,860 free detachable Warrants ("Warrants") which was completed on 13 August 2019.

The status of utilisation of proceeds raised from the Rights Shares and ICPS as at 31 December 2019 are as follows:-

Purpose	estimated time-frame for utilisation of proceeds from date of listing of Rights Share	Proposed Utilisation RM'000	Actual utilisation RM'000	Deviation RM'000
Working capital require	Within 12 months	34,576	(30,576)	4,000
Estimated expenses in relation to proposal	Immediate	1,250	(1,250)	-
		<u>35,826</u>	<u>(31,826)</u>	<u>4,000</u>

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2020.