



IRE-TEX CORPORATION BERHAD

(576121 - A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED

31 MARCH 2019

(5th Quarter Results)

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019 - UNAUDITED

	Unaudited As at 31/03/19 RM'000	Audited As at 31/12/17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,422	39,474
Investment properties	22,600	22,600
Deferred tax assets	80	80
Total non-current assets	<u>57,102</u>	<u>62,154</u>
Current assets		
Inventories	-	1,423
Trade receivables	1,120	5,516
Other receivables	1,500	2,168
Tax recoverable	-	712
Fixed deposits placed with licensed banks	100	398
Cash and bank balances	310	2,546
	<u>3,030</u>	<u>12,763</u>
Non-current assets held for sale	-	8,800
Total current assets	<u>3,030</u>	<u>21,563</u>
TOTAL ASSETS	<u>60,132</u>	<u>83,717</u>
EQUITY		
Share capital	65,618	60,839
Reserves	(31,627)	(29,179)
Equity attributable to owners of the parent	<u>33,991</u>	<u>31,660</u>
Non-controlling interests	2,411	1,148
Total equity	<u>36,402</u>	<u>32,808</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	1,959	13,148
Deferred tax liabilities	207	1,038
Total non-current liabilities	<u>2,166</u>	<u>14,186</u>
Current liabilities		
Trade payables	6,737	9,731
Other payables	1,996	12,509
Loans and borrowings	12,780	14,392
Tax payable	51	91
Total current liabilities	<u>21,564</u>	<u>36,723</u>
Total liabilities	<u>23,730</u>	<u>50,909</u>
TOTAL EQUITY AND LIABILITIES	<u>60,132</u>	<u>83,717</u>
Net assets per share (RM)	0.23	0.23

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2017.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 - UNAUDITED

	Individual Quarter		Cumulative Quarter	
	31/03/19 RM'000 (3 months)	31/03/18 RM'000 (3 months)	31/03/19 RM'000 (15 months)	31/12/17 RM'000 (12 months)
Revenue	625	3,625	13,215	59,005
Cost of sales	(358)	(3,352)	(12,004)	(56,947)
Gross (loss)/profit	267	273	1,211	2,058
Other income	849	219	10,713	3,747
Gain arising from deconsolidation of former subsidiaries	-	-	5,438	-
Distribution expenses	(11)	(206)	(488)	(3,267)
Administrative expenses	(689)	(2,045)	(17,468)	(17,134)
Profit/(Loss) from operation	416	(1,759)	(594)	(14,596)
Finance income	-	-	10	111
Finance costs	(543)	(418)	(2,238)	(1,726)
Net finance cost	(543)	(418)	(2,228)	(1,615)
Loss before tax	(127)	(2,177)	(2,822)	(16,211)
Tax (expense)/income	(297)	(26)	557	(61)
Loss for the period	(424)	(2,203)	(2,265)	(16,272)
Other comprehensive income/(loss), net of tax				
Item that will be reclassified subsequently				
to profit or loss				
Revaluation of property, plant and equipment	-	-	3,931	-
Exchange translation differences for foreign operations	-	-	6	(18)
Total other comprehensive income	-	-	3,937	(18)
Total comprehensive (loss)/income for the period	(424)	(2,203)	1,672	(16,290)
Loss for the period attributable to:				
Owners of the parent	(160)	(2,106)	(1,832)	(16,126)
Non-controlling interests	(264)	(97)	(433)	(146)
	(424)	(2,203)	(2,265)	(16,272)
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(160)	(2,106)	2,105	(16,144)
Non-controlling interests	(264)	(97)	(433)	(146)
	(424)	(2,203)	1,672	(16,290)
Loss per share:				
Basic loss per share (sen)	(0.11)	(1.49)	(1.27)	(11.67)
Diluted loss per share (sen)	(0.11)	(1.49)	(1.27)	(11.67)

Notes:

- (a) The financial year end of the Group has been changed from 31 December to 30 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2018 to 30 June 2019.
- (b) The comparative financial information should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2017.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 - UNAUDITED**

	←————— Attributable to owners of the parent —————→									
	←————— Non-distributable —————→						Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Equity components of ICULS RM'000	Warrant reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000				
At 1 January 2018	60,839	-	19,200	9,960	-	351				
Foreign currency translation differences	-	-	-	-	-	6	-	6	-	6
Revaluation of property, plant and equipment	-	-	-	-	3,931	-	-	3,931	-	3,931
Total other comprehensive income	-	-	-	-	3,931	6	-	3,937	-	3,937
Loss for the financial period	-	-	-	-	-	-	(1,832)	(1,832)	(433)	(2,265)
Total comprehensive income	-	-	-	-	3,931	6	(1,832)	2,105	(433)	1,672
Transactions with owners:										
Conversion of ICULS	4,779	-	(4,553)	-	-	-	-	226	-	226
Disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	1,696	1,696
Total transactions with owners	4,779	-	(4,553)	-	-	-	-	226	1,696	1,922
At 31 March 2019	65,618	-	14,647	9,960	3,931	357	(60,522)	33,991	2,411	36,402
At 1 January 2017	53,697	5,438	20,803	9,960	-	370	(42,547)	47,721	1,294	49,015
Other comprehensive loss for the financial year:										
Foreign currency translation differences	-	-	-	-	-	(18)	-	(18)	-	(18)
Loss for the financial year	-	-	-	-	-	-	(16,144)	(16,144)	(146)	(16,290)
Total other comprehensive income	-	-	-	-	-	(18)	(16,144)	(16,162)	(146)	(16,308)
Transactions with owners:										
Conversion of ICULS	1,560	144	(1,603)	-	-	-	-	101	-	101
Transition to no-par value regime on 31 January 2017	5,582	(5,582)	-	-	-	-	-	-	-	-
Total transactions with owners	7,142	(5,438)	(1,603)	-	-	-	-	101	-	101
At 31 December 2017	60,839	-	19,200	9,960	-	352	(58,691)	31,660	1,148	32,808

Notes:

(a) The financial year end of the Group has been changed from 31 December to 30 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2018 to 30 June 2019.

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(b) The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2017.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 - UNAUDITED

	Cumulative Quarter	
	31/03/19	31/12/17
	RM'000	RM'000
	(15 months)	(12 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(2,822)	(16,211)
Adjustments for:		
Depreciation of property, plant and equipment	3,073	3,534
Finance cost	2,238	1,726
Finance income	(10)	(111)
Gain arising from deconsolidation of former subsidiaries	(5,438)	-
Impairment loss on:		
- Property, plant and equipment	-	2,957
- Trade receivables	-	138
- Other receivables	-	72
- Other investments	-	549
Inventories written down	-	685
Loss/(Gain) on disposal of property, plant and equipment	153	(1)
Property, plant and equipment written off	971	-
Waiver of debt	-	(3,337)
Unrealised loss/gain on forex exchange	-	228
Operating loss before working capital changes	(1,835)	(9,771)
Changes in working capital:		
Inventories	1,423	4,837
Receivables	5,064	29,970
Payables	(6,373)	(14,260)
Cash (used in)/from operations	(1,721)	10,776
Interest paid	(2,238)	(1,726)
Tax refunded	191	227
Net cash (used in)/from operating activities	(3,768)	9,277
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(577)	(11)
Interest received	10	111
Proceeds from disposal of non-current assets held for sale	8,800	-
Proceeds from disposal of property, plant and equipment	5,570	33
Withdrawal of pledged fixed deposits	298	2,515
Net cash from investing activities	14,101	2,648
Balance carried forward	10,333 #	11,925

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 - UNAUDITED (CONT'D)**

	Cumulative Quarter	
	31/03/19	31/12/17
	RM'000	RM'000
	(15 months)	(12 months)
Balance brought forward	10,333	11,925
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of bankers' acceptance	217	(10,936)
Repayment of finance lease liabilities	(526)	(778)
Repayment of term loans	(12,191)	(1,351)
Net cash used in financing activities	<u>(12,500)</u>	<u>(13,065)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,167)	(1,140)
Effects of exchange translation differences on cash and cash equivalents	6	(45)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(1,846)	(661)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>(4,007)</u></u>	<u><u>(1,846)</u></u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed bank	100	398
Cash and bank balances	310	2,546
Bank overdrafts	(4,317)	(4,392)
	<u>(3,907)</u>	<u>(1,448)</u>
Less: Fixed deposit pledged with licensed banks	(100)	(398)
	<u><u>(4,007)</u></u>	<u><u>(1,846)</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2017.

IRE-TEX CORPORATION BERHAD
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR QUARTER ENDED 31 MARCH 2019**

Part A - Explanatory Notes Pursuant to MFRS 134

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements (“Report”) have been prepared in accordance with the requirements of Malaysian 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 Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

This Report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017. These explanation notes attached to this Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial performance and performance of the Group since the financial year ended 31 December 2017.

2. CHANGE IN FINANCIAL YEAR END

As announced on 21 November 2018, the Board of Directors has approved to change the financial year end of the Group from 31 December to 30 June. The coming financial year end will be 30 June 2019.

The financial period of the Group presented for this Report is for the fifteen (15) months period ended 31 March 2019. Following the change of financial year end, the financial year end of the Group shall be ended on 30 June for each subsequent year.

3. ACCOUNTING POLICIES

The Group had adopted all the new and revised MFRS and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2018. The adoption of these new and revised MFRS and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

At the date of authorisation of the Condensed Report, the following standards were issued but have not been adopted by the Group:

	Effective dates for financial periods beginning on or after
<u>Not Yet Adopted</u>	
MFRS 16 Leases	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019

	Effective dates for financial periods beginning on or after
Amendments to MFRS 119 Employee Benefits	1 January 2019
Amendments to MFRS 128 Long-term Interest in Associates and Joint Ventures	1 January 2019
Annual Improvement to MFRSs 2015-2017 Cycles	1 January 2019
<u>Not Yet Effective</u>	
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Business Combinations – Definition of a Business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be confirmed

4. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the Group's most recent annual audited financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

5. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not subject to any seasonal or cyclical factors.

6. 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 for the current financial period-to-date.

7. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the current quarter results.

8. DEBTS AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resales and repayments of debts and equity securities for the period under review, except for the issuance of 8,781,612 new ordinary shares pursuant to the conversion of 70,252,896 ICULS.

9. DIVIDEND PAID

There was no dividend paid during the financial period under review.

10. SEGMENTAL INFORMATION

The segmental information for the 15 months ended is as follows:

	Manufacturing	Trading	Investment Holding	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	11,428	339	1,448	-	-	13,215
Inter-segment revenue	362	-	-	-	(362)	-
Segment revenue	<u>11,790</u>	<u>339</u>	<u>1,448</u>	<u>-</u>	<u>(362)</u>	<u>13,215</u>
Results						
Operating (loss)/profit	(5,195)	75	4,843	(317)	-	(594)
Net finance cost	(1,913)	-	(239)	(76)	-	(2,228)
Tax (expense)/income	306	(24)	306	(31)	-	557
(Loss)/Profit after tax	<u>(6,802)</u>	<u>51</u>	<u>4,910</u>	<u>(424)</u>	<u>-</u>	<u>(2,265)</u>

The revenue derived from the Manufacturing segment recorded at RM11.43 million for the 15 months period ended 31 March 2019. The contribution was mainly from the earlier production of packaging operation but was downsize at the beginning of January 2019.

The contribution for Trading recorded at RM339,000 for the 15 months period, the smaller scale of contribution from its subsidiaries in lab and pallet businesses.

The revenue of investment holding solely derived from the rental income of the factory recorded at RM1.45 million for the 15 months.

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

A valuation of property, plant and equipment was carried out on 30 June 2018 as announced to Bursa Malaysia on 28 August 2018. The revaluation was carried out by an independent professional valuer on 30 June 2018. Revaluation surplus of RM3.93 million, net of deferred tax liabilities of RM207,000, has been recognised in other comprehensive income and accumulated in equity under the revaluation reserve.

12. CHANGES IN COMPOSITION OF THE COMPANY

During the period under review, the following dormant subsidiaries were disposed of:

- i. 2 ordinary shares, representing 100% of the entire issued and paid up capital of Ire-Tex Renewable Energy Sdn Bhd;
- ii. 700,000 ordinary shares, representing 100% of the entire issued and paid up capital of GH Packaging Sdn Bhd;
- iii. 2 ordinary shares, representing 100% of the entire issued and paid up capital of Green Energy Storage And Solutions Sdn Bhd;

- iv. 600,000 ordinary shares, representing 100% of the entire issued and paid up capital of Ire-Text Electronics Sdn Bhd;
- v. 500,000 ordinary shares, representing 100% of the entire issued and paid up capital of Ire-Text Distributions Sdn Bhd;
- vi. 275,000 ordinary shares, representing 55% of the entire issued and paid up capital of TFH Corporate Sdn Bhd;
- vii. 3,500,001 ordinary shares, representing 50.01% of the entire issued and paid up capital of Syrotex (Asia Pacific) Sdn Bhd; and
- viii. 200,000 ordinary shares, representing 100% of the entire issued and paid up capital of Ire-Text (KL) Sdn Bhd.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent assets or contingent liabilities for the financial period under review.

14. CHANGES IN MATERIAL LITIGATION

- a. On 16 June 2017, Stoppani Systems Sdn Bhd (“SS”) obtained a judgment against Zoomic Technology (M) Sdn Bhd (“ZT”) for a total sum of RM313,100 and the return of a transformer and all related components to SS.

On 27 October 2017, SS sought to enforce the judgment by filing an Originating Summons in the Penang High Court (Case No.PA-24NCVC-930-10/2017) for an order for sale against ZT’s two immovable properties.

Zoomic Technology (M) Sdn Bhd (“ZT”) has entered into a settlement agreement with Stoppani Systems Sdn Bhd (“SS”) to pay SS RM300,000.00 for the ownership of the transformer. This payment is to be made over six (6) instalments commencing from 30th November 2018. The last instalment for RM50,000.00 due on 30 April 2019 was paid on 10 May 2019. This case is now resolved and settled.

- b. On 2 November 2017, ITCB filed a Writ and Statement of Claim against Teh Eng Huat and Khoo Hun Sniah in the Penang High Court (Case No.PA-22NCVC-216-11/2017).

ITCB’s claim against the defendants is for breach of a Sale and Purchase Agreement dated 18 November 2013 between ITCB and the defendants. ITCB is seeking, among others, payment of RM5,052,088.80 against the 1st Defendant and RM1,263,022.20 against the 2nd Defendant. ITCB is also seeking interests and costs against the Defendants.

There are a number of interlocutory applications filed by both parties currently pending in the Penang High Court which is at case management stage.

- c. On 27 November 2017, Zoomic Technology (M) Sdn. Bhd. (“ZTSB”) filed an application to set-aside the Notice of Discontinuance dated 4 April 2017 and the Order dated 17 April 2017 in the Penang High Court Civil Suit No. PA-22NCVC-186-09/2016 between ZTSB against Teh Eng Huat (“TEH”).

This suit which was previously discontinued concerns a claim by ZTSB against TEH for wrongful payment of RM3 million made from ZTSB to TEH in November 2014.

The matter is currently under negotiation for settlement out of court.

- d. On 12 December 2018, a Settlement Agreement was entered into by IRE-TEX (MALAYSIA) SDN BHD (“ITM”) with a creditor, HARTA PACKAGING INDUSTRIES (PERAK) SDN BHD (“HP”), for a total trade debts amounting to RM1,637,981.77.

The Settlement Agreement laid down a repayment schedule with the first repayment instalment amounting to RM500,000.00 falling due on or before 31.01.2019 and the final sum RM1,137,981.77 to be settled either by instalments or one lump sum on or before 31 March 2019.

Subsequent to the Quarter under review, on 24 April 2019, HARTA PACKAGING INDUSTRIES (PERAK) SDN BHD, had through their lawyer informed IRE-TEX (MALAYSIA) SDN BHD, that they will seek legal redress including a Winding-Up Petition against ITM if ITM persist to fail to comply with the Consent Judgement/Settlement Agreement.

- e. On 8 April, 2019, a Civil Suit No. A52NCC-12-08/2018 filed by GF FORKLIFT SERVICES (PENANG) SDN BHD (“GF”), came up for trial but was adjourned to 26 June 2019 pending for negotiation of a settlement between IRE-TEX (MALAYSIA) SDN BHD (“ITM”) and GF.

The Civil Suit filed by GF is for services rendered by GF in the letting of forklifts to ITM and the principal amount claimed by GF to be owed by ITM is RM610,499.57, out of which RM346,588.56 is in dispute. Negotiation with GF over interest, cost and an acceptable repayment scheme is ongoing.

- f. A Demand Notice dated 17 December 2018 and a reminder notice dated 28 February 2019 were received by IRE-TEX PACKAGING SDN BHD (“ITP”) from creditor MINE CONTRACTOR & ENGINEERING SDN BHD (“MCE”).

The Demand Notice by MCE is for cost of constructing the factory building in KULIM amounting to RM495,198.20 and this amount is being disputed by ITP. Both parties have made proposal and counter proposal to settle the dispute out of court.

15. SIGNIFICANT EVENTS DURING THE CURRENT QUARTER

There is no significant event occurring during the current quarter under review that has a materially effect to the results and financial position of the Group.

16. EVENTS SUBSEQUENT TO THE QUARTER

Save as disclosed below, there are no other material events subsequent to the end of the reporting period which require disclosure.

On 26 April 2019, the Group (‘the Vendor’) had entered into a Shares Sale Agreement with Mr Khoo Zhi Sheng (“the Purchaser”) to dispose its entire equity interest in the Ire-Tex (Malaysia) Sdn Bhd and Zoomic Automation (M) Sdn Bhd for a total consideration of RM2.00 each.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements

1. REVIEW OF GROUP PERFORMANCE

a) Comparison with the corresponding quarter and financial period in the previous financial year

	Individual Quarter		Changes (Amount/%)	Cumulative Quarter		Changes (Amount/%)
	31/03/19 RM'000 (3 months)	31/03/18 RM'000 (3 months)		31/03/19 RM'000 (15 months)	31/12/17 RM'000 (12 months)	
Revenue						
- Manufacturing	149	3,152	-3,003 / -95%	11,428	58,808	-47,380 / -81%
- Trading	65	69	-4 / -6%	339	197	142 / 72%
- Investment Holding	411	404	7 / 2%	1,448	-	1,448 / 100%
- Others	-	-	-	-	-	-
Total	625	3,625	-3,000 / -83%	13,215	59,005	-45,790 / -78%
Profit/(Loss) Before Tax						
- Manufacturing	497	(1,986)	2,483 / -125%	(7,108)	(8,309)	1,201 / -14%
- Trading	-	(64)	64 / -100%	75	(2,156)	2,231 / -103%
- Investment Holding	167	(86)	253 / -294%	4,604	(5,648)	10,252 / -182%
- Others	(791)	(67)	-724 / 1081%	(393)	(98)	-295 / 301%
Total	(127)	(2,203)	2,076 / -94%	(2,822)	(16,211)	13,389 / -83%

This additional quarter is due to the change of financial year end for a period of twelve (12) months for financial year ended 31 December 2017 to a period of eighteen (18) months for financial year ending 30 June 2019.

For the fifth quarter ("5Q 2019") under review, the Group posted quarterly revenue of RM625,000 and cumulative revenue of RM13.215 million. The revenue for 5Q2019 derived mainly from Investment Holding segment arising from rental income in view that the main manufacturing subsidiary, namely Ire-Tex (Malaysia) Sdn Bhd has ceased its production activity and a Voluntary Separation Scheme ("VSS") was carried out during the quarter under review.

For the 5Q 2019 and cumulative 15 months period, the Group recorded loss before tax of RM127k and RM2.822 million respectively.

b) Comparison with preceding quarter

	31/03/19	31/12/18	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Manufacturing	149	1,847	(1,698)	-92%
- Trading	65	59	6	10%
- Investment Holding	411	215	196	91%
- Others	-	-	-	-
Total	625	2,121	(1,496)	-71%

	31/03/19	31/12/18	Variance	
	RM'000	RM'000	RM'000	%
Profit/(Loss) Before Tax				
- Manufacturing	497	(2,822)	3,319	-118%
- Trading	-	26	(26)	-100%
- Investment Holding	167	4,642	(4,475)	-96%
- Others	(791)	(54)	(737)	1365%
Total	<u>(127)</u>	<u>1,792</u>	(1,919)	-107%

The Group's revenue for the current quarter has reduced substantially from RM2.12 million to RM625k, a reduction of RM1.496 million or 71% due mainly to downsize in the manufacturing segment since the subsidiary was facing capital issue in ordering materials for production.

The Group is making a loss before tax in view of business scale down in the principal subsidiary. It recorded a loss before tax of RM127,000 as compared to profit before tax of RM1.79 million in the preceding quarter.

2. PROSPECT FOR THE FINANCIAL YEAR

The Group is currently undergoing a group restructuring due to the recent change of new management and board members.

At the beginning of 2019, the Group has streamlined its operation and manpower which this will result in long term savings.

The Group is also looking for any potential business to collaborate or joint venture and will make the announcement at the appropriate time.

The subsidiaries, Jumbo Universe Sdn Bhd and Cal-Test Laboratory Sdn Bhd, are still actively in operation. The business plan and projection are in the pipeline to move forward and improve in business.

3. PROFIT FORECAST OR PROFIT GUARANTEE

This is not applicable to the Group as the group did not publish any profit forecast and no profit guarantee issued.

4. TAXATION

	Current Quarter RM'000	Current Year To- date RM'000
Taxation based on results for the quarter/period:		
Current tax provision	(249)	(433)
Deferred tax provision	(48)	990
	<u>(297)</u>	<u>557</u>

5. LOANS AND BORROWINGS

The Group loans and borrowings, all of which are denominated in RM, as at the end of the reporting period are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000	Average effective interest rate
Secured				
Term Loan	342	1,509	1,851	6.40%
Overdraft	4,317	-	4,317	7.34%
Banker acceptances	7,259	-	7,259	8.30%
Hire purchase	757	450	1,207	7.25%
Unsecured				
ICULS – liability component	105	-	105	6.20%
Total	<u>12,780</u>	<u>1,959</u>	<u>14,739</u>	

It be noted that the ICULS will be due for conversion into ordinary shares on 10 June 2019.

6. STATUS OF CORPORATE PROPOSAL

Except for the expiry of the subscription rights of ICULS 2014/2019 and subscription rights of WARRANTS 2014/2019 on 10 June 2019 which was announced on 9 May 2019, there was no other corporate proposal announced or not completed as at the date of this Report.

7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities by the Group in the current period under review.

8. DIVIDEND PAYABLE

No dividend has been proposed for the current quarter and financial period under review.

9. CAPITAL COMMITMENTS

There were no capital commitments as at the end of the current reporting period.

10. LOSS PER SHARE**(a) Basic**

	Individual Quarter		Cumulative Quarter	
	31/3/19 (3 months)	31/3/18 (3 months)	31/3/19 (15 months)	31/12/17 (12 months)
Loss attributable to owners of the parent (RM'000)	(160)	(2,106)	(1,832)	(16,126)
Weighted average number of ordinary shares in issue ('000)	143,882	141,506	143,882	138,142
Loss per share (sen)	(0.11)	(1.49)	(1.27)	(11.67)

(b) Diluted

The Group has no dilution in loss per ordinary share as the potential ordinary shares are anti-dilutive.