

The Board of directors is pleased to submit its quarterly report on the consolidated results of the Group for the second quarter ended 30 June 2020. The figures have not been audited.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual Period			Cumulative Period				
	Current Year Quarter 30/06/2020 RM'000	Preceding Year Corresponding Quarter 30/06/2019 RM'000	Changes in Amount RM'000	Changes in %	Current Year-to-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000	Changes in Amount RM'000	Changes in %
Continuing Operations								
Revenue	5,981	7,002	(1,021)	(15)	11,162	13,793	(2,631)	(19)
Cost of sales	(1,569)	(1,448)	(121)	(8)	(2,966)	(2,679)	(287)	(11)
Gross profit	4,412	5,554	(1,142)	(21)	8,196	11,114	(2,918)	(26)
Interest income	6	-	6	100	14	1	13	1,300
Net gain from disposal of investment properties	799	946	(147)	(16)	3,605	4,561	(956)	(21)
Other income	1	4	(3)	(75)	1	17	(16)	(94)
Administrative and Distribution expenses	(889)	(1,172)	283	24	(2,404)	(3,313)	909	27
Depreciation of investment properties and PPE	(1,090)	(1,069)	(21)	(2)	(2,192)	(2,160)	(32)	(1)
Other expenses	(541)	(431)	(110)	(26)	(1,003)	(985)	(18)	(2)
Finance costs	(2,302)	(2,643)	341	13	(4,758)	(5,315)	557	10
Profit before taxation	396	1,189	(793)	(67)	1,459	3,920	(2,461)	(63)
Income tax expense	(204)	(268)	64	24	(907)	(665)	(242)	5
Profit for the period	192	921	(729)	(79)	552	3,255	(2,703)	(83)

Earning/(Loss) per share attributable to shareholders of the parent:

Basic and diluted earnings/(loss) per ordinary share (sen) 0.18 0.86

0.51 3.03

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
Condensed Consolidated Statement of Financial Position

	Unaudited As At 30/06/2020 RM'000	Audited As At 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	2,263	2,401
Investment properties	278,650	282,152
Prepaid lease payments	2,153	2,190
Other investments	10,147	10,147
Deferred tax assets	233	240
	<u>293,446</u>	<u>297,130</u>
Current Assets		
Inventories	535	144
Contract assets	693	1,386
Receivables, deposits and prepayment	22,193	11,953
Current tax assets	49	-
Assets classified as held for sale	-	524
Fixed Deposit	3,010	2,996
Cash & bank balances	3,959	3,419
	<u>30,439</u>	<u>20,422</u>
TOTAL ASSETS	<u>323,885</u>	<u>317,552</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	107,491	107,491
Reserves	39,978	39,426
Total equity	<u>147,469</u>	<u>146,917</u>
Non-current liabilities		
Loan and borrowings	128,431	133,168
Deferred income	878	906
Deferred tax liabilities	292	317
	<u>129,601</u>	<u>134,391</u>
Current liabilities		
Loan and borrowings	33,041	23,661
Payables and accruals	13,355	12,295
Provision for taxation	364	233
Deferred income	55	55
	<u>46,815</u>	<u>36,244</u>
Total liabilities	<u>176,416</u>	<u>170,635</u>
TOTAL EQUITY AND LIABILITIES	<u>323,885</u>	<u>317,552</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.37	1.37

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
Condensed Consolidated Statement of Cash Flows

	6 months period ended 30 Jun	
	2020	2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	1,459	3,920
Adjustment for:-		
Depreciation and amortisation	2,192	2,160
Interest income	(14)	(1)
Interest expense	4,758	5,315
Net gain from disposal of Investment properties	(3,605)	(4,561)
Operating profit before working capital changes	4,790	6,833
Decrease/(Increase) in:		
Inventories	(391)	(938)
Contract assets	693	1,518
Receivables	(10,240)	(2,482)
Increase/(Decrease) in:		
Deferred income	(27)	(28)
Payables	1,060	792
Cash (used in)/generated from operating activities	(4,115)	5,695
Tax paid	(843)	(1,030)
Net cash (used in)/generated from operating activities	(4,958)	4,665
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	14	1
Acquisition of:		
- property, plant and equipment	(12)	(7)
- investment properties	(69)	(6,352)
Proceeds from disposal of investment properties	5,694	8,755
Net cash generated from/(used in) investing activities	5,627	2,397
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of finance lease liability		(48)
Interest paid	(4,758)	(5,315)
Redeem term loan	(15,384)	-
Drawdown of term loan	16,562	5,600
Repayment of term loan	(6,950)	(6,839)
Withdrawal/(Placement) of pledged deposit	(14)	-
Net cash used in financing activities	(10,544)	(6,602)
Net (decrease)/increase in cash and cash equivalents	(9,875)	460
Cash and cash equivalents at 1 January	(3,853)	(11,542)
Cash and cash equivalents at 30 June	(13,728)	(11,082)
Net Cash Generated From/(Used In) Operating Activities	(4,958)	4,665
Net Cash Generated From/(Used In) Investing Activities	5,627	2,397
Net Cash Generated From/(Used In) Financing Activities	(10,544)	(6,602)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,875)	460
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(3,853)	(11,542)
CASH AND CASH EQUIVALENTS AT 30 JUNE	(13,728)	(11,082)
Cash and Cash Equivalents at 30 June consist of:-		
Cash and bank balances	3,959	3,620
Bank overdrafts	(17,687)	(14,702)
	(13,728)	(11,082)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the parent				
	Non-distributable	Distributable			
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2019	107,491	-	2,542	31,271	141,304
Profit for the period	-	-	-	3,255	3,255
Total comprehensive income for the period	-	-	-	3,255	3,255
At 30 June 2019	107,491	-	2,542	34,526	144,559
At 1 January 2020	107,491	-	3,188	36,238	146,917
Profit for the period	-	-	-	552	552
Total comprehensive income for the period	-	-	-	552	552
At 30 June 2020	107,491	-	3,188	36,790	147,469

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER IN RESPECT OF FINANCIAL YEAR ENDING 30 JUNE 2020 – UNAUDITED

Part A: Selected explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting

A1 Basis of preparation

These condensed consolidated interim financial reports, for the period ended 30 June 2020, have been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited annual financial statement of the Group for the financial year ended 31 December 2019. The explanatory notes attached to the condensed consolidated 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 year ended 31 December 2019.

A2 Significant Accounting Policies

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2019.

The Group has adopted the following MFRSs, Interpretation and amendments effective 1st January 2020:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting estimates and Errors

The adoption has no material financial impact to the Group.

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption to the Group :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17 Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101 Presentation of Financial Statements-Classification of Liabilities as Current or Non Current

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

- Amendments to MFRS 10 Consolidated Financial Statements
- MFRS 128 Investment in Associates and Joint Ventures - Sale or Contribution by Assets between an Investor and its Associate or Joint Venture

The Group do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 was not qualified.

A4 Seasonal or cyclical factors

The Group's operations were not affected by any significant seasonal or cyclical factors in the current quarter.

A5 Unusual items Due to Their Nature, Size or Incidence

Other than disclosed in the financial statements, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the second quarter ended 30 June 2020 ("Q2 FY20").

A6 Change in Estimates

There were no significant changes in estimates of amounts reported in prior financial year which have a material effect in Q2 FY20.

A7 Debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year-to-date.

A8 Dividend

There was no dividend payment made for the current quarter under review.

A9 Segmental Reporting

Segmental reporting by quarter and cumulative year-to-date basis is as tabulated.

3 Months ended Q2 FY20	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2020	2019	2020	2019	2020	2019
Revenue	2,296	2,679	3,685	4,323	5,981	7,002
Results						
Segment results	316	945	2,382	2,887	2,698	3,832
Interest Expenses	(183)	(153)	(2,119)	(2,490)	(2,302)	(2,643)
Total					396	1,189

6 Months ended Q2 FY20	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2020	2019	2020	2019	2020	2019
Revenue	3,678	5,362	7,484	8,431	11,162	13,793
Results						
Segment results	(287)	1,615	6,504	7,620	6,217	9,235
Interest Expenses	(391)	(346)	(4,367)	(4,969)	(4,758)	(5,315)
Total					1,459	3,920

A10 Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendments from the audited financial statements for the financial year ended 31 December 2019.

A11 Material events subsequent to balance sheet date

There were no material events subsequent to the end of the period under review to 17 August 2020.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group subsequent to the end of the period under review to 17 August 2020.

A13 Changes in contingent liabilities or contingent assets as at 30 June 2020

The contingent liabilities / assets as at 30 June 2020 is as tabulated:

Unsecured:	RM '000
Corporate guarantee issued to banks for credit facilities granted to subsidiary companies	112,955

A14 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment losses.

A15 Capital commitments

There was no capital commitments during the current quarter ended 30 June 2020.

Part B: Additional information required under Part A of Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1 Group's Financial Performance Review and Segmental Analysis

(a) Overall review of Group's financial performance by quarter

	<-----3 months ended 30 June ----->			
	Current year quarter 2Q FY20 RM'000	Preceding year corresponding quarter 2Q FY19 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	2,296	2,679	(383)	(14)
Profit Before Interest and Tax	316	945	(629)	(67)
Profit Before Tax	133	792	(659)	(83)
Profit After Tax	280	792	(512)	(65)
Investment holding				

	Current year quarter 2Q FY20 RM'000	Preceding year corresponding quarter 2Q FY19 RM'000	Changes in amount RM'000	Changes in %
Revenue	3,685	4,323	(638)	(15)
Profit Before Interest and Tax	2,382	2,887	(505)	(17)
Profit Before Tax	263	397	(134)	(34)
(Loss)/Profit After Tax	(88)	129	(217)	(168)
Total				
Revenue	5,981	7,002	(1,021)	(15)
Profit Before Interest and Tax	2,698	3,832	(1,134)	(30)
Profit Before Tax	396	1,189	(793)	(67)
Profit After Tax	192	921	(729)	(79)

(b) Overall review of Group's financial performance on a cumulative quarter basis

←----- 6 months ended 30 June ----->				
Segment	Current year quarter 2Q FY20 RM'000	Preceding year corresponding quarter 2Q FY19 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	3,678	5,362	(1,684)	(31)
(Loss)/Profit Before Interest and Tax	(287)	1,615	(1,902)	(118)
(Loss)/Profit Before Tax	(678)	1,269	(1,947)	(153)
(Loss)/Profit After Tax	(667)	1,058	(1,725)	(163)
Investment holding				
Revenue	7,484	8,431	(947)	(11)

	Current year quarter 2Q FY20 RM'000	Preceding year corresponding quarter 2Q FY19 RM'000	Changes in amount RM'000	Changes in %
Profit Before Interest and Tax	6,504	7,620	(1,116)	(15)
Profit Before Tax	2,137	2,651	(514)	(19)
Profit After Tax	1,219	2,197	(978)	(45)
Total				
Revenue	11,162	13,793	(2,631)	(19)
Profit Before Interest and Tax	6,217	9,235	(3,018)	(33)
Profit Before Tax	1,459	3,920	(2,461)	(63)
Profit After Tax	552	3,255	(2,703)	(83)

(i) **Statement of Profit or Loss and Other Comprehensive Income**

During the current quarter under review the Group recorded revenue of RM5.98 million and profit before tax (PBT) of RM0.40 million. The decrease in revenue and PBT during the current quarter ended 30 June 2020 was mainly contributed by lower rental received from existing tenants.

For the six months ended 30 June 2020, the Group recorded revenue of RM11.16 million and PBT of RM1.46 million against revenue of RM13.79 million and PBT of RM3.92 million for the corresponding period ended 30 June 2019. The decrease in revenue and PBT for the current period ended 30 June 2020 was mainly due to lower production output by the manufacturing division. The lower production output was caused by the shutdown during the Movement Control Order due to Covid-19 pandemic.

Statement of Financial Position

The total equity attributable to the owners of the Company as at 30 June 2020 was RM147.47 million from RM146.92 million as at 31 December 2019. The increase was mainly due to net profit achieved for the period ended 30 June 2020.

Total borrowings of the Group increased to RM161.47 million as at 30 June 2020 against RM156.83 million as at 31 December 2019.

(ii) **Statement of Cash Flows**

The net cash used in operations of the Group was RM4.96 million for the six months ended 30 June 2020 against RM4.67 million generated from operating activities in the preceding year corresponding period ended Q2 FY19. The net cash generated from investing activities was RM5.63 million during the current period ended 30 June 2020 against RM2.40 million recorded in the preceding year corresponding quarter. The net cash used in financing activities was RM10.54 million for Q2 FY20 against RM6.60 million in the preceding year corresponding period ended Q2 FY19. Overall, cash and cash equivalents as at 30 June 2020 was (RM13.73) million compared with (RM3.85) million as at 1 January 2020.

(c) **Segmental Analysis**

Current quarter compared with previous year corresponding quarter

The manufacturing division recorded a revenue RM2.30 million compared to RM2.68 million recorded in the preceding year corresponding quarter. During the current quarter the manufacturing division recorded profit before tax ("PBT") of RM0.13 million compared with PBT of RM0.79 million achieved in the 2Q FY19. The lower revenue and PBT was mainly due to lower production output caused by shutdown during the Movement Control Order to contain the spread of Covid-19 pandemic. The production activities only resumed on 20 April 2020.

The investment holding division recorded a revenue of RM3.69 million during the current quarter, a decrease of RM0.64 million from RM4.32 million achieved in the preceding year corresponding quarter. The investment holding division recorded PBT of RM0.26 million, a decrease of RM0.13 million from PBT of RM0.39 million recorded in 2Q FY19. The decrease in revenue and PBT was mainly due to lower rental received from existing tenants. Existing tenants have requested for discounts and waiver for the rental of the premises as their businesses are affected by the movement control order and the spread of Covid-19 pandemic.

B2 Financial review for current quarter compared with immediate preceding quarter

The Group posted revenue of RM5.98 million during the current financial quarter compared with RM5.18 million recorded in the immediate preceding quarter. The Group PBT recorded in the current quarter was RM0.40 million as compared with PBT of RM1.06 million reported in the immediate preceding quarter. The contributory factors to the above performance are explained in the respective business segments as follows:

	Current Quarter ended 30.06.2020 RM'000	Immediate Preceding Quarter ended 31.03.2020 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	2,296	1,382	914	66
(Loss)/Profit Interest and Tax	316	(603)	919	152
(Loss)/Profit before Tax	133	(811)	944	116
(Loss)/Profit after Tax	280	(947)	1,227	130
Investment holding				
Revenue	3,685	3,796	(111)	(3)
Profit before Interest and Tax	2,382	4,120	(1,738)	(42)
Profit before Tax	263	1,872	(1,609)	(86)
Profit after Tax	(88)	1,307	(1,395)	(107)
Total				
Revenue	5,981	5,178	803	16
Profit before Interest and Tax	2,698	3,517	(819)	(23)
Profit before Tax	396	1,061	(665)	(63)
Profit after Tax	192	360	(168)	(47)

- (a) The manufacturing division recorded revenue of RM2.30 million and PBT of RM0.13 million in the current quarter compared with RM1.38 million and loss before tax of RM0.81 million respectively in the immediate preceding quarter. The increase in revenue and profit before tax during the current quarter was mainly due to higher demand from existing customers.
- (b) During the current quarter, the investment holding division achieved revenue of RM3.69 million and PBT of RM0.26 million compared with RM3.80 million and RM1.87 million respectively in the immediate preceding quarter. The lower revenue recorded in the current quarter as compared to the immediate preceding quarter was mainly due to lower rental received from existing tenants. The immediate preceding quarter recorded a higher PBT which was mainly due to the higher contribution from the gain in disposal of investment properties as compared to the current quarter.

B3 Prospects for FY2020

The manufacturing division's performance is driven by the demand from semiconductor industry. The current Covid-19 pandemic and trade war between the US and China would further dampen the recovery of the global slowdown.

The investment holding division which derived its revenue through rental income from investment properties would be a challenge due to the soft demand for rental property market and competition from coming on-stream of new similar properties in the vicinity of the Group's investment properties is a challenge to the investment property division.

B4 Profit forecast

This was not applicable as no profit forecast was published.

B5 Profit/(Loss) before taxation

Profit/(Loss) before taxation is arrived at after crediting/ (charging) the following income/ (expenses):

	←-----3 months ended-----→		←-----6 months ended-----→	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
(a) Net gain on disposal of investment properties	799	946	3,605	4,561
(b) Interest expense	(2,302)	(2,643)	(4,758)	(5,315)
(c) Interest income	6	-	14	1
(d) Allowance for write (down)/back of inventories	(75)	150	(150)	-
(e) Gain/(loss) on foreign exchange				
– Realized	(2)	(4)	(15)	(9)
– Unrealized	4	(4)	26	(6)

	←-----3 months ended-----→		←-----6 months ended-----→	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
(f) Depreciation and amortisation	(1,090)	(1,069)	(2,192)	(2,160)

B6 Tax expense

	←-----3 months ended-----→		←-----6 months ended-----→	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Income tax expense				
-Current	421	235	1,014	629
-Prior year		33	-	33
Deferred tax expense				
-Current	(217)	-	(107)	3
	<u>204</u>	<u>268</u>	<u>907</u>	<u>665</u>

The effective tax rate for the current quarter is higher than the statutory tax rate mainly due to certain expenses which is not tax deductible.

B7 Gain/(losses) on sale of unquoted investments and/or properties

There was no profit/losses on sale of unquoted investment and/or properties in the current quarter ended 30 June 2020.

B8 Marketable securities

There were no purchase or disposal of quoted securities during the current quarter ended 30 June 2020.

B9 Status of corporate proposals

There were no corporate proposals during the current quarter ended 30 June 2020.

B10 Borrowing and debts securities

All borrowings of the Group are denominated in Ringgit Malaysia.

	6 months ended 30.06.2020 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	17,687	17,687
Bank Loan	128,431	15,354	143,785
Finance Lease Liability	-	-	-
Total	128,431	33,041	161,472

	6 months ended 30.06.2019 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	14,718	14,718
Bank Loan	118,535	14,702	133,237
Finance Lease Liability	-	67	67
Total	118,535	29,487	148,022

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 17 August 2020.

B12 Changes in material litigation

There was no material litigation during the current quarter and period ended 30 June 2020.

B13 Basis of calculation of earnings per share

The basic earnings per share for the current quarter and cumulative year to date are computed as follows:

	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Net profit for the period attributable to owners of the Company (RM'000)	192	921	552	3,255
Weighted average number of ordinary shares in issue	107,491,228	107,491,228	107,491,228	107,491,228
Basic earnings per share (sen)	0.18	0.86	0.51	3.03

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board
LEE CHIEW HIANG
Executive Director
Date : 24 August 2020