

**POLY GLASS FIBRE (M) BHD**

(Company No. 197801005142 (42138-X))

(Incorporated in Malaysia)

and its subsidiaries

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 AUGUST 2020**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 August 2020 RM'000 (Unaudited)	Preceding Year Quarter 31 August 2019 RM'000 (Unaudited)	Current Year To Date 31 August 2020 RM'000 (Unaudited)	Preceding Year To Date 31 August 2019 RM'000 (Unaudited)
Revenue	18,294	15,600	29,988	30,551
Operating Expenses	(14,597)	(16,417)	(25,985)	(30,792)
Other operating income	45	1,626	218	1,661
Results from operating activities	3,742	809	4,221	1,420
Share of profit of equity - accounted associate	145	-	148	-
Interest income	33	190	54	206
Interest expenses	(213)	(286)	(463)	(652)
Profit before taxation	3,707	713	3,960	974
Tax expense	(670)	(166)	(670)	(166)
Profit after taxation	3,037	547	3,290	808
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period attributable to owners of the Company	3,037	547	3,290	808
Earnings per share:				
Basic (based on ordinary shares of RM1 each) (sen)	1.90	0.34	2.06	0.51
<i>(Calculated based on the weighted average number of shares in issue during the period)</i>	159,975	159,975	159,975	159,975

The selected explanatory notes form an integral part of, and, should be read in conjunction with, this interim financial report

**POLY GLASS FIBRE (M) BHD**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 AUGUST 2020

	<b>As at end of Current Quarter 31 August 2020 RM'000 (Unaudited)</b>	<b>As at Preceding Financial Year End 29 February 2020 RM'000 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	50,622	52,996
Right-of-use assets	4,164	4,472
Investment property	5,544	5,608
Investment in an associate	525	177
Inventories	136,220	136,193
<b>Total non-current assets</b>	<b>197,075</b>	<b>199,446</b>
Inventories	10,326	13,218
Trade and other receivables	17,834	14,216
Current tax assets	30	94
Cash and cash equivalents	9,968	5,341
<b>Total current assets</b>	<b>38,158</b>	<b>32,869</b>
<b>Total assets</b>	<b>235,233</b>	<b>232,315</b>
<b>Equity</b>		
Share capital	202,762	202,762
Reserves	(30,933)	(34,223)
<b>Equity attributable to owners of the Company</b>	<b>171,829</b>	<b>168,539</b>
<b>Liabilities</b>		
Deferred tax liabilities	23,303	23,303
Contract liabilities	6,589	7,414
Loans and borrowings	13,826	11,045
Advances from a shareholder	3,000	3,000
<b>Total non-current liabilities</b>	<b>46,718</b>	<b>44,762</b>
Loans and borrowings	8,885	9,658
Trade and other payables	7,277	9,305
Current tax liabilities	524	51
<b>Total current liabilities</b>	<b>16,686</b>	<b>19,014</b>
<b>Total liabilities</b>	<b>63,404</b>	<b>63,776</b>
<b>Total equity and liabilities</b>	<b>235,233</b>	<b>232,315</b>
<b>Net assets per share (sen)</b>	<b>107.41</b>	<b>105.35</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 AUGUST 2020**

	<b>Share capital RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Capital reserve RM'000</b>	<b>Total RM'000</b>
At 1 March 2019	202,762	(38,170)	670	165,262
Total comprehensive income for the period	-	808	-	808
At 31 August 2019	<u>202,762</u>	<u>(37,362)</u>	<u>670</u>	<u>166,070</u>
At 1 March 2020	202,762	(34,893)	670	168,539
Total comprehensive income for the period	-	3,290	-	3,290
At 31 August 2020	<u>202,762</u>	<u>(31,603)</u>	<u>670</u>	<u>171,829</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 AUGUST 2020**

	<b>31 August 2020</b>	<b>31 August 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	3,960	974
<b>Adjustments for :</b>		
Depreciation of property, plant and equipment	2,711	2,517
Depreciation of right-of-use assets	161	161
Depreciation of investment property	64	64
Interest income	(54)	(206)
Interest expense	463	652
Gain on disposal of property, plant and equipment	(34)	(14)
Share of associate's result	(148)	-
Insurance compensation income from fire incident	-	(1,603)
<b>Operating profit before changes in working capital</b>	7,123	2,545
<i>Changes in working capital :</i>		
Inventories	2,892	(50)
Trade and other receivables	(3,845)	1,860
Trade and other payables	(2,853)	(2,103)
<i>Insurance compensation receive from fire incident</i>	-	1,603
<b>Cash generated from operations</b>	3,317	3,855
Tax paid	(132)	(306)
<b>Net cash from operating activities</b>	3,185	3,549
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	54	206
Proceeds from disposal of property, plant and equipment	34	14
Purchase of plant and equipment	(191)	(89)
<b>Net cash (used in)/from investing activities</b>	(103)	131

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**FOR THE PERIOD ENDED 31 AUGUST 2020**

	31 August 2020 RM'000 (Unaudited)	31 August 2019 RM'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in advances from a shareholder	-	(5,817)
Interest paid	(463)	(652)
Repayment of finance lease liabilities	(9)	(25)
(Repayment)/Drawdown of short term borrowings, net	(921)	1,891
Drawdown/(Repayment) of term loans, net	2,897	(3,691)
<b>Net cash from/(used in) financing activities</b>	<b>1,504</b>	<b>(8,294)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,586</b>	<b>(4,614)</b>
<b>Cash and cash equivalents at 1 March 2020/2019</b>	<b>4,961</b>	<b>5,974</b>
<b>Cash and cash equivalents at end of period</b>	<b>9,547</b>	<b>1,360</b>

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**POLY GLASS FIBRE (M) BHD (Company No. 197801005142 (42138-X))  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31  
AUGUST 2020**

**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in compliance with MFRS 134, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements.

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 29 February 2020. These explanatory notes 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 29 February 2020.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 29 February 2020 except for the adoption of the following new and revised MFRSs, IC Interpretations and Amendments which are effective from the annual period on or after 1 January 2019:-

- \* MFRS 16, *Leases*
- \* IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- \* Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- \* Amendments to MFRS 9, *Financial Instruments- Prepayment Features with Negative Compensation*
- \* Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- \* Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- \* Amendments to MFRS 119, *Employee Benefits- Plan Amendment, Curtailment or Settlement*
- \* Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- \* Amendments to MFRS 128, *Long-term Interests in Associates and Joint Ventures*

The initial application of the accounting standards, amendments or interpretations do not expected to have any material financial impacts on this interim financial report of the Group except as mentioned below:

**MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31  
AUGUST 2020 (cont'd)**

**1. Basis of Preparation (Cont'd)**

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

**2. Audit Report For Preceding Financial Year**

Not applicable. No qualification on the audit report of the preceding annual financial statements of Poly Glass Fibre (M) Bhd.

**3. Seasonal or Cyclical Factors**

The fibre glasswool insulation business normally expect a fall in revenue of about 30% during the festive holiday season.

**4. Unusual Items**

There were no unusual items for the current quarter and financial period to-date.

**5. Exceptional Items**

There were no exceptional items for the current quarter and financial period-to-date.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2020 (cont'd)**

**6. Changes in Estimates**

There were no changes in estimates in the prior interim periods and the prior years that have a material effect in the current quarter and financial period to-date.

**7. Equity Structure**

There were no issuance and repayment of debt and equity shares, shares buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period to-date.

**8. Dividends Paid**

There was no dividend paid for the current quarter and financial period to-date.

**9. Segmental Reporting**

Financial data by business segment for the Group

	← Current Year To-date 31 August 2020 →			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	29,794	-	194	29,988
<b>Segment results</b>	4,162	(348)	407	4,221
Share of profit of equity-accounted associate				148
Interest income				54
Interest expense				(463)
Net profit before taxation				3,960
Taxation				(670)
<b>Net profit after taxation</b>				3,290
<b>Segment assets</b>	77,271	138,166	19,796	235,233



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2020 (cont'd)**

**9. Segmental Reporting (Cont'd)**

	← Preceding Year To-date → 31 August 2019			
	Fibre glasswool and related products RM'000	Property development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue from external customers	29,578	793	180	30,551
<b>Segment results</b>	918	224	279	1,420
Interest income				206
Interest expense				(652)
Net profit before taxation				974
Taxation				(166)
<b>Net profit after taxation</b>				<b>808</b>
<b>Segment assets</b>	70,096	137,514	18,051	225,661

**10. Valuation of Property, Plant and Equipment**

Not applicable. No valuation policy was adopted for property, plant and equipment. The Group availed the transitional provisions issued by the Malaysian Accounting Standards Board upon adoption of International Accounting Standard No 16 (Revised) to have the 1992 revalued assets of land and buildings continue to be stated at their existing carrying amounts less accumulated depreciation.

**11. Material events subsequent to the end of the period reported on not reflected in the financial statements for the said period**

There were no material events subsequent to the end of the period reported on which have not been reflected in the financial statements as at 26 October 2020.

**12. Changes in Composition of the Group**

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

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2020 (cont'd)**

**13. Contingent Liabilities**

There were no changes in the contingent liabilities since the last annual balance sheet date.

**14. Related Party Transactions**

Transactions with the substantial shareholder, Equaplus Sdn Bhd: -

	RM'000
Interest payable and paid	87

**15. Capital Commitments**

Contractual but not provided for in the financial statements.

	RM'000
Property, Plant & Equipment	4,976

**16. Profit for the Period**

This is arrived at after crediting / (charging):

	<b>Current Year Quarter 31 August 2020 RM'000</b>	<b>Current Year To Date 31 August 2020 RM'000</b>
Interest income	33	54
Interest expense	(213)	(463)
Depreciation and amortisation	(1,502)	(2,937)
Foreign exchange gain (realised and unrealised)	(30)	(193)

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 31 AUGUST 2020**

**1. Review of Performance of the Company and its Principal Subsidiaries for the current quarter and financial period to-date**

	Individual Quarter			Cumulative Quarters		
	Current Year Quarter 31 Aug 20 RM'000	Preceding Year Quarter 31 Aug 19 RM'000	Changes Increase/ (Decrease) %	Current Year To Date 31 Aug 20 RM'000	Preceding Year To Date 31 Aug 19 RM'000	Changes Increase/ (Decrease) %
<b>Revenue</b>						
Fibre glasswool and related products	18,197	14,773	23.18	29,794	29,578	0.73
Property development	-	737	(100)	-	793	(100)
Investment holding	97	90	7.78	194	180	7.78
	<u>18,294</u>	<u>15,600</u>	<u>17.27</u>	<u>29,988</u>	<u>30,551</u>	<u>(1.84)</u>
<b>Profit/(loss) before tax</b>						
Fibre glasswool and related products	3,664	312	1074.36	3,919	703	457.47
Property development	(237)	419	(156.56)	(348)	228	(252.63)
Investment holding	280	(18)	(1655.56)	389	43	804.65
	<u>3,707</u>	<u>713</u>	<u>419.92</u>	<u>3,960</u>	<u>974</u>	<u>306.57</u>

**Group**

The Group revenue for the current quarter increased by 17.27% to RM18.29 million as compared to the preceding year quarter ended 31 Aug 2019. The current quarter registered profit before tax of RM3.71 million as compared to the preceding year quarter's profit before tax of RM0.71 million.

For the current financial year to-date 31 August 2020, the Group achieved revenue of RM29.99 million as compared to preceding year to-date of RM30.55 million. The Group has registered profit before tax of RM3.96 million for the current financial year to-date as compared to the preceding year to-date's profit before tax of RM0.97 million

This was mainly due to higher sales revenue and higher profit attributed by its glasswool manufacturing division.

**Fibre glasswool and related products segment**

The revenue for the current quarter has increased by 23.18% to RM18.20 million as compared to the preceding year quarter ended 31 Aug 2019. The current quarter registered a profit before tax of RM3.66 million as compared to the preceding year quarter's profit before tax of RM0.31 million.

For the current financial year to-date 31 August 2020, the revenue achieved of RM29.79 million as compared to preceding year to-date of RM29.58 million. The profit before tax registered of RM3.92 million for the current year to-date as compared to the preceding year to-date's profit before tax of RM0.70 million.

This was mainly due to higher sales revenue, and also cost saving from cost controlling since MCO until now. Higher sales revenue and lower cost and overhead have contributed to higher profit for current quarter.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD ENDED 31 AUGUST 2020 (Cont'd)**

**Property development segment**

Malaysia's MCO since 18 March 2020 arising from the Covid-19 pandemic had impacted the property development segment activities across the country. No revenue for this segment. The revenue for the current quarter has decreased by 100.00% as compared to the preceding year quarter ended 31 August 2019. The current quarter registered a loss before tax of RM0.24 million as compared to the preceding year quarter's profit before tax of RM0.42 million

For the current financial year to-date 31 August 2020, there was no revenue in this segment as compared to preceding year to-date of RM0.79 million. The loss before tax registered of RM0.35 million for the current year to-date as compared to the preceding year to-date's profit before tax of RM0.23 million.

**Investment holding segment**

The profit before taxation is mainly the rental received by its investment property and share of profit by its associate company, Ecowool Insulation Pty. Ltd.

**2. Material Change in the Profit Before Taxation ("PBT") for the quarter reported on as compared to the results of the immediate preceding quarter**

	Current Quarter 31 Aug 20 RM'000	Immediate Preceding Quarter 31 May 20 RM'000	Changes Increase/ (Decrease) %
Revenue	18,294	11,694	56.44
Profit/(loss) before tax	3,707	253	1365.22

The Group recorded a profit before tax of RM3.71 million for the current quarter ended 31 Aug 2020 as compared to the immediate preceding quarter profit before tax of RM0.25 million. This was mainly due to higher sales revenue and higher profit attributed by its glasswool manufacturing division.

**3. Prospects for the Current Financial Year**

Fibre glasswool business is expected to be the major revenue contributor of the Group in the immediate and near future.

The Covid-19 pandemic has a great impact to the fibre glasswool segment as well as the economy and the world economy. The impact of MCO has been felt immediately in the first quarter of this financial year with lower sales revenue and output. However, there are positive signs from the Oceania countries that we export to, i.e. Australia and New Zealand, which have better success at containing the virus. Besides, The Economy Stimulation Package implemented by those countries' Government also gave positive support on glasswool order in current quarter and also next quarter.

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**3. Prospects for the Current Financial Year (Cont'd)**

However, other countries that we sell to like Malaysia and Singapore have seen a slowdown in construction activities as governments implement strict controls on construction sites. The management of the Company will remain vigilant in cost control.

In the meantime, the meltblown non-woven fabric is not progressing as schedule in current quarter, but is expected to contribute positively to the Group's performance only from next quarter onwards.

**4. Variance of Actual Profit from Forecast Profit/Profit Guarantee**

Not Applicable.

**5. Income Tax**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Aug 20 RM'000	Preceding Year Quarter 31 Aug 19 RM'000	Current Year To Date 31 Aug 20 RM'000	Preceding Year To Date 31 Aug 19 RM'000
<b>Malaysian Taxation</b>	670	166	670	166
<b>Deferred Taxation</b>	-	-	-	-
	<u>670</u>	<u>166</u>	<u>670</u>	<u>166</u>

The effective tax rate of the Group is lower than the statutory tax rate as the tax charge relates to tax on profits of certain subsidiaries is set-off against the unutilised capital and investment tax allowance.

**6. Profits/(Losses) on sale of unquoted investments and/or properties**

There were no profits/(losses) on sale of unquoted investments and/or properties for the current quarter and financial period to-date.

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**7. Quoted Securities**

There were no purchases or disposals of quoted securities for the current quarter and financial period to-date.

**8. Status of Corporate Proposals**

Not Applicable

**9. Group Borrowings**

	As at 31 Aug 2020		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
<b>Secured</b>			
<i>Term loans</i>	12,921	3,469	16,390
<i>Other borrowings</i>	37	18	55
	12,958	3,487	16,445
<b>Unsecured</b>			
<i>Term loans</i>	869	319	1,188
<i>Bank overdrafts</i>	-	421	421
<i>Other borrowings</i>	-	4,657	4,657
	869	5,397	6,266
	<b>13,827</b>	<b>8,884</b>	<b>22,711</b>
	As at 29 February 2020		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
<b>Secured</b>			
<i>Term loans</i>	10,135	3,329	13,464
<i>Other borrowings</i>	46	18	64
	10,181	3,347	13,528
<b>Unsecured</b>			
<i>Term loans</i>	864	354	1,218
<i>Bank overdrafts</i>	-	380	380
<i>Other borrowings</i>	-	5,577	5,577
	864	6,311	7,175
	<b>11,045</b>	<b>9,658</b>	<b>20,703</b>

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BERHAD'S ("BURSA MALAYSIA") LISTING REQUIREMENTS FOR THE PERIOD  
ENDED 31 AUGUST 2020 (Cont'd)**

**9. Group Borrowings (Cont'd)**

Details of the borrowings denominated in each currency:

	<b>As at 31 Aug 2020 RM'000</b>	<b>As at 28 Feb 2020 RM'000</b>
Malaysian Ringgit	10,780	13,872
United States Dollar	<u>11,931</u>	<u>6,831</u>
	<u>22,711</u>	<u>20,703</u>
 Advance from a shareholder, unsecured	 <u>3,000</u>	 <u>3,000</u>

**10. Dividend**

The Board of Directors does not recommend any dividend for the period ended 31 August 2020.

**11. Earnings Per Share**

Basic Earnings Per Share - The basic earnings per ordinary share has been calculated by dividing the Group's net profit for the current year to date of RM3,290,945(2019: net profit RM807,765) by the weighted average number of ordinary shares of the Company in issue during the current financial year to date of 159,974,948 shares (2019: 159,974,948).

By Order of the Board

Ch'ng Lay Hoon  
Company Secretary

Dated this 26 October 2020