

DAIBOCHI BERHAD (197201001354 (12994 - W))
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED OCTOBER 31, 2019

The Board of Directors is pleased to submit its quarterly report on the consolidated results of the Group for the quarter ended October 31, 2019. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Quarter and Year-To-Date ended	
	Current Year 31.10.2019 RM'000	Preceding Year 31.10.2018 RM'000
Revenue	152,564	-
Operating profit	16,508	-
Finance costs	(1,553)	-
Share of results of equity-accounted associate	-	-
Profit before tax	14,955	-
Income tax expense	(3,651)	-
Profit for the financial period	11,304	-
Profit attributable to:		
Owners of the Company	10,976	-
Non-controlling interests	328	-
	11,304	-
Earnings per ordinary share		
attributable to owners of the Company		
- Basic (sen)	3.35	-

Notes:

- i) There are no comparative figures disclosed for the quarter ended October 31, 2019 due to the change in financial year end as stated in Note A13.
- ii) The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial period ended July 31, 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter and Year-To-Date ended	
	Current Year	Preceding Year
	31.10.2019	31.10.2018
	RM'000	RM'000
Profit for the financial period	11,304	-
Other comprehensive income for the financial period, net of income tax :		
Item that may be reclassified subsequently to profit or loss:		
- Foreign exchange differences on translation of foreign operations	<u>194</u>	<u>-</u>
Other comprehensive income for the financial period, net of income tax	<u>194</u>	<u>-</u>
Total comprehensive income for the financial period, net of income tax	<u>11,498</u>	<u>-</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>11,163</u>	<u>-</u>
Non-controlling interests	<u>335</u>	<u>-</u>
	<u>11,498</u>	<u>-</u>

Notes:

- i) There are no comparative figures disclosed for the quarter ended October 31, 2019 due to the change in financial year end as stated in Note A13.
- ii) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended July 31, 2019 and the accompanying explanatory notes attached to the interim financial statements.

DAIBOCHI BERHAD (197201001354 (12994 - W))
 UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
 ENDED OCTOBER 31, 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As Of 31.10.2019 RM'000	Audited As Of 31.07.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		188,280	139,444
Right of use assets	B8	3,351	-
Investment in an associate		16,996	19,136
Goodwill		81,099	32,428
Deferred tax assets		117	115
Total non-current assets		289,843	191,123
Current assets			
Inventories		62,636	62,438
Trade and other receivables		103,772	89,302
Tax recoverable		3,244	3,710
Short-term deposits, cash and bank balances		33,687	18,562
Total current assets		203,339	174,012
Total assets		493,182	365,135
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		164,176	164,176
Treasury shares		(1,145)	(1,145)
Reserves		54,143	43,143
Equity attributable to owners of the Company		217,174	206,174
Non-controlling interests		24,466	24,199
Total equity		241,640	230,373
Non-current liabilities			
Borrowings	B8	4,586	5,269
Lease liabilities	B8	3,256	-
Deferred tax liabilities		22,289	17,390
Total non-current liabilities		30,131	22,659
Current liabilities			
Trade and other payables		88,903	54,471
Borrowings	B8	130,797	57,358
Lease liabilities	B8	1,439	-
Derivative financial liabilities		-	113
Tax payable		272	161
Total current liabilities		221,411	112,103
Total liabilities		251,542	134,762
Total equity and liabilities		493,182	365,135

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended July 31, 2019 and the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Company →						Non-controlling Interests	Total Equity
	Issued Capital	Treasury Shares	Non-Distributable Reserves		Distributable Reserve	Total		
			Revaluation Reserve	Translation Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as of August 1, 2019, as previously reported	164,176	(1,145)	7,468	(5,055)	40,730	206,174	24,199	230,373
Effect on adoption of MFRS 16	-	-	-	-	(163)	(163)	(68)	(231)
Balance as of August 1, 2019, as restated	164,176	(1,145)	7,468	(5,055)	40,567	206,011	24,131	230,142
Profit for the financial period	-	-	-	-	10,976	10,976	328	11,304
Other comprehensive income for the financial period, net of income tax	-	-	-	187	-	187	7	194
Total comprehensive income for the financial period	-	-	-	187	10,976	11,163	335	11,498
Balance as of October 31, 2019	164,176	(1,145)	7,468	(4,868)	51,543	217,174	24,466	241,640

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Company →						Distributable Reserve Retained Earnings	Total	Non-controlling Interests	Total Equity	
	Issued Capital	Treasury Shares	← Non-Distributable Reserves →								Total
			Revaluation Reserve	Translation Reserve	Warrants Reserve	Discount on Shares					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance as of January 1, 2018	164,163	(508)	-	(1,472)	9,837	(9,837)	38,665	200,848	21,054	221,902	
Profit for the financial period	-	-	-	-	-	-	17,298	17,298	2,966	20,264	
Other comprehensive income for the financial period, net of income tax	-	-	7,468	(3,583)	-	-	-	3,885	(1,761)	2,124	
Total comprehensive income for the financial period	-	-	7,468	(3,583)	-	-	17,298	21,183	1,205	22,388	
Dividends	-	-	-	-	-	-	(15,233)	(15,233)	-	(15,233)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(18)	(18)	
Reclassification	-	-	-	-	(9,837)	9,837	-	-	-	-	
Exercise of warrants	9	-	-	-	-	-	-	9	-	9	
Acquisition of treasury shares	-	(1,145)	-	-	-	-	-	(1,145)	-	(1,145)	
Disposal of treasury shares	4	508	-	-	-	-	-	512	-	512	
Capital contribution by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	1,958	1,958	
Balance as of July 31, 2019	164,176	(1,145)	7,468	(5,055)	-	-	40,730	206,174	24,199	230,373	

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial period ended July 31, 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Quarter and Year To-Date ended 31.10.2019 RM'000	Quarter and Year To-Date ended 31.10.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,955	-
Adjustments	8,349	-
Operating profit before working capital changes	<u>23,304</u>	<u>-</u>
Movements in working capital:		
Decrease/(Increase) in		
Inventories	11,785	-
Receivables	(8,592)	-
Increase in payables	<u>21,758</u>	<u>-</u>
Cash Generated From Operations	48,255	-
Interest received	60	-
Tax paid	<u>(1,709)</u>	<u>-</u>
Net Cash From Operating Activities	<u>46,606</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	132	-
Dividend income from an associate	2,140	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	(89,931)	-
Purchase of property, plant and equipment, net of finance leases drawdown	(8,839)	-
Deposit paid for purchase of property, plant and equipment	(1,115)	-
Proceeds from disposal of property, plant and equipment	66	-
Net Cash Used In Investing Activities	<u>(97,547)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	(3,227)	-
Interest paid	(1,553)	-
Net drawdown of short-term borrowings	71,237	-
Repayment of lease liabilities	<u>(382)</u>	<u>-</u>
Net Cash From Financing Activities	<u>66,075</u>	<u>-</u>
Net increase in cash and cash equivalents	15,134	-
Cash and cash equivalents at beginning of financial period	18,562	-
Effect of exchange differences	(9)	-
Cash and cash equivalents at end of financial period	<u>33,687</u>	<u>-</u>

Notes:

- i) There are no comparative figures disclosed for the quarter ended October 31, 2019 due to the change in financial year end as stated in Note A13.
- ii) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period ended July 31, 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY FINANCIAL REPORT

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial period ended July 31, 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 period ended July 31, 2019.

The significant accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those of the Group's consolidated audited financial statements for the financial period ended July 31, 2019 except for the adoption of the following:

MFRS, IC Interpretation and Amendments to MFRSs		Applicable for financial year beginning
MFRS 16	Leases	August 1, 2019
IC Interpretation 23	Uncertainty over Income Tax Treatment	August 1, 2019
Amendments to MFRS 3	Business Combinations: Previously Held Interest in a Joint Operation [^]	August 1, 2019
Amendments to MFRS 9	Financial Instruments: Prepayment Features with Negative Compensation	August 1, 2019
Amendments to MFRS 112	Income Taxes: Income Tax Consequences of Payments on Financial Instruments Classified as Equity [^]	August 1, 2019
Amendments to MFRS 119	Employee Benefits: Plan Amendment, Curtailment or Settlement	August 1, 2019
Amendments to MFRS 123	Borrowing Costs: Borrowing Costs Eligible for Capitalisation [^]	August 1, 2019
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	August 1, 2019

[^] Annual Improvements to MFRS Standards 2015-2017 Cycle

The adoption of the above MFRS, IC Interpretation and Amendments to MFRSs does not have significant financial impact on the Group, other than as explained 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.

MFRS 16 has been adopted by the Group from August 1, 2019 using the cumulative catch-up approach, which measures the lease liabilities based on the present value of future lease payments calculated using the incremental borrowing rate and exchange rate at date of transition. Lease payments would be split into principal and interest payments, using the effective interest method.

Correspondingly, the right-of-use ("ROU") assets is based on the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The ROU asset will be depreciated on a straight-line basis over the shorter of the lease term and the useful life of the leased asset.

On the date of initial application, the Group applied the simplified transition approach and did not restate comparative amounts for the period prior to first adoption.

The Group elects to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying assets are of low value. The Group entered into low value assets leases in respect of equipment.

The adoption of MFRS 16 has the following impact:

- a) To the opening balance as of August 1, 2019

	As previously reported RM'000	Effect on adoption of MFRS 16 RM'000	As restated RM'000
Right of use assets	-	3,573	3,573
Lease liabilities	-	4,779	4,779
Accrued expenses	6,348	(975)	5,373
Retained earnings	40,730	(163)	40,567
Non-controlling interests	24,199	(68)	24,131

- b) To the unaudited Consolidated Financial Statements for the financial year ending July 31, 2020:

- (i) On the Consolidated Income Statement, expenses which were previously included under operating leases will be replaced by finance costs – lease liabilities and depreciation of right of use asset;
- (ii) On the Consolidated Cash Flow Statement, operating lease rental outflows, previously recorded within net cashflow from operating activities, are classified as “net cashflow used in financing activities” for repayment of principal of lease liabilities.

A2 Audit report

The audit report of the preceding annual financial statements was not qualified.

A3 Seasonal or cyclical factors

The operations of the Group for the current financial quarter under review have not been materially affected by any seasonal or cyclical factors.

A4 Unusual items

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current financial quarter under review except for as disclosed in Note A12.

A5 Changes in estimates

The same estimates reported in the previous financial period were used in preparing the financial statements for the current financial quarter under review.

A6 Debt and equity securities

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

A7 Dividends paid

There was no dividend paid during the current financial quarter ended October 31, 2019.

A8 Related party transactions

The Group's significant related party transactions during the current financial quarter ended October 31, 2019 were as follows:

	3 months ended	
	31.10.2019	31.10.2018
	RM'000	RM'000
An associate		
Dividend income	2,140	-
Other related companies *		
Sale of goods	2,662	-
Rental income	819	-
Purchase of goods	36,943	-
	=====	=====

* Other related companies refer to subsidiaries of holding company, Scientex Berhad.

A9 Contingent liabilities

There were no contingent liabilities as at the date of this quarterly report.

A10 Capital commitments

Capital commitments not provided for in the financial statements as of October 31, 2019 were as follows:

	RM'000
Property, plant and equipment	
- Authorised and contracted for	11,766
	=====

A11 Subsequent events

There were no material events subsequent to October 31, 2019 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A12 Changes in composition of the Group

There were no material changes in the composition of the Group during the current financial quarter under review, except for the following:

Acquisition of Mega Printing & Packaging Sdn. Bhd. ("MPP")

During the current financial quarter, the Company completed the acquisition of 4,500,000 ordinary shares in Mega Printing & Packaging Sdn. Bhd. ("MPP") representing 100% equity interest in MPP, for a total cash consideration of RM125,000,000. Accordingly, MPP became a wholly-owned subsidiary of the Company.

The provisional fair value of the identifiable assets and liabilities of MPP as at the date of acquisition were as follows:

	Provisional fair value recognised on acquisition RM'000
<u>Assets</u>	
Property, plant and equipment	41,060
Inventories	12,337
Trade and other receivables	19,435
Tax recoverable	1,494
Cash and bank balances	22,569
	<hr/>
	96,895
<u>Liabilities</u>	
Trade and other payables	12,533
Borrowings	3,000
Deferred tax liabilities	5,021
	<hr/>
	20,554
	<hr/>
Net identifiable assets	76,341
	<hr/>
Fair value of identifiable assets	76,341
Goodwill on consolidation	48,659
	<hr/>
Cost of business combination	125,000
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Cash outflow on acquisition was as follows:

Purchase consideration satisfied by cash	125,000
Less: Cash and cash equivalents of subsidiary acquired	(22,569)
	<hr/>
Net cash outflow of the Group	102,431
Less: Deposit paid in prior financial period	(12,500)
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Net cash outflow in the current financial quarter	89,931
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Provisional accounting of acquisition

The fair value adjustments as of October 31, 2019 and the goodwill are provisional as the Group is currently undertaking a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets. The goodwill on acquisition is now provisionally estimated at RM48,659,000. Any differences arising will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

From the date of acquisition, MPP has contributed approximately RM37,576,000 of revenue and net profit of RM3,116,000 to the Group.

A13 Change of financial year end

On April 29, 2019, the Board approved the change of financial year end of the Company from December 31 to July 31 to coincide with the financial year end of its holding company, Scientex Berhad. Therefore, these unaudited condensed consolidated financial statements is for a period of 3 months from August 1, 2019 to October 31, 2019 being the first quarter of the financial year ending July 31, 2020. Due to the change in the financial year, the performance of the current financial quarter ended October 31, 2019 is not comparable with the first quarter of the previous financial period ended July 31, 2019.

A14 Segment information

The Group is primarily engaged in manufacturing and marketing of flexible packaging materials.

The Group operates primarily in Malaysia (country of domicile), Myanmar and Australia.

The Group's financial performance from continuing operations by geographical location for the current financial quarter ended October 31, 2019 is as follows:

	Malaysia RM'000	Australia RM'000	Myanmar RM'000	Total RM'000	Elimination RM'000	Group RM'000
Revenue						
-external	119,949	21,311	11,304	152,564		152,564
-internal	21,884	-	249	22,133	(22,133)	-
	<u>141,833</u>	<u>21,311</u>	<u>11,553</u>	<u>174,697</u>	<u>(22,133)</u>	<u>152,564</u>
Profit by geographical location	14,246	806	818	15,870	(915)	14,955
Share of profit of equity-accounted associate						-
Profit before tax						<u>14,955</u>

Note: Due to the change in the financial year end as stated in Note A13, no comparable figures are presented.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of performance

Due to the change in the financial year end as stated in Note A13, no comparable figures are presented.

The Group's performance for the current financial quarter ended October 31, 2019 is as tabled below:

	Q1 FY2020
GROUP	RM'000
Revenue	152,564
Operating profit	16,508
Profit before tax ("PBT")	14,955
Profit after tax	11,304
Profit attributable to owners of the Company	10,976

For the current financial quarter ended October 31, 2019, the Group achieved another record quarter revenue of RM152.56 million. The results include contribution from the Group's newly acquired subsidiary, MPP, of which the acquisition was completed in early August 2019. The domestic market made up RM84.23 million or 55.21% of group revenue. Exports made up the balance RM68.34 million or 44.79% of group revenue. PBT was recorded at RM14.96 million.

B2 Material changes in Profit Before Tax for the quarter reported on as compared with the immediate preceding quarter

The Group's current financial quarter performance as compared to that of the preceding quarter is as tabled below:

	Q1 FY2020	Q7 FPE2019	Change
GROUP	RM'000	RM'000	%
Revenue	152,564	123,275	23.8%
Operating profit	16,508	1,374	> 100%
PBT	14,955	819	> 100%
Profit after tax	11,304	317	> 100%
Profit/(Loss) attributable to owners of the Company	10,976	(305)	> 100%

The Group's revenue for the current financial quarter increased 23.8% to RM152.56 million from RM123.28 million in the preceding quarter. Group PBT rose to RM14.96 million as compared to RM819,000 in the preceding quarter.

The improved revenue and PBT for the current financial quarter are partly due to better operational efficiency, favourable product mix as well as contribution from the newly acquired subsidiary, MPP. The Group recognised inventories written down/off and a one-off merger and acquisition related transaction costs amounting to approximately RM6.85 million in the preceding quarter compared to RM795,000 in the current financial quarter.

B3 Current financial year prospects

Daibochi, together with Scientex Group, is well positioned to support the needs of a larger number of brands in Malaysia and internationally. The integration of both upstream and downstream processes enhances capabilities and technical expertise, which strengthens and accelerates our ability to develop new and innovative sustainable packaging solutions that effectively meet the latest requirements of our global customers.

Daibochi, with support from the Scientex Group, has made significant headway in joint research and development of sustainable packaging solutions such as mono-material laminates. These solutions are subject to customers' rigorous trials and quality testings and are expected to be commercialised in the current financial year.

In addition to continued efforts in joint research and development, the Group would also pursue further optimisation in the areas of operational synergy and efficiency through our combined resources, as well as leverage on our enlarged network of suppliers and customers.

Furthermore, the Group's recently completed acquisition of MPP in August 2019, effectively expanded our portfolio to now span a broader range of complementary flexible packaging solutions. The expanded portfolio comes in addition to an enlarged manufacturing footprint and customer base, thereby reinforcing our position to capture more growth opportunities.

Barring any unforeseen circumstances, the Group is confident that our ongoing optimisation efforts and the enlarged manufacturing operations will result in strong revenue performance and improved profitability in the current financial year ending July 31, 2020 (FY2020).

B4 Profit forecast or profit guarantee

No profit forecast or profit guarantee was provided.

B5 Profit before tax

Profit before tax is arrived at after (crediting)/charging:

	3 months ended	
	31.10.2019	31.10.2018
	RM'000	RM'000
Interest income	(192)	-
Other operating income	(854)	-
Gain on disposal of property, plant and equipment	(63)	-
Write-off of property, plant and equipment	33	-
Interest expense	1,553	-
Depreciation of property, plant and equipment	5,079	-
Depreciation of right of use assets	224	-
Net write back of receivables	(28)	-
Net write-down of inventories	715	-
Write-off of inventories	80	-
Net foreign exchange loss	934	-
Net gain arising from financial instruments measured at fair value through profit or loss	(113)	-

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B6 Income tax expense

Details of tax expense for the current financial quarter and current financial year-to-date were as follows:

	3 months ended	
	31.10.2019	31.10.2018
	RM'000	RM'000
In respect of current quarter:		
- Income tax	3,773	-
- Deferred tax	(122)	-
	3,651	-

B7 Status of corporate proposals

There were no material corporate proposals announced and not completed as of the date of this report.

B8 Group borrowings and lease liabilities

Details of the Group's borrowings as of October 31, 2019 were as follows:-

	← As of 31.10.2019 →					
	Long term		Short term		Total	
	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000
Secured:						
Lease liabilities:						
in Ringgit Malaysia	-	390	-	609	-	999
Bankers' acceptances:						
in Ringgit Malaysia	-	-	-	1,800	-	1,800
Unsecured:						
Term loans:						
in Ringgit Malaysia	-	4,196	-	2,485	-	6,681
in United States Dollar	-	-	1,591	6,682	1,591	6,682
Bankers' acceptances:						
in United States Dollar	-	-	107	451	107	451
Revolving credit:						
in Ringgit Malaysia	-	-	-	29,500	-	29,500
in Australian Dollar	-	-	14,500	42,050	14,500	42,050
in United States Dollar	-	-	10,700	44,940	10,700	44,940
in Japanese Yen	-	-	60,000	2,280	60,000	2,280
Lease liabilities - MFRS 16:						
in Ringgit Malaysia	-	712	-	538	-	1,250
in United States Dollar	616	2,544	218	901	834	3,445
		<u>7,842</u>		<u>132,236</u>		<u>140,078</u>

	← As of 31.07.2019 →					
	Long term		Short term		Total	
	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000
Secured:						
Lease liabilities:						
in Ringgit Malaysia	-	440	-	784	-	1,224
Unsecured:						
Term loans:						
in Ringgit Malaysia	-	4,829	-	2,660	-	7,489
in United States Dollar	-	-	2,153	8,894	2,153	8,894
Bankers' acceptances						
in Ringgit Malaysia	-	-	-	3,005	-	3,005
Revolving credit:						
in Ringgit Malaysia	-	-	-	500	-	500
in United States Dollar	-	-	9,500	39,235	9,500	39,235
in Japanese Yen	-	-	60,000	2,280	60,000	2,280
		<u>5,269</u>		<u>57,358</u>		<u>62,627</u>

The Group has adopted MFRS 16: Leases beginning August 1, 2019. The lease liabilities indicated above is supported by corresponding Right of Use Asset of RM3,351,000.

B9 Financial instruments

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on trade transactions.

There was no outstanding foreign currency forward contract as of October 31, 2019.

B10 Material litigation

There was no material litigation as of the date of this quarterly report.

B11 Dividends

The Board of Directors does not recommend any dividend for the current financial quarter under review.

B12 Earnings per share

Basic earnings per share is calculated by dividing the profit for the current financial quarter under review attributable to owners of the Company by the weighted average number of ordinary shares in issue during the said financial quarter, adjusted by the number of ordinary shares repurchased and disposed during the current financial quarter under review.

	3 months ended	
	31.10.2019	31.10.2018
Profit attributable to owners of the Company (RM'000)	<u>10,976</u>	-
Weighted average number of ordinary shares ('000)	<u>327,348</u>	-
Basic earnings per ordinary share (sen)	<u>3.35</u>	-

Diluted earnings per ordinary share are not presented as the warrants are anti-dilutive where the average market price of ordinary shares during the current financial quarter does not exceed the exercise price of the warrants.

By Order of the Board

Ms. TUNG WEI YEN, MAICSA 7062671
Ms. GEETHARANI A/P RANGGANATHAN, MAICSA 7070549
Secretaries
Selangor
Dated: December 2, 2019