

DAIBOCHI BERHAD (12994 - W)
(formerly known as DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD)
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED APRIL 30, 2019

The Board of Directors is pleased to submit its quarterly report on the consolidated results of the Group for the financial period ended April 30, 2019. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	1 Month ended		16 Months ended	
	Current Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30.04.2019	30.04.2018	30.04.2019	30.04.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	34,484	-	576,061	-
Operating profit	980	-	27,699	-
Finance costs	(308)	-	(5,162)	-
Share of results of equity-accounted associate	386	-	1,523	-
Profit before tax	1,058	-	24,060	-
Income tax expense	(112)	-	(4,113)	-
Profit for the financial period	946	-	19,947	-
Other comprehensive income for the financial period, net of income tax				
Item that will be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	810	-	(5,643)	-
Total comprehensive income for the financial period, net of income tax	1,756	-	14,304	-
Profit attributable to:				
Owners of the Company	816	-	17,603	-
Non-controlling interests	130	-	2,344	-
	946	-	19,947	-
Total comprehensive income attributable to:				
Owners of the Company	1,315	-	13,903	-
Non-controlling interests	441	-	401	-
	1,756	-	14,304	-
Earnings per ordinary share				
attributable to owners of the Company				
- Basic (sen)	0.25		5.37	

Notes:

- i) The financial year end of the Group has been changed from December 31 to July 31. The next set of audited financial statements shall be for a period of nineteen (19) months from January 1, 2018 to July 31, 2019. As such, there will be no comparative financial information available for the financial period ended April 30, 2019.
- ii) The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED APRIL 30, 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As Of 30.04.2019 RM'000	Audited As Of 31.12.2017 RM'000	As Of 01.01.2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	131,423	138,088	141,218
Investment in an associate	18,746	19,363	20,245
Goodwill	32,179	35,137	-
Deferred tax assets	112	117	119
Total non-current assets	182,460	192,705	161,582
Current assets			
Inventories	91,757	86,537	72,554
Trade and other receivables	71,836	67,766	57,783
Tax recoverable	509	805	627
Derivative financial assets	-	6	21
Short-term deposits, cash and bank balances	26,203	18,306	15,829
	190,305	173,420	146,814
Asset classified as held for sale	972	-	-
Total current assets	191,277	173,420	146,814
Total assets	373,737	366,125	308,396
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	164,176	164,163	136,623
Treasury shares	(1,145)	(508)	(2,354)
Reserves	35,862	37,193	54,902
Equity attributable to owners of the Company	198,893	200,848	189,171
Non-controlling interests	23,395	21,054	-
Total equity	222,288	221,902	189,171
Non-current liabilities			
Trade and other payables	-	664	508
Borrowings	8,037	20,128	13,417
Deferred tax liabilities	13,477	13,016	12,860
Total non-current liabilities	21,514	33,808	26,785
Current liabilities			
Trade and other payables	50,229	57,912	51,297
Derivative financial liabilities	10	-	570
Borrowings	79,696	49,747	40,573
Tax payable	-	2,756	-
Total current liabilities	129,935	110,415	92,440
Total liabilities	151,449	144,223	119,225
Total equity and liabilities	373,737	366,125	308,396

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← <u>Attributable to Owners of The Company</u> →					Distributable Reserve	Total	Non- controlling Interests	Total Equity	
	Issued Capital	Treasury Shares	- Non-Distributable Reserves -							Retained Earnings
			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		
Balance as of January 1, 2018	164,163	(508)	(1,472)	9,837	(9,837)	38,665	200,848	21,054	221,902	
Total comprehensive income for the financial period	-	-	(3,700)	-	-	17,603	13,903	401	14,304	
Transactions with owners :										
Dividends to owners of the Company	-	-	-	-	-	(15,234)	(15,234)	-	(15,234)	
Dividends to non-controlling shareholder	-	-	-	-	-	-	-	(18)	(18)	
Exercise of warrants	9	-	-	(1)	1	-	9	-	9	
Share buy-back	-	(1,145)	-	-	-	-	(1,145)	-	(1,145)	
Disposal of treasury shares	4	508	-	-	-	-	512	-	512	
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	1,958	1,958	
Total transactions with owners	13	(637)	-	(1)	1	(15,234)	(15,858)	1,940	(13,918)	
Balance as of April 30, 2019	164,176	(1,145)	(5,172)	9,836	(9,836)	41,034	198,893	23,395	222,288	

Notes:

- i) The financial year end of the Group has been changed from December 31 to July 31. The next set of audited financial statements shall be for a period of nineteen (19) months from January 1, 2018 to July 31, 2019. As such, there will be no comparative financial information available for the financial period ended April 30, 2019.
- ii) The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended December 31, 2017 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	16 Months ended 30.04.2019 RM'000	16 Months ended 30.04.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other receivables	579,548	-
Cash paid to suppliers, employees and other payables	(546,947)	-
Cash generated from operations	32,601	-
Interest received	46	-
Interest paid	(3,638)	-
Tax paid	(4,604)	-
Net Cash From Operating Activities	24,405	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	83	-
Dividend income from an associate	2,140	-
Purchase of property, plant and equipment, net of finance leases drawdown	(20,666)	-
Proceeds from disposal of property, plant and equipment	992	-
Net Cash Used In Investing Activities	(17,451)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Share buy-back	(1,145)	-
Proceeds from disposal of treasury shares	512	-
Issuance of share capital to non-controlling interests of a subsidiary	1,958	-
Proceeds from issuance of ordinary shares	9	-
Drawdown of term loans	6,644	-
Repayment of term loans	(19,320)	-
Dividends paid to owners of the Company	(15,234)	-
Dividends paid to non-controlling shareholders	(18)	-
Interest paid	(1,524)	-
Proceeds from short-term borrowings (net)	33,410	-
Repayment of finance leases	(3,294)	-
Net Cash Used in Financing Activities	1,998	-
Net increase in cash and cash equivalents	8,952	-
Cash and cash equivalents at beginning of financial year	18,296	-
Effect of exchange differences	(1,045)	-
Cash and cash equivalents at end of financial period	26,203	-
Cash and cash equivalents at end of financial period consist of:-		
Cash and bank balances	26,203	-
	26,203	-

Notes:

- i) The financial year end of the Group has been changed from December 31 to July 31. The next set of audited financial statements shall be for a period of nineteen (19) months from January 1, 2018 to July 31, 2019. As such, there will be no comparative financial information available for the financial period ended April 30, 2019.
- ii) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended December 31, 2017 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 year ended December 31, 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended December 31, 2017.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRSs") framework issued by the Malaysian Accounting Standards Board with effect from January 1, 2018, and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. Due to the change in the financial year end of the Group from December 31, 2018 to July 31, 2019, the financial statements of the Group for the financial year ending July 31, 2019 is the first set of financial statements to be prepared in accordance with the MFRSs.

For periods up to and including the financial year ended December 31, 2017, the Group prepared its financial statements in accordance with the Financial Reporting Standards ("FRSs") in Malaysia. The convergence from FRSs to the MFRSs framework does not have significant effect on the financial statements of the Group.

The following MFRSs, IC Interpretation and amendments to MFRSs have been adopted by the Group during the current period:

MFRSs, IC Interpretation and amendments to MFRSs		Effective date
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	January 1, 2018
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	January 1, 2018
MFRS 15	Revenue from Contracts with Customers	January 1, 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	January 1, 2018
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)	January 1, 2018

The adoption of the MFRSs, IC Interpretation and amendments to MFRSs does not have significant financial impact on the financial statements of the Group except for:

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Classification and measurement

The classification and measurement requirements of MFRS 9 did not have a significant impact on the financial statements of the Group. The following is the change in the classification of the Group's financial assets:

Trade and other receivables, deposits, amount receivable from subsidiaries, cash and bank balances that were previously classified as loans and receivables are now classified and measured as financial instruments at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

There are no changes in classification and measurement for the Group's financial liabilities.

Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime ECLs. The Group uses its historical experience, external indicators and forward-looking information to calculate the ECLs using a provision matrix.

The adoption of new impairment model under MFRS 9 did not have a significant impact on the financial statements of the Group.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The adoption of MFRS 15 did not have material impact on the financial statements of the Group.

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 during the financial period under review have not been materially affected by any seasonal or cyclical factors.

A4 Unusual items

There were no items during this period affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

A5 Changes in estimates

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

A6 Debt and equity securities

There was 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 period.

A7 Dividends paid

The amount of dividends paid by the Company since December 31, 2017 were as follows:

	RM'000
Fourth interim single tier dividend paid for the financial year 2017: 1.30 sen per ordinary share paid on March 21, 2018.	4,263
First interim single tier dividend paid for the financial year 2019: 1.05 sen per ordinary share paid on June 28, 2018.	3,441
Second interim single tier dividend paid for the financial year 2019: 0.80 sen per ordinary share paid on September 27, 2018.	2,619
Third interim single tier dividend paid for the financial year 2019: 1.00 sen per ordinary share paid on December 21, 2018	3,274
Fourth interim single tier dividend paid for the financial year 2019: 0.50 sen per ordinary share paid on April 26, 2019	1,637
	<hr/> 15,234 <hr/> =====

A8 Related party transactions

The Group's significant related party transactions during the financial period ended April 30, 2019 were as follows:

	1 month ended		16 months ended	
	30.04.2019	30.04.2018	30.4.2019	30.04.2018
	RM'000	RM'000	RM'000	RM'000
Purchase of goods from related companies	1,323	-	3,422	-
Outsourcing charges from a related company	19	-	44	-
	<hr/> =====	<hr/> =====	<hr/> =====	<hr/> =====

Related companies refer to subsidiaries of holding company, Scientex Berhad.

A9 Contingent liabilities

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

A10 Capital Commitments

Capital commitments not provided for in the financial statements as of April 30, 2019 were as follows: -

	RM'000
Property, plant and equipment	
- Authorised and contracted for	16,492
- Authorised but not contracted for	10,436
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A11 Subsequent event

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements for the said period as at the date of this report, except for as disclosed in Note B7.

A12 Changes in the Composition of the Group

On December 18, 2018, the Company's wholly owned dormant subsidiary, Daibochi New Zealand Ltd. ("DNZ") has ceased to carry on business, discharged in full its liabilities to all its known creditors, and has distributed its surplus assets in accordance with its Constitution and New Zealand Companies Act 1993.

DNZ had on February 7, 2019, filed an application for striking off the company from the register with New Zealand Companies Office. DNZ had been officially removed from the register on March 29, 2019.

There were no other changes in the composition of the Group including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring and discontinuing operations as of April 30, 2019.

A13 Change of Financial Year End

On April 29, 2019, the Board approved the change of financial year end of the Company from 31 December to 31 July to coincide with the financial year of its holding company, Scientex Berhad. Therefore, the new financial period commences from January 1, 2018 to July 31, 2019, covering a period of nineteen (19) months. Thereafter, the financial year of the Company shall revert to twelve (12) months ending 31 July, for each subsequent year.

A14 Operating segments

No segment information has been prepared as the Group is primarily engaged in manufacturing and marketing of flexible packaging materials.

Geographical Information

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 one month and sixteen months ended are as follows:

	Malaysia RM'000	Australia RM'000	New Zealand RM'000	MALAYSIA PLANT RM'000	MYANMAR PLANT RM'000	Total RM'000	Elimination RM'000	Group RM'000
1 month ended April 30, 2019								
Revenue								
-external	24,621	6,867	-	31,488	2,996	34,484	-	34,484
-internal	7,686	-	-	7,686	-	7,686	(7,686)	-
	<u>32,307</u>	<u>6,867</u>	<u>-</u>	<u>39,174</u>	<u>2,996</u>	<u>42,170</u>	<u>(7,686)</u>	<u>34,484</u>
Profit by geographical location	<u>600</u>	<u>227</u>	<u>-</u>	<u>827</u>	<u>326</u>	<u>1,153</u>	<u>(481)</u>	<u>672</u>
Share of results of equity-accounted associate								<u>386</u>
Profit before tax								<u><u>1,058</u></u>
16 months ended April 30, 2019								
Revenue								
-external	429,038	101,770	1,241	532,049	44,012	576,061	-	576,061
-internal	98,741	-	-	98,741	3,880	102,621	(102,621)	-
	<u>527,779</u>	<u>101,770</u>	<u>1,241</u>	<u>630,790</u>	<u>47,892</u>	<u>678,682</u>	<u>(102,621)</u>	<u>576,061</u>
Profit by geographical location	<u>15,206</u>	<u>1,300</u>	<u>1</u>	<u>16,507</u>	<u>5,971</u>	<u>22,478</u>	<u>59</u>	<u>22,537</u>
Share of results of equity-accounted associate								<u>1,523</u>
Profit before tax								<u><u>24,060</u></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 one month and sixteen months ended April 30, 2019 is as tabled below:

	Q6 2019 (1 month)	16 months 2019
GROUP	RM'000	RM'000
Revenue	34,484	576,061
Operating profit	980	27,699
Profit before tax ("PBT")	1,058	24,060
Profit after tax	946	19,947
Profit attributable to owners of the Company	816	17,603

ONE MONTH REVIEW

For the one month ended April 30, 2019, the Group recorded revenue of RM34.48 million with exports making up 53.46% of group revenue. Revenue contribution from the Malaysia and Myanmar plants stood at RM31.49 million and RM2.99 million respectively.

The Group recorded PBT of RM1.06 million for the one month under review.

SIXTEEN MONTHS REVIEW

The Group registered revenue of RM576.06 million for the sixteen months ended April 30, 2019, with exports making up 54.55% of group revenue. Revenue contribution from the Malaysia and Myanmar plants stood at RM532.05 million and RM44.01 million respectively.

The Group recorded PBT of RM24.06 million for the sixteen months ended April 30, 2019, after accounting for a one-off merger & acquisition ("M&A") related transaction costs of RM4.86 million, foreign currency exchange loss of RM3.31 million and write down of certain inventories.

B2 Material Changes in Profit Before Tax for the Quarter Reported On As Compared with the Immediate Preceding Quarter

Due to the change in the financial year end, the performance of the one month ended April 30, 2019 is not comparable against the preceding quarter of three months (5th quarter ended March 31, 2019).

B3 Current financial year prospects

Daibochi Group would continue to collaborate with its holding company, Scientex Berhad and its group of companies to develop new and innovative solutions to target growth opportunities in Southeast Asia, including the sustainable packaging segment. This is in line with our strategy to continuously bring sustainable and high-quality solutions to our clientele of major brands and companies in the Food & Beverage (F&B) and fast-moving consumer goods (FMCG) sectors.

Daibochi's Malaysia operations is expected to benefit from continued resilience in domestic and regional demand. Meanwhile, our Myanmar plant is undergoing production trials with two multinational companies, in line with our intention to fulfil flexible plastic packaging requirements of globally reputed players.

Meanwhile, Daibochi would continue to implement measures to mitigate higher operating costs. The Group would also seek to enhance efficiency and lower costs through resource sharing with Scientex in procurement and supply chain activities.

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:

	1 month		16 months ended	
	30.04.2019	30.04.2018	30.04.2019	30.04.2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(2)	-	(130)	-
Other operating income	(138)	-	(4,092)	-
(Gain)/loss on disposal of property, plant and equipment	(6)	-	137	-
Interest expense	308	-	5,162	-
Depreciation of property, plant and equipment	1,210	-	18,846	-
(Reversal of inventories write- down)/inventories write-down - net	(213)	-	5,667	-
Foreign exchange loss, net	218	-	3,584	-
Foreign exchange gain on derivatives	(61)	-	(274)	-

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

	1 month ended		16 months ended	
	30.4.2019	30.04.2018	30.04.2019	30.04.2018
	RM'000	RM'000	RM'000	RM'000
Current:				
- Malaysian Tax	160	-	3,487	-
- Foreign Tax	59	-	437	-
- Over provision in prior year	-	-	(267)	-
	<u>219</u>	<u>-</u>	<u>3,657</u>	<u>-</u>
Deferred tax:				
- Current	(107)	-	438	-
- Under provision in prior year	-	-	18	-
	<u>112</u>	<u>-</u>	<u>4,113</u>	<u>-</u>

The effective tax rate for the current period ended April 30, 2019 was lower than the statutory tax rate mainly due to income tax exemption granted to an overseas subsidiary.

B7 Status of Corporate Proposals

There were no material corporate proposals announced and not completed as at the date of this report, except as disclosed below:

(i) Acquisition and Conditional Mandatory Take-Over Offer

On November 14, 2018, the Company announced that the Board had received a letter from certain shareholders of the Company ("Vendors") informing the Board that the Vendors had entered into a heads of agreement with Scientex Berhad ("Scientex") for the proposed disposal of 139,062,766 ordinary shares in the Company ("Sale Shares"), representing 42.41% of the total number of issued shares in the Company (inclusive treasury shares) to Scientex ("Proposed Disposal").

Subsequently, on December 10, 2018, the Vendors entered into a conditional share sale agreement ("CSSA") with Scientex for the Proposed Disposal. The total consideration for the Proposed Disposal is RM222,500,425.60 (equivalent to RM1.60 per Sale Share) which shall be satisfied by a share exchange through the issuance of 1 new Scientex share for every 5.5 ordinary shares in the Company held by the Vendors, subject to any adjustments pursuant to paragraph 6.03(1) of the Rules on Take-Over, Mergers and Compulsory Acquisitions.

On February 11, 2019, the CSSA became unconditional. Scientex subsequently served a notice of conditional mandatory take-over offer ("MGO") to the Company to acquire all the remaining shares and warrants not already owned by Scientex. The share exchange in accordance with the CSSA was completed on February 19, 2019, resulting in Scientex holding 42.48% (exclusive treasury shares) stake in the Company.

On March 18, 2019, Scientex had fulfilled the acceptance condition by receiving a total of 52.54% voting shares in the Company. Hence, the MGO had become unconditional.

On April 1, 2019, the Company announced that the Company had received a press notice from RHB Investment Bank Berhad, on behalf of Scientex, informing that the MGO has closed, with acceptances level of 61.89% or equivalent to 202,587,460 shares and 4.24% or equivalent to 1,158,967 warrants, respectively.

(ii) Acquisition of Mega Printing & Packaging Sdn Bhd

On May 3, 2019, the Company announced that it had entered into a conditional sale and purchase agreement ("SPA") with Tan Chai Koon, Chong Choi Chun, Ng Yuk Ming, Proshin Enterprise Sdn Bhd, Phang Chak Thong, Ng Pey Ching and Lee Chee Keong for the acquisition of 4,500,000 ordinary shares representing the entire equity interest in Mega Printing & Packaging Sdn Bhd ("MPP"), for an indicative purchase consideration of RM125,000,000 to be satisfied entirely in cash, subject to the terms and conditions contained in the SPA.

Upon completion of the Proposed Acquisition, MPP will become a wholly-owned subsidiary of the Company.

Barring any unforeseen circumstances and subject to the fulfilment of all the conditions precedents as set out in the SPA, the proposed acquisition is expected to be completed by the third quarter of 2019.

B8

Group Borrowings

Details of the Group's borrowings as of April 30, 2019 were as follows:-

	← As of 30.04.2019 →					
	Long term		Short term		Total	
	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000
Secured:						
Finance lease liabilities in Ringgit Malaysia	-	658	-	855	-	1,513
Unsecured:						
Term loan in Ringgit Malaysia	-	5,469	-	3,032	-	8,501
Term loan in United States Dollar	466	1,910	2,250	9,225	2,716	11,135
Bankers' acceptances in Ringgit Malaysia	-	-	-	24,963	-	24,963
Bankers' acceptances in Australian Dollar	-	-	694	2,012	694	2,012
Bankers' acceptances in United States Dollar	-	-	6,119	25,089	6,119	25,089
Revolving credit in United States Dollar	-	-	3,000	12,300	3,000	12,300
Revolving credit in Japanese Yen	-	-	60,000	2,220	60,000	2,220
	<u>8,037</u>		<u>79,696</u>		<u>87,733</u>	

	← As of 30.04.2018 →					
	Long term		Short term		Total	
	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000	Foreign Currency '000	RM '000
Secured:						
Finance lease liabilities in Ringgit Malaysia	-	1,199	-	2,205	-	3,404
Unsecured:						
Term loan in Ringgit Malaysia	-	8,348	-	5,813	-	14,161
Term loan in United States Dollar	2,716	10,637	2,250	8,812	4,966	19,449
Bankers' acceptances in Ringgit Malaysia	-	-	-	19,307	-	19,307
Bankers' acceptances in United States Dollar	-	-	3,912	15,323	3,912	15,323
Bank overdraft in Ringgit Malaysia	-	-	-	15	-	15
Trust Receipt in United State Dollar	-	-	79	310	79	310
	<u>20,184</u>		<u>51,785</u>		<u>71,969</u>	

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.

As of April 30, 2019, the Group has the following outstanding derivatives:-

	Principal or Notional Amount RM'000	Fair Value RM'000	Net loss RM'000
Foreign currency forward contracts:-			
Less than 1 year	3,245	3,255	<u>10</u>

There is no change to the Group's financial risk management policies in managing these derivatives, its related accounting policies and the market risk associated with these derivatives since the last financial year.

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 financial period under review attributable to owners of the Company by the weighted average number of ordinary shares in issue during the said financial period, adjusted by the number of ordinary shares repurchased and disposed during the financial period under review.

	1 month ended		16 months ended	
	30.04.2019	30.04.2018	30.04.2019	30.04.2018
Profit attributable to owners of the Company (RM'000)	<u>816</u>	-	<u>17,603</u>	-
Weighted average number of ordinary shares as of April 30	<u>327,348</u>	-	<u>327,527</u>	-
Basic earnings per share (sen)	<u>0.25</u>	-	<u>5.37</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 period 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: June 25, 2019