

MERCURY INDUSTRIES BERHAD
(Company No. 105550 - K)

The Board of Directors is pleased to announce the following :

UNAUDITED INTERIM REPORT OF THE GROUP FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | INDIVIDUAL PERIOD | | | | CUMULATIVE PERIOD | | | |
|--|--|--|------------------|-----------------|---|---|------------------|---------------|
| | Current | Preceding | Changes | | Current | Preceding | Changes | |
| | Quarter Ended 31/12/2019 RM'000 | Year Quarter Ended 31/12/2018 RM'000 | Amount RM'000 | % | Year To Date 31/12/2019 RM'000 | Year To Date 31/12/2018 RM'000 | Amount RM'000 | % |
| Revenue | 4,706 | 36,290 | (31,584) | -87.0% | 85,424 | 105,025 | (19,601) | -18.7% |
| Cost of Sales | (5,438) | (33,128) | 27,690 | -83.6% | (75,452) | (93,575) | 18,123 | -19.4% |
| Gross Profit | (732) | 3,162 | (3,894) | -123.2% | 9,972 | 11,450 | (1,478) | -12.9% |
| Other Income | 129 | 1,068 | (939) | -87.9% | 623 | 1,624 | (1,001) | -61.6% |
| Operating Expenses | (2,090) | (3,276) | 1,186 | -36.2% | (5,915) | (7,332) | 1,417 | -19.3% |
| Profit from Operations | (2,693) | 954 | (3,647) | -382.2% | 4,680 | 5,742 | (1,062) | -18.5% |
| Finance Costs | (1,473) | (937) | (536) | 57.2% | (3,046) | (2,744) | (302) | 11.0% |
| Profit Before Tax | (4,166) | 17 | (4,183) | -24151.7% | 1,634 | 2,998 | (1,364) | -45.5% |
| Income Tax | 669 | 125 | 544 | 435.1% | (964) | (1,050) | 86 | -8.2% |
| Profit For The Period | (3,497) | 142 | (3,639) | -2556.9% | 670 | 1,948 | (1,278) | -65.6% |
| Other Comprehensive Income, Net Of Tax | - | - | - | | - | - | - | |
| Total comprehensive income for the period | (3,497) | 142 | (3,639) | -2556.9% | 670 | 1,948 | (1,278) | -65.6% |
| Total comprehensive income attributable to: | | | | | | | | |
| Owners of the Company | (3,497) | 311 | (3,808) | -1224.4% | (208) | 1,563 | (1,771) | -113.3% |
| Non-controlling interests | - | (169) | 169 | -100.0% | 878 | 385 | 493 | 128.1% |
| Total comprehensive income for the period | (3,497) | 142 | (3,639) | -2562.6% | 670 | 1,948 | (1,278) | -65.6% |
| Earnings per share (Sen) | (8.70) | 0.77 | | | (0.52) | 3.89 | | |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As At 31/12/2019 RM'000 | Audited As At 31/12/2018 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 3,408 | 5,025 |
| Goodwill on consolidation | 36,726 | 31,509 |
| Investment properties | 5,680 | 5,680 |
| Deferred tax assets | 1,100 | 800 |
| | <u>46,914</u> | <u>43,014</u> |
| Current Assets | | |
| Inventories | - | 2,079 |
| Trade receivables | 121,152 | 114,704 |
| Other receivables | 673 | 3,185 |
| Contract assets | 2,279 | 49 |
| Other investments | 115 | 104 |
| Tax recoverable | 394 | 279 |
| Short term deposits | 3,056 | 2,275 |
| Cash and bank balances | 41 | 4,699 |
| | <u>127,710</u> | <u>127,374</u> |
| TOTAL ASSETS | <u>174,624</u> | <u>170,388</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 122,001 | 122,001 |
| Accumulated losses | (48,612) | (48,404) |
| Equity attributable to owners of the Company | <u>73,389</u> | <u>73,597</u> |
| Non-controlling interests | - | 11,005 |
| Total Equity | <u>73,389</u> | <u>84,602</u> |
| Non current Liabilities | | |
| Term loan > 12 months | 1,039 | 1,468 |
| Finance lease liabilities | 1,302 | 1,700 |
| Deferred tax liabilities | 43 | - |
| | <u>2,384</u> | <u>3,168</u> |
| Current Liabilities | | |
| Trade payables | 30,412 | 28,752 |
| Others payables | 6,182 | 7,741 |
| Contract liabilities | 21,861 | 6,709 |
| Amount Due To Director | 755 | - |
| Finance lease liabilities | 783 | 1,167 |
| Term loan < 12 months | 429 | 424 |
| Bank overdrafts | 3,008 | 949 |
| Bank borrowings | 35,421 | 36,876 |
| | <u>98,851</u> | <u>82,618</u> |
| TOTAL EQUITY AND LIABILITIES | <u>174,624</u> | <u>170,388</u> |
| Net assets per share (RM) | 1.8264 | 1.8316 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | <i>Attributable To Owners</i> | | | Non- Controlling Interest | Total Equity |
|---|-------------------------------------|-----------------------------|---------------|--|-------------------------|
| | ←----- <i>Of The Company</i> -----→ | | | | |
| | Issued Capital | Accumulated Loss | Total | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Balance as of 1.1.2019 | 122,001 | (48,404) | 73,597 | 11,005 | 84,602 |
| Total Comprehensive Income | | | | | |
| For The Period | - | (208) | (208) | 878 | 670 |
| Acquisition of 30% Equity in Subsidiary (Note 11) | - | - | - | (11,883) | (11,883) |
| Balance as of 31.12.2019 | <u>122,001</u> | <u>(48,612)</u> | <u>73,389</u> | <u>-</u> | <u>73,389</u> |
| Balance as of 1.1.2018 | 122,001 | (48,360) | 73,641 | 10,620 | 84,261 |
| Total Comprehensive Income | | | | | |
| For The Period | - | 1,563 | 1,563 | 385 | 1,948 |
| First Interim Dividend (Note 8) | | (1,607) | (1,607) | - | (1,607) |
| Balance as of 31.12.2018 | <u>122,001</u> | <u>(48,404)</u> | <u>73,597</u> | <u>11,005</u> | <u>84,602</u> |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| The Group | 12 months ended 31/12/2019 RM'000 | 12 months ended 31/12/2018 RM'000 |
|---|--|--|
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| Profit before taxation | 1,634 | 2,998 |
| Adjustment for non-cash items | (864) | 5,128 |
| Operating Profit Before Working Capital Changes | <u>770</u> | <u>8,126</u> |
| Changes in working capital: | | |
| Inventories | 2,079 | (2,079) |
| Receivables | (3,889) | (30,213) |
| Customers on contract | 12,922 | 17,249 |
| Payables | 855 | (3,601) |
| Bills payable | 1,520 | 4,585 |
| Income tax paid | (1,336) | (2,227) |
| Net Cash From/(Used in) Operating Activities | <u>12,921</u> | <u>(8,160)</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Acquisition of subsidiary company, net of cash acquired | (11,883) | - |
| Purchase of property, plant and equipment | (53) | (166) |
| Placement of fixed deposits pledged | (781) | (1,038) |
| Proceeds from disposal of property, plant & equipment | 30 | 259 |
| Interest received | 274 | 85 |
| Net Cash Used in Investing Activities | <u>(12,413)</u> | <u>(860)</u> |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | |
| Dividend paid to shareholders | - | (1,608) |
| Drawdown of borrowing | - | 18,570 |
| Finance costs paid | (3,044) | (2,744) |
| Repayment of finance lease liabilities | (781) | (1,326) |
| Repayment of factoring facility | (2,975) | - |
| Repayment for term loan | (425) | - |
| Net Cash (Used In)/From Financing Activities | <u>(7,225)</u> | <u>12,892</u> |
| CASH AND CASH EQUIVALENTS | | |
| Net changes | (6,717) | 3,872 |
| Balance as of 1 January | 3,750 | (122) |
| Balance as at end of financial period | <u>(2,967)</u> | <u>3,750</u> |

Cash and cash equivalents at the end of the financial period comprise the following balance amount:

| | As at 31/12/2019 RM'000 | As at 31/12/2018 RM'000 |
|------------------------------|--|--|
| Cash and bank balances | 41 | 4,699 |
| Bank overdrafts | (3,008) | (949) |
| Short term deposits | 3,056 | 2,275 |
| Less: Fixed deposits pledged | <u>(3,056)</u> | <u>(2,275)</u> |
| | <u>(2,967)</u> | <u>3,750</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018

Part A - Explanatory Notes Pursuant To Financial Reporting Standard 134

1. Basis of Preparation

The interim financial report is unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 - Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the Annual Financial Statements of the Group for the year ended 31 December 2018.

Apart from the above, the quarterly financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018.

2. Financial Reporting Standards

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2018.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRSs") framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRSs") framework with the International Financial Reporting Standards ("IFRSs") framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRSs on the financial statements of the Group.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2019. The adoption of these new and revised MFRS and IC Interpretations have not resulted in any material impact upon the financial statements of the Group.

MFRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by the Group.

3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification of the Group audited financial statements for the year ended 31 December 2018.

4. Segmental Reporting

Segmental report for the financial period ended 31 December 2019 is as follows:

| | Building Materials | Construction | Investment Holding | Eliminations | Consolidated |
|--|-------------------------------|---------------------|-------------------------------|---------------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>12 Months Ended 31/12/2019</u> | | | | | |
| Revenue | | | | | |
| External revenue | 615 | 84,807 | 2 | - | 85,424 |
| Inter-segment revenue | 14,347 | - | 3,000 | (17,347) | - |
| Total revenue | <u>14,962</u> | <u>84,807</u> | <u>3,002</u> | <u>(17,347)</u> | <u>85,424</u> |
| Results | | | | | |
| Segment profit | 647 | 4,403 | 1,156 | (1,800) | 4,406 |
| Interest income | 53 | 221 | - | - | 274 |
| Finance cost | (459) | (2,574) | (13) | - | (3,046) |
| Profit before tax | <u>241</u> | <u>2,050</u> | <u>1,143</u> | <u>(1,800)</u> | <u>1,634</u> |
| <u>12 Months Ended 31/12/2018</u> | | | | | |
| Revenue | | | | | |
| External revenue | 8,571 | 96,452 | 2 | - | 105,025 |
| Inter-segment revenue | 20,269 | - | 700 | (20,969) | - |
| Total revenue | <u>28,840</u> | <u>96,452</u> | <u>702</u> | <u>(20,969)</u> | <u>105,025</u> |
| Results | | | | | |
| Segment profit | 2,838 | 4,014 | (1,199) | 4 | 5,657 |
| Interest income | 15 | 68 | 2 | - | 85 |
| Finance cost | (542) | (2,190) | (12) | - | (2,744) |
| Profit before tax | <u>2,311</u> | <u>1,892</u> | <u>(1,209)</u> | <u>4</u> | <u>2,998</u> |

Sales Revenue By Geographical Market

The Group's revenue is derived wholly from its operating activities in Malaysia.

5. Unusual Item Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review.

6. Change Of Estimates Used

There was no material change in estimates for the financial quarter under review.

7 Seasonality Or Cyclicity Of Interim Operations

The Group's operations are not significantly affected by any seasonal or cyclical factors.

8 Dividends Paid

There was no dividend paid during the financial quarter under review (2018: nil).

9 Issuance, Cancellation, Repurchases, Resale and Repayments Of Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current financial quarter ended 31 December 2019.

10. Material Events Not Reflected In The Financial Statements

There were no material events in the financial quarter under review that have not been reflected in the financial statements for the said period.

11. Changes In The Composition Of The Group

On 30 May 2019 Paramount Bounty Sdn Bhd ("PBSB") has changed from being a 70% subsidiary into a wholly-owned subsidiary when the acquisition of an additional 30% equity interest was completed. There was no change in the Group's composition since then.

12. Capital Commitments

There is no capital commitment which has not been reflected in the interim financial statements for the current quarter ended 31 December 2019.

13. Contingent Liabilities/Assets

The Company has issued unsecured corporate guarantees totalling RM110.2 million to certain financial institutions and building materials suppliers for credit facilities granted to its subsidiary companies. Accordingly, the Company is contingently liable to such financial institutions and suppliers to the extent of the amount of credit facilities utilised. There is no contingent assets as at the date of this report.

14. Recurrent Related Party Transactions

Details of the relationship between the Group and its related party are as described below.

Name of Related Party

(a) Pujian Development Sdn Bhd ("Pujian")

Relationship

* Pujian is a subsidiary of Ecofirst Consolidated Berhad in which Dato' Tiong Kwing Hee ("Dato' Tiong") is the Group Chief Executive Officer, Director and major shareholder. Dato' Tiong is also the Managing Director and major shareholder of Mercury.

* Shareholders' mandate has already been obtained at the last Annual General Meeting held on 28 May 2019.

The information on the transactions which have been entered into with the Group during the period is as follows:

| Nature of Transactions | Current | Year |
|---|------------|------------|
| | Quarter | to date |
| | 31/12/2019 | 31/12/2019 |
| | RM'000 | RM'000 |
| (a) Pujian | | |
| (i) Civil & construction works for Pujian | 26,958 | 102,599 |
| (ii) Rental of office space from Pujian | 80 | 261 |

15. Material Subsequent Event

There were no material events subsequent to the end of the financial period under review that have not been reflected in the financial statements for the said period.

Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

16. Review Of Performance

During the quarter under review, Group's revenue decreased by RM31.58 million (-87.0%) to RM4.71 million as compared to RM36.29 million achieved in the corresponding quarter in 2018, while Group's profitability decreased by RM4.18 million (-24,152%) to a pretax loss of RM4.17 million as compared to a pretax profit RM17,000 achieved in the corresponding quarter of 2018. The explanation for the variances is as elaborated in the segmental review below.

For the Construction Segment, due to the completion of construction works in its Ampang project, revenue decreased by RM31.48 million (-87.0%) to RM4.71 million while profitability decreased by RM2.96 million (-407.6%) to a pretax loss of RM3.69 million as compared to RM36.18 million and a pretax loss of RM0.73 million respectively in the corresponding quarter of 2018. The pretax loss in the current quarter is mainly attributable to the lower billings, reversal of prior years profit due to the increase in construction cost, higher impairment loss on trade debtors and higher interest expenses.

For the Building Materials Segment, revenue decreased by RM6.13 million (-96.4%) to RM0.23 million while profitability decreased by RM1.0 million (-157.9%) to a pretax loss of RM0.37 million as compared to revenue of RM6.36 million and pretax profit of RM0.63 million in the corresponding quarter of 2018. The decrease in both revenue and profitability was due to the lower volume of purchase by its sister company, PBSB, which has completed the construction works of its Ampang project. Furthermore, there was no sale to external customers in order to minimise the credit risk on debts collectability.

For the Investment Holding Segment, it recorded a revenue of of RM0.3 million and a pretax loss of RM0.11 million during the current quarter as compared to the revenue of RM0.62 million and pretax profit of RM0.11 million in the corresponding quarter of 2018. The pretax loss in the current quarter was attributable to lower management fees received. For this segment, its revenue comprise mainly of dividend income and management fees from subsidiaries.

For the current financial year, Group revenue decreased by RM19.6 million (-18.7%) to RM85.42 million while pretax profit decreased by RM1.36 million (-45.5%) to RM1.63 million as compared to the corresponding period in 2018. The decrease in revenue was attributable to the completion of the Ampang project by the Construction Segment in the third quarter of the year and lower sales of building materials to external customers by the Building Materials Segment. The reduction in the pretax profit was attributable to the lower volume of construction works, reversal of prior years profit and higher impairment loss on trade debtors.

17. Comparison With Previous Quarter's Results

| | Current Quarter | Previous Quarter | Changes | |
|---|--------------------|---------------------|---------|-----------|
| | 31/12/2019 | 30/9/2019 | RM'000 | % |
| Revenue | 4,706 | 14,212 | (9,506) | (66.9) |
| Operating Profit | (2,693) | 818 | (3,511) | (429.2) |
| Profit Before Interest and Tax | (2,693) | 818 | (3,511) | (429.2) |
| Profit Before Tax | (4,166) | 512 | (4,678) | (913.7) |
| Profit After Tax | (3,497) | 321 | (3,818) | (1,189.4) |
| Profit Attributable to Owners of the Company | (3,497) | 321 | (3,818) | (1,189.4) |

The comparison of the performance over the two quarters can be explained by the following breakdown:

| | Building Materials | Construction | Investment Holding | Eliminations | Total |
|--|-----------------------|----------------|-----------------------|----------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| a) Turnover | | | | | |
| i) For the current quarter ended 31/12/2019 | 229 | 4,706 | 300 | (529) | 4,706 |
| ii) For the previous quarter ended 30/9/2019 | 4,006 | 14,212 | 600 | (4,606) | 14,212 |
| Variance (value) | (3,777) | (9,506) | (300) | 4,077 | (9,506) |
| Variance (%) | -94.3% | -66.9% | -50.0% | -88.5% | -66.9% |
| b) Pretax Profit/ (Loss) | | | | | |
| i) For the current quarter ended 31/12/2019 | (367) | (3,689) | (110) | - | (4,166) |
| ii) For the previous quarter ended 30/9/2019 | (70) | 693 | 389 | (500) | 512 |
| Variance (value) | (297) | (4,382) | (499) | 500 | (4,678) |
| Variance (%) | 424.4% | 632.4% | -128.2% | -100.0% | -913.7% |

For the current quarter, revenue decreased by RM9.51 million (-66.9%) while pretax profit decreased by RM4.68 million (-913.7%) as compared to the previous quarter. The main contributor to the decrease in revenue is the completion of construction works at the Ampang project. The decrease in pretax profit was due to the lower revenue and the various factors as mentioned in the review of the Construction Segment.

18. Prospects For 2020

Although the trade tension between the US and China has eased after the signing of the Phase 1 agreement, the global economy is now being buffeted by the COVID-19 epidemic, which is expected to have a major adverse impact on the economies of the ASEAN countries. Coupled with the current slowdown in the Malaysian economy and the high overhang of unsold properties, the operating environment of the residential property sector will continue to be challenging in 2020.

With the completion of its Ampang project and the unfavourable conditions in the residential property sector, the Board expects the performance in the first quarter of 2020 to be challenging. By way of positive actions, PBSB is in negotiation to secure some new construction contracts which, if successful, will likely boost the Group's performance for the remaining period in 2020 and beyond.

19. Variance From Profit Forecast

This note is not applicable.

20. Profit/(Loss) For The Period

Profit/(Loss) for the period is arrived at:

| | Current Quarter 31/12/2019 RM'000 | Corresponding Quarter 31/12/2018 RM'000 | Year to date 31/12/2019 RM'000 | Year to date 31/12/2018 RM'000 |
|---|--|--|---|---|
| After charging: | | | | |
| Depreciation & amortisation | 415 | 436 | 1,670 | 1,713 |
| Fair value adjustment on other investments | (12) | 21 | (12) | 39 |
| Allowance for impairment loss on receivable | 790 | 1,859 | 790 | 1,859 |
| Interest expenses | 1,473 | 937 | 3,046 | 2,744 |
| Rental expense | 58 | 57 | 229 | 217 |
| And after crediting: | | | | |
| Interest income | 126 | 61 | 274 | 85 |
| Rental income | 23 | 56 | 140 | 214 |
| Gain on sale of property, plant and equipment | - | 191 | 30 | 191 |
| Impairment loss on receivables no longer required | - | 137 | - | 137 |

21. Income Tax Expense

| | Current Quarter 31/12/2019 RM'000 | Year to date 31/12/2019 RM'000 |
|--|--|---|
| Provision for current taxation | | |
| - Current year | 435 | (1,089) |
| - Over/(Under) provision in prior year | (23) | (132) |
| Provision for deferred taxation | 257 | 257 |
| | <u>669</u> | <u>(964)</u> |

22. Gain or Loss On Derivatives

This is not applicable as the Group does not deal in derivatives.

23. Exceptional Items

There were no exceptional items during the financial quarter under review.

24. Status Of Corporate Proposals

There is no outstanding corporate proposal as at the end of the current financial quarter.

25. Group Borrowings And Debt Securities

(a) The Group's borrowings as of 31 December 2019 are as follows:

| | As At Period Ended 31/12/2019 | | |
|---------------------|--------------------------------------|----------------------------------|--|
| | Long term RM'000 | Short term RM'000 | Total borrowings RM'000 |
| Secured:- | | | |
| Term loan | 1,039 | 429 | 1,468 |
| Bank overdraft | - | 3,008 | 3,008 |
| Bankers' acceptance | - | 6,104 | 6,104 |
| | <u>1,039</u> | <u>9,541</u> | <u>10,580</u> |
| Unsecured:- | | | |
| Bankers' acceptance | - | 2,017 | 2,017 |
| Factoring loan | - | 27,300 | 27,300 |
| | <u>-</u> | <u>29,317</u> | <u>29,317</u> |
| Total | <u>1,039</u> | <u>38,858</u> | <u>39,897</u> |

| | As At Period Ended 31/12/2018 | | |
|---------------------|--------------------------------------|-------------------|-------------------------|
| | Long term | Short term | Total borrowings |
| | RM'000 | RM'000 | RM'000 |
| Secured:- | | | |
| Term loan | 1,468 | 424 | 1,892 |
| Bank overdraft | - | 949 | 949 |
| Bankers' acceptance | - | 4,585 | 4,585 |
| | <u>1,468</u> | <u>5,958</u> | <u>7,426</u> |
| Unsecured:- | | | |
| Factoring loan | - | 32,291 | 32,291 |
| | <u>-</u> | <u>32,291</u> | <u>32,291</u> |
| Total | <u>1,468</u> | <u>38,249</u> | <u>39,717</u> |

(b) There were no borrowings or debt securities denominated in foreign currencies.

26. Changes In Material Litigation

There is no material litigation as of the date of this report.

27. Dividend Payable

The Board has not proposed any dividend for the financial quarter under review (2018: Nil).

28. Profit Guarantee

In the acquisition of the 100% equity interest in MBS, the vendors have guaranteed that MBS will achieve an audited Profit After Tax ("PAT") of RM1.0 million per annum for each of the financial year ending 31 December 2018, 2019 and 2020. For the two financial years ended 31 December 2019, MBS has achieved an unaudited cumulative PAT of RM1.874 million against the two years cumulative guaranteed PAT of RM2.0 million. MBS has another year in 2020 to achieve the total cumulative guaranteed PAT of RM3.0 million.

29. Earnings Per Ordinary Share

The basic earnings per share is calculated by dividing the profit for the period attributable to the Owners of the Company by the weighted average number of ordinary shares in issue during the period:-

| | Current Quarter | | Year to date | |
|--|------------------------|-------------------|---------------------|-------------------|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Profit attributable to Owners of the Company (RM'000) | (3,497) | 311 | (208) | 1,563 |
| Weighted average number of ordinary shares in issue ('000) | 40,182 | 40,182 | 40,182 | 40,182 |
| Basic earnings per share (Sen) | <u>(8.70)</u> | <u>0.77</u> | <u>(0.52)</u> | <u>3.89</u> |