



SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR QUARTER ENDED 31 MARCH 2020

CONTENTS

	Page
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020	2
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT	7

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

(The figures have not been audited)

	Note	As at 31-Mar-20 RM'000	As at 31-Mar-19 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		306,605	277,080
Right-of-use assets		53,179	-
Intangible assets		13,901	15,094
Deferred tax assets		4,104	2,504
Other receivables		15,250	25,517
Current assets			
Inventories		144,930	116,622
Contract assets		139,359	126,430
Trade and other receivables		222,371	199,788
Derivative financial assets	24	111	506
Current tax assets		7	3,187
Cash and bank balances		14,792	23,992
		521,570	470,525
TOTAL ASSETS		914,609	790,720
EQUITY AND LIABILITIES			
Share capital		212,731	212,731
Reserves		397,157	322,899
Total equity		609,888	535,630
Non-current liabilities			
Loans and borrowings	23	19,916	25,958
Lease liabilities		35,658	-
Deferred income		1,569	1,342
Derivative financial liabilities	24	48	-
Provisions		268	671
Deferred tax liabilities		11,308	6,970
Current liabilities			
Loans and borrowings	23	62,323	73,850
Lease liabilities		7,193	-
Deferred income		2,297	188
Trade and other payables		138,624	126,731
Contract liabilities		4,569	462
Derivative financial liabilities	24	3,880	1,365
Provisions		8,387	6,900
Current tax liabilities		8,681	10,653
		235,954	220,149
TOTAL EQUITY AND LIABILITIES		914,609	790,720
Net assets per share (sen)		451	396

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019.

The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

(The figures have not been audited)

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Note	RM'000	RM'000	RM'000	RM'000
Revenue	253,658	195,761	938,667	754,966
Cost of sales	(216,191)	(165,680)	(790,850)	(635,487)
Gross profit	37,467	30,081	147,817	119,479
Other operating income	4,566	10,847	15,510	19,379
Other operating expenses	(3,169)	(1,058)	(7,598)	(4,061)
Distribution and administrative expenses	(11,309)	(11,936)	(42,403)	(36,230)
Net loss on impairment of financial instruments and contract assets	(8,127)	(1,016)	(9,141)	(1,016)
Finance costs	(898)	(1,073)	(4,534)	(2,754)
Profit before tax	18,530	25,845	99,651	94,797
Income tax expense	21 (3,612)	(3,401)	(19,828)	(16,284)
Profit for the year	9 14,918	22,444	79,823	78,513
Items that are or may be reclassified subsequently to profit and loss				
Cash flow hedge	(324)	28	756	(3,965)
Foreign currency translation differences for foreign operations	25,575	(10,877)	32,281	22,114
	25,251	(10,849)	33,037	18,149
Total comprehensive income for the year	40,169	11,595	112,860	96,662
Profit attributable to:				
Owners of the Company	14,918	22,444	79,823	78,513
Total comprehensive income attributable to:				
Owners of the Company	40,169	11,595	112,860	96,662
Earnings per share				
Basic earnings per share (sen)	27 11.04	16.60	59.06	58.09

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019.

The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

(The figures have not been audited)

	Share Capital	<----- Non Distributable -----> Employees' Share Grant Scheme Reserve	Hedging Reserve	Translation Reserve	Distributable Retained Earnings	Total Equity
(Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.4.2018	212,731	-	2,572	39,477	215,763	470,543
Total comprehensive (loss)/income for the period	-	-	(3,965)	22,114	78,513	96,662
Transaction with owners of the Company						
- Dividends to owners of the Company	-	-	-	-	(31,575)	(31,575)
As at 31.3.2019	212,731	-	(1,393)	61,591	262,701	535,630
As at 1.4.2019	212,731	-	(1,393)	61,591	262,701	535,630
Total comprehensive income for the period	-	-	756	32,281	79,823	112,860
Transaction with owners of the Company						
- Dividends to owners of the Company	-	-	-	-	(39,266)	(39,266)
- Share-based payment transactions	-	664	-	-	-	664
	-	664	-	-	(39,266)	(38,602)
As at 31.3.2020	212,731	664	(637)	93,872	303,258	609,888

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
 31 MARCH 2020**

(The figures have not been audited)

	Year Ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	99,651	94,797
Adjustments for:		
Depreciation of property, plant and equipment	42,188	34,212
Depreciation of right-of-use assets	7,704	-
Amortisation of intangible assets	2,771	2,322
Amortisation of government grants	(370)	(180)
Fair value loss on derivatives	3,714	248
Gain on disposal of plant and equipment	(45)	(9,060)
Interest income	(84)	(97)
Property, plant and equipment written off/(back)	2,143	(8)
Intangible assets written off	-	12
Interest expenses	3,364	2,754
Accretion from interest on lease liabilities	1,170	-
Employees' share grant expenses	664	-
Provision for warranties	2,192	2,416
Provsion for onerous contract	-	45
Warranty written off	-	(168)
Reversal of provision for warranties	(924)	(1,964)
Reversal of provision for onerous contract	(657)	-
Operating profit before changes in working capital	163,481	125,329
Changes in working capital :		
Receivables	(21,618)	(32,508)
Inventories	(31,742)	(25,928)
Contract assets	(12,929)	(18,873)
Payables and provisions	11,563	(4,710)
Contract liabilities	4,107	(1,707)
Deferred income	2,630	998
Cash generated from operations	115,492	42,601
Income tax paid	(17,428)	(10,009)
Net cash generated from operating activities	98,064	32,592

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
 31 MARCH 2020 (CONT'D)**

(The figures have not been audited)

	Year Ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(60,997)	(91,303)
Purchase of intangible assets	(815)	(11,285)
Interest received	84	97
Proceeds from disposal of plant and equipment	49	14,302
Net cash used in investing activities	<u>(61,679)</u>	<u>(88,189)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(39,266)	(31,575)
Interest paid	(4,534)	(2,754)
(Repayment)/Drawdown of term loans	(5,047)	19,785
(Repayment)/Drawdown of other borrowings, net	(12,522)	61,611
Repayment of lease liabilities	(6,827)	-
Net cash (used in)/generated from financing activities	<u>(68,196)</u>	<u>47,067</u>
Net change in cash and cash equivalents	(31,811)	(8,530)
Cash and cash equivalents at beginning of period	23,992	21,556
Effect of exchange rate fluctuations on cash and cash equivalents	22,611	10,966
Cash and cash equivalents at end of period	<u>14,792</u>	<u>23,992</u>

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

Cash and bank balances	<u>14,792</u>	<u>23,992</u>
------------------------	---------------	---------------

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019.

The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

(The figures have not been audited)

1. Basis of preparation

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting Standards in Malaysia and IAS 34, Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2019. These explanatory notes attached to the condensed consolidated interim financial report provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2019.

2. Significant accounting policies

The interim report of the Group has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3, Business Combinations – Definition of a Business
Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Amendments to MFRS 9, Financial Instruments and MFRS 139, Financial Instruments: Recognition and Measurement and MFRS7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform

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

MFRS 17 Insurance Contracts

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

Amendments to MFRS101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

2. Significant accounting policies (Cont'd)

MFRSs, Interpretation and amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

3. Audit opinion

The audit report for the audited financial statements of the Group for the financial year ended 31 March 2019 was not subject to any qualification.

4. Seasonality or cyclical of interim operations

The Group's operation is dependent on the cyclical trend of the semiconductors and electronics industries.

5. Unusual items due to their nature, size or incidence

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

6. Changes in estimates

There were no changes in estimates that have material effect in the current quarter and financial year-to-date.

7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the financial year ended 31 March 2020.

8. Dividends

A single tier first interim dividend of 14.76 sen per ordinary share totaling RM20.0 million for the financial year ended 31 March 2020 will be paid on 26 August 2020.

A single tier first interim dividend of 17.43 sen and a single tier special dividend of 11.62 sen per ordinary share totaling RM39.3 million for the financial year ended 31 March 2019 was paid on 13 August 2019.

In the preceding year, a single tier first interim dividend of 14.01 sen and a single tier special dividend of 9.35 sen per ordinary share totaling RM31.6 million for the financial year ended 31 March 2018 was paid on 10 August 2018.

9. Profit for the year

Profit for the year is arrived at after charging/ (crediting):

	Current Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	858	664	2,771	2,322
Depreciation of property, plant and equipment	13,203	9,875	42,188	34,212
Depreciation of right-of-use assets	2,005	-	7,704	-
Fair value loss/(gain) on derivatives	3,688	(958)	3,714	248
Foreign exchange (gain)/loss	(2,184)	524	(1,423)	(960)
Interest expense	763	1,073	3,364	2,754
Interest income	13	(41)	(84)	(97)
Accretion from interest on lease liabilities	135	-	1,170	-
Inventories written down/(back)	236	(1,671)	3,344	(41)
Gain on disposal of property, plant and equipment	(49)	(9,060)	(45)	(9,060)
Other income	(3,809)	(2,270)	(13,958)	(9,262)
Property, plant and equipment written off/(back)	794	(8)	2,143	(8)
Impairment loss on financial instruments and contract assets	8,127	1,016	9,141	1,016

10. Operating segments

Segment information is presented in respect of the Group's business segments, which is based on the Company's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

	Aerospace	Equipment	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue				
Revenue from external customers	449,574	489,093	-	938,667
Inter-segment revenue	1,288	-	(1,288)	-
	<u>450,862</u>	<u>489,093</u>	<u>(1,288)</u>	<u>938,667</u>
Results				
Profit before tax (segment profit)	<u>37,341</u>	<u>62,310</u>	<u>-</u>	<u>99,651</u>
Included in the measure of segment profit are:				
- Inventories written down	(2,890)	(454)	-	(3,344)
- Depreciation and Amortisation	(45,890)	(6,773)	-	(52,663)
- Amortisation of government grant	370	-	-	370
- (Loss)/Gain on disposal of property, plant and equipment	(4)	49	-	45

11. Property, plant and equipment

Property, plant and equipment amounting to RM61.0 million were acquired during the financial period ended 31 March 2020 (financial period ended 31 March 2019: RM91.3 million).

12. Subsequent events

There were no material events subsequent to the end of the current quarter.

13. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

14. Contingent liabilities

There is no contingent liability since the date of the last annual statement of financial position.

15. Capital commitments

	31-Mar-20 RM'000	31-Mar-19 RM'000
Contracted but not provided for	47,337	31,255

16. Significant related party transaction

Significant transactions with related parties are as follows:

	12 months ended 31-Mar-20 RM'000
<u>Provision of goods/ services to related parties</u>	
Sale of aerospace parts	74,013
Sale of fabrication/ machining services	9,126
Provision of engineering & administrative services	580
Provision of corporate management services	638
<u>Purchase of goods/ services from related parties</u>	
Rental of office, machine and factory premises	5,874
Purchase of fabrication/ machining services / special services	4,611
Purchase of corporate management services	2,790
Purchase of equipment	495
Purchase of engineering & administrative services	515

17. Review of performance

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes
	31-Mar-20	31-Dec-19	
	RM'000	RM'000	RM'000
Revenue	253,658	279,381	(25,723)
Operating profit	19,441	34,725	(15,284)
Profit before interest and tax	19,428	34,783	(15,355)
Profit before tax	18,530	33,622	(15,092)
Profit for the period	14,918	26,144	(11,226)
Profit attributable to Owners of the Company	14,918	26,144	(11,226)

The decrease in Group revenue of RM25.7 million was due to the decrease in revenue from the Aerospace segment of RM26.8mil. However, there was higher sales from Equipment segment of RM1.1 million. The lower revenue from the Aerospace segment was mainly due to the decrease in demand of casing products for B737max and casing and aerostructures products for A320neo. For the Equipment segment, the increase in demand from the data storage and semiconductor customers contributed to the higher revenue.

The decrease in Group profit before tax of RM15.1 million was attributable to the lower profit contribution from the Aerospace and Equipment segments of RM13.1 million and RM2.0 million respectively. The lower profit from Aerospace segment was mainly due to lower sales, under recovery of cost resulted from stoppage of production due to Movement Control Order in Malaysia, higher impairment of receivables and contract assets in accordance with MFRS 9 due to higher forward default rate resulted from the Covid-19 situation and unfavourable foreign exchange movements. The lower profit of RM2.0 million from Equipment segment despite higher sales was mainly due to under recovery of cost resulted from stoppage of production due to Movement Control Order in Malaysia and higher impairment of receivables and contract assets in accordance with MFRS 9 due to higher forward default rate resulted from the Covid-19 situation.

18. Variation of results against immediate preceding year's corresponding quarter and cumulative quarter

	Current Quarter 3 months ended			Cumulative Quarter 12 months ended		
	31-Mar-20	31-Mar-19	Changes	31-Mar-20	31-Mar-19	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	253,658	195,761	57,897	938,667	754,966	183,701
Operating profit	19,441	26,877	(7,436)	104,101	97,454	6,647
Profit before interest and tax	19,428	26,918	(7,490)	104,185	97,551	6,634
Profit before tax	18,530	25,845	(7,315)	99,651	94,797	4,854
Profit for the period/year	14,918	22,444	(7,526)	79,823	78,513	1,310
Profit attributable to Owners of the Company	14,918	22,444	(7,526)	79,823	78,513	1,310

Current quarter compared with immediate preceding year's corresponding quarter

The increase in Group revenue of RM57.9 million was due to the increase in revenue from the Equipment segment of RM86.0 million. However, there was lower sales from Aerospace segment of RM28.1 million. The higher revenue from the Equipment segment was mainly due to increase in demand from the data storage and semiconductor customers. For the Aerospace segment, the decrease in demand of casing products for B737max, lower deliveries of casing products for older aircraft programs and decrease in demand of aerostructures products for A320neo.

The decrease in Group profit before tax of RM7.3 million was attributable to the lower profit contribution from the Aerospace segment of RM11.7 million. However, there was higher profit contribution from Equipment segment of RM4.4 million. There lower profit contribution from Aerospace segment was due to lower sales, unfavourable sales mix, under recovery of cost resulted from stoppage of production due to Movement Control Order in Malaysia and higher impairment of receivables and contract assets in accordance with MFRS 9 due to higher forward default rate resulted from the Covid-19 situation and unfavourable foreign exchange movements. The higher profit contribution from Equipment segment would be RM11.7 million if the net disposal gain of land and buildings of RM7.3 million in the preceeding year's corresponding quarter was excluded. The higher profit contribution from Equipment segment was mainly due to higher revenue offsetted by unfavourable sales mix, under recovery of cost resulted from stoppage of production due to Movement Control Order in Malaysia and higher impairment of receivables and contract assets in accordance with MFRS 9 due to higher forward default rate resulted from the Covid-19 situation.

Current cumulative quarter compared with immediate preceding year's cumulative quarter

The increase in Group revenue of RM183.7 million was due to the increase in revenue from the Equipment segment of RM193.7 million. However, there was lower sales from Aerospace segment of RM10.0 million. The higher sales in Equipment segment was due to the increase in demand from the data storage and semiconductor customers and favourable foreign exchange translation. For the Aerospace segment, the decrease in revenue was due to lower deliveries of casing products for older aircraft programs offsetted by the increase of sales of casing products for A320neo, business jets and industrial gas turbine and favourable foreign exchange translation.

18. Variation of results against immediate preceding year's corresponding quarter and cumulative quarter (Cont'd)

The higher Group profit before tax of RM4.9 million was attributable to the higher profit from the Equipment segment of RM13.1 million and lower profit contribution from Aerospace segment of RM8.2 million. The higher profit contribution from Equipment segment would be RM20.4 million if the net disposal gain of land and buildings of RM7.3 million in the preceding year was excluded. The higher profit contribution from Equipment segment was mainly due to higher revenue offsetted by unfavourable sales mix, under recovery of cost resulted from stoppage of production due to Movement Control Order in Malaysia and higher impairment of receivables and contract assets in accordance with MFRS 9 due to higher forward default rate resulted from the Covid-19 situation. The lower profit contribution from Aerospace segment was mainly due to lower sales, unfavourable sales mix, under recovery of cost resulted from stoppage of production due to Movement Control Order in Malaysia, higher impairment of receivables and contract assets in accordance with MFRS 9 due to higher forward default rate resulted from the Covid-19 situation.

19. Current year prospects

The growing scale of the coronavirus disease 2019 ("COVID-19") outbreak poses certain challenges to the Group. Our customers continued to receive our products during the 4th Quarter of FY2020 and the outbreak did not have a significant impact on our operating results for the three months ended March 31, 2020. Subsequent to the quarter end, some Aerospace customers started pushing out deliveries as they, too were affected to mandated facility closures and less than full staffing. In addition, the disruption and decrease in air travel, is affecting the airlines and airframers and their demand for the products of our Aerospace business. With airlines deferring and, in some cases, cancelling new aircraft deliveries, airframers have reduced their aircraft production rates by at least one-third in year 2020. We began to see demand reductions as Aerospace customers reduce or push out demands. We continue to monitor these trends and are working closely with our customers and suppliers. We are actively mitigating costs and adjusting production schedules to accommodate these declines in demand. Nevertheless, there could be potential opportunities for the Group as our customer may move products into this region to mitigate supply chain risk. Being prudent, we have begun taking actions to preserve capital and protect the long-term needs of our business, including cutting discretionary spending, deferring capital expenditures, management paycuts, deferring merit increases and freezing non-essential hiring. While the long term outlook for the aerospace industry remains positive due the fundamental drivers of air travel demand, there is uncertainty with respect to when commercial air traffic levels will begin to recover, and whether and at what point capacity will return to and/or exceed pre-COVID-19 levels. We are monitoring the environment closely and are prepared to take further actions if necessary.

On the other hand, the outlook for our Equipment business remains strong as we are supporting the essential products segment. Our semiconductor equipment customers continue to thrive, largely driven by increased demand from the medical, telecommunications and the electronics industries. Over the last 2 months, the Equipment division has been ramping up its production capacity to recover from previous mandated facility closures and support customers demand increase.

We have been actively redeploying excess resources from the Aerospace business to support the Equipment business. Concurrently, we are working closely with equipment customers to explore more business opportunities, to back-fill sales drops from the Aerospace business. Last but not least, the Group is taking all prudent measures to protect the health and safety of our employees, such as practicing social distancing, implementing non-overlapping shift systems, and enabling our employees to work from home where possible to ensure that our employees continue to contribute to the growth of our company in a safe and secure manner.

20. Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group.

21. Taxation

	3 months ended		12 months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Current period				
- income tax	3,048	3,265	19,441	13,980
- deferred tax	3,058	(397)	1,532	1,832
	6,106	2,868	20,973	15,812
Prior period				
- provision for taxation	(1,683)	(571)	(2,116)	290
- deferred tax	(811)	1,104	971	182
	3,612	3,401	19,828	16,284

The effective tax rate for the Group is lower than the statutory tax rate mainly due to the tax incentives enjoyed by certain subsidiaries in the Group.

22. Corporate proposal

There were no corporate proposals announced but not completed as at the date of this announcement.

23. Borrowings and debt securities

The Group's total bank borrowings as at 31 March 2020 are as follows: -

	As at 31-Mar-20		As at 31-Mar-19	
	Unsecured RM'000	Total RM'000	Unsecured RM'000	Total RM'000
Short term borrowings				
Revolving credits	55,381	55,381	67,903	67,903
Term loan - variable rate	6,942	6,942	5,947	5,947
Long term borrowings				
Term loan - variable rate	19,916	19,916	25,958	25,958
Total borrowings	82,239	82,239	99,808	99,808

23. Borrowings and debt securities (Cont'd)

	As at 31-Mar-20			As at 31-Mar-19		
		Foreign Currency '000	RM Equivalent RM'000		Foreign Currency '000	RM Equivalent RM'000
Short Term Borrowings						
Unsecured	USD	14,382	62,323	USD	18,054	73,850
Long term borrowings						
Unsecured	USD	4,596	19,916	USD	6,346	25,958
Total borrowings			<u>82,239</u>			<u>99,808</u>

The Group's total borrowings decreased to RM82.2 million as at 31 March 2020 as compared to RM99.8 million as at 31 March 2019 mainly due to the repayment of banking facilities.

24. Derivative financial instruments

	As at 31-Mar-20	
	Contract/ Notional RM'000	Fair value RM'000
Foreign exchange contracts		
- Less than 1 year	125,109	(3,769)
- 1 to 3 years	1,614	(48)
	<u>126,723</u>	<u>(3,817)</u>

The foreign exchange contracts were entered into to hedge exposures to currency risk on working capital and capital expenditure requirements.

There is no significant change in the associated credit, market and liquidity risks and the policies for mitigating or controlling these risks. Furthermore, there is no significant change in the cash requirement and accounting policies relating to derivative financial instruments.

The fair value of the derivative financial instruments is estimated using inputs other than quoted prices that are observable for the derivative financial instruments. The gain/loss arising from the fair value changes of the derivative financial instruments as a result of fluctuation in these inputs is as disclosed in Note 9 above.

25. Material litigation

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

26. Proposed dividend

No dividend has been recommended in respect of the current quarter.

27. Earnings per share

The basic earnings per share has been calculated based on the Group's net profit attributable to shareholders over the weighted average number of ordinary shares.

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Net profit attributable to ordinary shareholders (RM'000)	14,918	22,444	79,823	78,513
Weighted average no. of shares ('000)	135,167	135,167	135,167	135,167
Basic earnings per share (sen)	<u>11.04</u>	<u>16.60</u>	<u>59.06</u>	<u>58.09</u>

28. Authorisation for issue

The Board of Directors authorised the issue of this unaudited interim financial report.

By Order of the Board
SAM Engineering & Equipment (M) Berhad
Registration No: 199401012509 (298188-A)

Thum Sook Fun (MIA 24701)
Chew Peck Kheng (LS 0009559)
Company Secretaries
Penang
5 June 2020