

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/06/2020	30/06/2019	30/06/2020	30/06/2019
		RM'000	RM'000	RM'000	RM'000
Revenue		174,728	159,270	368,036	337,499
Cost of sales		(137,079)	(122,743)	(286,683)	(261,491)
Gross profit		37,649	36,527	81,353	76,008
Other income		2,994	1,867	4,610	3,452
Selling & marketing expenses		(18,029)	(17,664)	(38,508)	(37,344)
Administrative expenses		(7,188)	(7,336)	(14,496)	(14,191)
Other expenses		(482)	(156)	(841)	(621)
Finance cost		(272)	(374)	(596)	(697)
Share of results of an associate		1,669	3,319	2,763	4,119
Profit before tax	A7	16,341	16,183	34,285	30,726
Income tax expense	B6	(3,411)	(2,953)	(6,993)	(6,082)
Net profit for the period		12,930	13,230	27,292	24,644
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(28)	(55)	(55)	216
Total comprehensive income for the period		12,902	13,175	27,237	24,860
Net profit attributable to:					
Owners of the parent		13,034	13,224	27,404	24,623
Non-controlling interest		(104)	6	(112)	21
Net profit for the period		12,930	13,230	27,292	24,644
Total comprehensive income attributable to:					
Owners of the parent		13,006	13,169	27,349	24,839
Non-controlling interest		(104)	6	(112)	21
Total comprehensive income for the period		12,902	13,175	27,237	24,860
Earnings per share attributable to owners of the parent:					
- Basic	B11	2.76	2.81	5.80	5.23
- Diluted	B11	2.75	2.79	5.78	5.20

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

	Note	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000 <i>(Audited)</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	168,958	170,152
Investment properties		10,622	10,655
Intangible assets		1,508	1,670
Right-of-use assets		5,495	5,936
Investment in an associate		27,882	25,120
Deferred tax assets		1,043	685
		<u>215,508</u>	<u>214,218</u>
Current Assets			
Inventories		103,954	86,505
Receivables		134,309	159,362
Prepayments		703	833
Tax recoverable		521	1,834
Derivative financial instruments	A15 & B12	56	24
Deposits, bank and cash balances		144,768	120,390
		<u>384,311</u>	<u>368,948</u>
TOTAL ASSETS		<u>599,819</u>	<u>583,166</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		118,380	120,056
Borrowings	B8	5,857	5,857
Lease liabilities		743	962
Derivative financial instruments	A15 & B12	-	12
Current tax payable		3,296	1,400
		<u>128,276</u>	<u>128,287</u>
Non-Current Liabilities			
Borrowings	B8	15,357	18,286
Lease liabilities		4,960	5,130
Deferred tax liabilities		5,627	5,935
		<u>25,944</u>	<u>29,351</u>
TOTAL LIABILITIES		<u>154,220</u>	<u>157,638</u>
NET ASSETS		<u>445,599</u>	<u>425,528</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		123,208	120,835
Reserves		11,774	11,915
Retained earnings		310,264	292,313
		<u>445,246</u>	<u>425,063</u>
Non-controlling interest		353	465
TOTAL EQUITY		<u>445,599</u>	<u>425,528</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>0.94</u>	<u>0.90</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

	Note	← Non-Distributable →			Distributable	Equity	Non-controlling Interest	Total Equity
		Share Capital	Foreign currency translation reserve	Share option reserve	Retained Earnings	attributable to owners of the parent, total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
PERIOD ENDED 30 JUNE 2020								
Balance at 1 January 2020		120,835	10,542	1,373	292,313	425,063	465	425,528
Total comprehensive income		-	(55)	-	27,404	27,349	(112)	27,237
Share options granted		-	-	392	-	392	-	392
Share options lapsed		-	-	(10)	10	-	-	-
Transfer to share capital for share options exercised		468	-	(468)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	(9,463)	(9,463)	-	(9,463)
Issuance of ordinary share pursuant to ESOS		1,905	-	-	-	1,905	-	1,905
Total transaction with owners		1,905	-	-	(9,463)	(7,558)	-	(7,558)
Balance as at 30 June 2020		123,208	10,487	1,287	310,264	445,246	353	445,599
PERIOD ENDED 30 JUNE 2019								
Balance at 1 January 2019		118,806	10,380	1,015	255,793	385,994	467	386,461
Total comprehensive income		-	216	-	24,623	24,839	21	24,860
Share options granted		-	-	442	-	442	-	442
Share options lapsed		-	-	(22)	22	-	-	-
Transfer to share capital for share options exercised		186	-	(186)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	(8,244)	(8,244)	-	(8,244)
Issuance of ordinary share pursuant to ESOS		790	-	-	-	790	-	790
Total transaction with owners		790	-	-	(8,244)	(7,454)	-	(7,454)
Balance as at 30 June 2019		119,782	10,596	1,249	272,194	403,821	488	404,309

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

	PERIOD ENDED	
	30/06/2020	30/06/2019
	RM'000	RM'000
Operating activities		
Profit before tax	34,285	30,726
Adjustments for:		
Depreciation and amortisation	7,908	7,215
Net profit on disposal of property, plant and equipment	(180)	(362)
Property, plant and equipment written off	-	55
Share of results of an associate	(2,763)	(4,119)
Fair value changes of derivative financial instruments	(44)	1
Share options granted	392	443
Depreciation of rights-of-use assets	564	231
Lease interest expense	184	75
Inventories written off	14	114
Impairment loss on receivables net of reversals	835	318
Interest expense	412	622
Interest income	(931)	(1,110)
Operating cash flows before changes in working capital	40,676	34,209
Inventories	(17,463)	(7,067)
Receivables	24,350	3,639
Payables	(1,676)	8,639
Cash generated from operations	45,887	39,420
Tax paid	(4,450)	(5,557)
Net cash flows generated from operating activities	41,437	33,863
Investing activities		
Purchase of property, plant and equipment & intangible assets	(6,574)	(7,424)
Proceeds from disposal of property, plant and equipment	181	367
Withdrawal in short term deposit	24,916	918
Interest received	931	1,110
Net cash flows generated from/ (used in) investing activities	19,454	(5,029)
Financing activities		
Proceed from issuance of shares under ESOS	1,905	790
Repayment of term loans	(2,928)	(2,822)
Dividends paid	(9,463)	(8,244)
Government grant received	-	6,771
Interest paid	(412)	(622)
Payment of lease liabilities	(697)	(285)
Net cash flows used in financing activities	(11,595)	(4,412)
Net increase in cash and cash equivalents	49,296	24,422
Cash and cash equivalents at 1 January	93,568	64,247
Effect of exchange rate changes on cash and cash equivalents	-	271
Cash and cash equivalents at the end of the financial period	142,864	88,940

Included in the deposits, bank and cash balances was RM 1,904,000 (30 June 2019 : RM 15,988,000) placed with money market fund held for investment purposes and does not form part of cash and cash equivalents.

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2020

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 June 2020 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. It should be read in conjunction with the Group's most recent audited financial statements for the year ended 31 December 2019.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the certain financial assets and liabilities classified as financial assets and liabilities at fair value through profit or loss and financial assets designated as available for sale.

A2 Significant accounting policies

The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2019 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
Definition of a Business (Amendments to MFRS 3)	1 January 2020
Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
Revised Conceptual Framework for Financial Reporting (the Conceptual Framework)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The initial application of the abovementioned standards and amendments do not have any material impacts to the current and prior periods financial statements upon their first adoption.

A3 Seasonality or cyclical nature of interim operations

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

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 June 2020.

A5 Changes in estimates of amounts reported in prior interim periods of the current financial period or in prior financial year

There were no changes in estimates of amounts reported in the prior interim periods of the current financial year or prior financial year.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the second quarter ended 30 June 2020 except for the issuance of 1,285,000 new ordinary shares pursuant to exercise of options under the Executive Share Options Scheme ("ESOS").

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Interest income	398	645	931	1,110
Other income including investment income	2,144	960	2,912	1,703
Interest expense	(179)	(299)	(412)	(622)
Depreciation and amortisation	(3,939)	(3,730)	(7,908)	(7,215)
Depreciation of right-of-use assets	(282)	(231)	(564)	(231)
Impairment loss on receivables net of reversals	(710)	(318)	(835)	(318)
Inventories written off	(1)	(54)	(14)	(114)
Net profit on disposal of property, plant and equipment	118	86	180	362
Fair value gain/(loss) of derivative financial instruments	37	59	44	(1)
Foreign exchange gain	220	193	333	60

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2020 (continued)

A8 Dividends paid and declared

The amount of dividends paid/payable during the current and previous years are as follows:

	30/06/2020 RM'000	30/06/2019 RM'000
<u>In respect of the financial period ended 30 June</u>		
2019: Second interim single-tier dividend comprising 2.00 sen per share paid on 16-June-20	9,463	-
2018: Final single-tier dividend comprising 1.75* sen per share paid on 14-June-19	-	8,244
	<u>9,463</u>	<u>8,244</u>

* The dividend per share for the corresponding financial period had been adjusted to reflect the effect of the issuance of 3 for 1 bonus issue on 25 June 2019.

A9 Segment Information

The Group is organised into three main business units based on their activities, and has three reportable operating segments as follows:

- (i) Manufacturing and marketing of pharmaceutical products ("M&M");
- (ii) Wholesale and distribution of pharmaceutical and healthcare products ("W&D"); and
- (iii) Corporate comprising investments, properties and others ("CORP").

OPERATING SEGMENTS

	M&M RM'000	W&D RM'000	CORP RM'000	Adjustments RM'000	GROUP RM'000
PERIOD ENDED 30/06/2020					
External Revenue	25,586	340,485	1,965	-	368,036
Inter-segment revenue	56,737	298	6,268	(63,303)	-
Total Revenue	<u>82,323</u>	<u>340,783</u>	<u>8,233</u>	<u>(63,303)</u>	<u>368,036</u>
Segment Results	17,671	18,873	(905)	(758)	34,881
Finance costs					(596)
Profit before tax					<u>34,285</u>
PERIOD ENDED 30/06/2019					
External Revenue	23,504	309,775	4,220	-	337,499
Inter-segment revenue	55,190	421	6,253	(61,864)	-
Total Revenue	<u>78,694</u>	<u>310,196</u>	<u>10,473</u>	<u>(61,864)</u>	<u>337,499</u>
Segment Results	17,030	14,051	1,321	(979)	31,423
Finance costs					(697)
Profit before tax					<u>30,726</u>
Segment assets					
30-Jun-2020	224,041	309,361	75,965	(9,548)	599,819
31-Dec-2019	210,526	304,320	76,878	(8,558)	583,166
Segment liabilities					
30-Jun-2020	(48,155)	(91,376)	(6,217)	(8,472)	(154,220)
31-Dec-2019	(48,643)	(96,596)	(5,064)	(7,335)	(157,638)

A10 Significant Events After the Reporting Date

There were no significant events that had arisen subsequent to the end of this current quarter.

A11 Changes in Group Composition

The Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the current period ended 30 June 2020.

A12 Property, plant and equipment

During the current quarter ended 30 June 2020, prepaid capital expenditure paid by the Group was RM 4.7 million (30 June 2019: RM 4.6 million).

There were no material disposal of assets and/or assets written off during the quarter ended 30 June 2020.

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2020 (continued)

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 June 2020 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	23,808
Authorised capital expenditure approved but not contracted for	10,321
	<u>34,129</u>

A14 Related Party Transactions

The Group does not have any significant transactions with related parties during the period ended 30 June 2020 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2019.

A15 Fair value hierarchy

The Group uses the following level of fair value hierarchy for determining the fair value of its financial instruments carried at fair value.

Financial asstes:	30/06/2020	31/12/2019
	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	<u>56</u>	<u>12</u>

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the current interim period and the financial year ended 2019.

A16 Changes in Contingent liabilities or Contingent assets

There were no contingent liabilities or contingent assets of the Group since the end of the last annual reporting date.

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

B1 Detailed Performance Analysis of Operating Segments of the Group

	Individual Period		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30/06/2020	30/06/2019		30/06/2020	30/06/2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	174,728	159,270	9.7%	368,036	337,499	9.0%
Operating Profit	14,944	13,238	12.9%	32,118	27,304	17.6%
Profit Before Interest and Tax	16,613	16,557	0.3%	34,881	31,423	11.0%
Profit Before Tax	16,341	16,183	1.0%	34,285	30,726	11.6%
Profit After Tax	12,930	13,230	-2.3%	27,292	24,644	10.7%
Profit Attributable to Ordinary Equity Holders of the Parent	13,034	13,224	-1.4%	27,404	24,623	11.3%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the second quarter of 2020, the Group achieved revenue of RM 174.7 million, 9.7% better than the RM 159.3 million reported for the second quarter of 2019. Growth is attributed to a surge in sales of pandemic related products ('PRP') comprising face masks, thermometers, Vitamin C and hand sanitizers amounting to RM 32.0 million, of which RM 28.4 million was fulfilled early in the second quarter. This is to meet acute demand in Malaysia and Singapore caused by the COVID-19 pandemic. PRP sales have since moderated as market shortages have eased. Group brand products, Xepa Hand Sanitizer, Hennson Medical Masks and C-Rose Vitamin C, constituted 32.8% of PRP sales. Demand for pharmaceutical products to clinics and private hospitals declined after a strong first quarter and remained subdued throughout the second quarter.

Group profit before tax for the second quarter is RM 16.3 million (2019: RM 16.2 million), impacted by a reduced contribution from the Group's associated company Straits Apex Sdn Bhd of RM 1.7 million for the quarter (2019: RM 3.3 million). This is attributed to lower quarterly revenue and higher operating costs from the addition of the third manufacturing facility at Penang Science Park. Group profit after tax for the quarter declined 2.3% to RM 12.9 million (2019: RM 13.2 million) because of a lower share of after-tax contribution from the associate.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first six months of 2020, the Group achieved revenue of RM 368.0 million, a growth of 9.0% when compared to the RM 337.5 million in the same period in 2019. Revenue growth is attributed to heightened market demand at the start of the COVID-19 pandemic, leading to increased purchases by our customers in order to ensure uninterrupted supplies in the first quarter, and a surge in sales of pandemic related products in the second quarter. Group operating expenses are in line with expectations.

Group profit before tax for the first half year is RM 34.3 million, 11.6% higher than the RM 30.7 million achieved in the corresponding period in 2019 due to higher revenue. Share of results from associated company is RM 2.8 million, 32.9% lower than the RM 4.1 million recognized in 2019 for the same period. This is due to lower revenue and higher operating costs from the addition of the third manufacturing facility at Penang Science Park. Group profit after tax grew 10.7% to RM 27.3 million for the first half year.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/06/2020	31/03/2020	RM'000	(%)
Revenue	174,728	193,308	(18,580)	-9.6%
Operating Profit	14,944	17,174	(2,230)	-13.0%
Profit Before Interest and Tax	16,613	18,268	(1,655)	-9.1%
Profit Before Tax	16,341	17,944	(1,603)	-8.9%
Profit After Tax	12,930	14,362	(1,432)	-10.0%
Profit Attributable to Ordinary Equity Holders of the Parent	13,034	14,370	(1,336)	-9.3%

Profit before tax for the current quarter of RM 16.3 million is 8.9% lower compared to RM 17.9 million reported for the first quarter of 2020. This is mainly attributed to lower quarterly revenue of RM 174.7 million, a decline of 9.6% when compared to revenue of RM 193.3 million achieved in the first quarter.

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B3 Commentary

a Prospects

The COVID-19 pandemic has and will continue to exert a major impact on the Group's operations and prospects for the rest of the current Financial Year. With some countries cautiously reopening their economies, supply chains and business operations are slowly normalizing, but challenges remain. The emergence of new waves of infection and continued spread in some countries cast uncertainty over the pace and sustainability of global economic recovery.

The Group experienced heightened market demand in the first half of 2020 for reasons outlined but demand has since moderated. Pandemic induced economic disruptions have resulted in more cautious consumer spending, including for healthcare. For Straits Apex, the pandemic has led to the postponement of non-critical orthopaedic surgeries worldwide as hospitals direct their resources to treating COVID patients. Demand has weakened as a result. Visibility of order flow has also shortened and production capacity utilization is expected to be lower than forecast.

At the current rate of recovery and continuing uncertainties, the Group expects the business environment to stay challenging for the second half of 2020. The Group has undertaken a careful review of its operations in order to align operating costs and strategies with market expectations in the new normal. Emphasis continue to be placed on raising the market share of Group brand products, as well as growing distribution and contract manufacturing services. Expansion of cold chain distribution facilities, essential for vaccine distribution, has been completed in Singapore and will be completed by the fourth quarter in Malaysia. Further unforeseen market changes and developments aside, the Group is confident that its longer-term prospects remain positive.

b Progress to achieve forecast revenue or profit estimate

Not applicable.

B4 Statement by the Board of Directors' opinion on the achievability of forecast revenue or profit estimate

Not applicable.

B5 Profit Forecast /Profit Guarantee

Not applicable.

B6 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
In respect of current period:				
Income tax	2,841	2,353	6,494	5,095
Deferred tax	(133)	278	(666)	283
Foreign tax	703	322	1,165	704
	<u>3,411</u>	<u>2,953</u>	<u>6,993</u>	<u>6,082</u>

The effective tax rate for the current quarter and previous year corresponding quarter was lower than the statutory rate of 24% due to the net-of-tax profit contributed by the Group's associated company.

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 19 August 2020.

B8 Group Borrowings and Debt Securities

	As at 30/06/2020		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	15,357	5,857	21,214

	As at 31/12/2019		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	18,286	5,857	24,143

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B8 Group Borrowings and Debt Securities (continued)

The bank borrowings is to part finance the construction of the new oral solid dosage plant, SPP NOVO by Xepa-Soul Pattinson (Malaysia) Sdn Bhd, a wholly-owned subsidiary of the Company. The loans are denominated in Ringgit Malaysia and secured by a Corporate Guarantee provided by the Company. The weighted average interest rates are tagged to a percentage margin above one-month Effective Cost of Funds. Other than the principal repayments, there are no material changes in the amount of borrowings at the end of the current quarter compared to the end of the previous financial year ended 31 December 2019.

B9 Material Litigation

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

B10 Dividend Payable

a The Board of Directors is pleased to declare the payment of an interim single-tier dividend of 1.7 sen per share in respect of the financial year ending 31 December 2020, resulting in a total dividend to-date of 1.7 sen per share. (Year 2019: Interim single-tier dividend of 1.7 sen per share).

b The interim dividend will be paid on 30 September 2020 and the entitlement date is 14 September 2020.

B11 Earnings per share

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

		3 MONTHS ENDED		PERIOD ENDED	
		30/06/2020	30/06/2019	30/06/2020	30/06/2019
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	13,034	13,224	27,404	24,623
Weighted average number of ordinary shares in issue	'000	472,495	471,076	472,495	471,076
Basic earnings per share	sen	2.76	2.81	5.80	5.23
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	13,034	13,224	27,404	24,623
Weighted average number of ordinary shares in issue	'000	472,495	471,076	472,495	471,076
Effect of dilution-Share options	'000	1,951	2,237	1,951	2,237
Adjusted weighted average number of ordinary shares in issue	'000	474,446	473,313	474,446	473,313
Diluted earnings per share	sen	2.75	2.79	5.78	5.20

B12 Derivative Financial Instruments

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered into in currencies other than their functional currencies by the subsidiary companies. These companies enter into short-term forward foreign exchange contracts to manage their exposure to fluctuations in foreign currency exchange rates on specific transactions arising from trade receivables, payables and capital expenditure.

Type of Derivatives	Contract/ Notional Value	Fair Value
	30/06/2020 RM'000	30/06/2020 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	7,705	55
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(865)	(11)
	6,840	44

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B12 Derivative Financial Instruments (continued)

No derivative was entered into by the Company which has not been disclosed in the preceding financial year or any quarters in the current financial year. Since the end of the previous financial year or any quarters in the current financial year, there is a no change in any of the information disclosed in respect of the following:

- a The credit risk, market risk and liquidity risks associated with the derivatives;
- b The policies in place for mitigating or controlling the risks associated with these derivatives;
- c The related accounting policies.

The net cash requirements relating to these contracts was RM 6,840,000.

B13 Fair Value Changes of Financial Liabilities

As at 30 June 2020, the Group does not have any significant financial liabilities measured at fair value through profit or loss other than the disclosure in note A15.

B14 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2019 was not qualified.

Authorisation for issue

The interim financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 26 August 2020.