

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

	Note	3 MONTHS ENDED		PERIOD ENDED	
		31/03/2020	31/03/2019	31/03/2020	31/03/2019
		RM'000	RM'000	RM'000	RM'000
Revenue		193,308	178,229	193,308	178,229
Cost of sales		(149,604)	(138,748)	(149,604)	(138,748)
Gross profit		43,704	39,481	43,704	39,481
Other income		1,616	1,585	1,616	1,585
Selling & marketing expenses		(20,479)	(19,680)	(20,479)	(19,680)
Administrative expenses		(7,308)	(6,855)	(7,308)	(6,855)
Other expenses		(359)	(465)	(359)	(465)
Finance cost		(324)	(323)	(324)	(323)
Share of results of an associate		1,094	800	1,094	800
Profit before tax	A7	17,944	14,543	17,944	14,543
Income tax expense	B6	(3,582)	(3,129)	(3,582)	(3,129)
Net profit for the period		14,362	11,414	14,362	11,414
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(27)	271	(27)	271
Total comprehensive income for the period		14,335	11,685	14,335	11,685
Net profit attributable to:					
Owners of the parent		14,370	11,399	14,370	11,399
Non-controlling interest		(8)	15	(8)	15
Net profit for the period		14,362	11,414	14,362	11,414
Total comprehensive income attributable to:					
Owners of the parent		14,343	11,670	14,343	11,670
Non-controlling interest		(8)	15	(8)	15
Total comprehensive income for the period		14,335	11,685	14,335	11,685
Earnings per share attributable to owners of the parent:					
- Basic	B11	3.05	2.43	3.05	2.43
- Diluted	B11	3.04	2.41	3.04	2.41

*For comparative purposes, the earnings per share for the corresponding quarter and period ended 31 March 2019 had been retrospectively adjusted to reflect the effect of the bonus issue.

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 31/03/2020 RM'000	As at 31/12/2019 RM'000 <u>(Audited)</u>
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	168,095	170,152
Investment properties		10,638	10,655
Intangible assets		1,587	1,670
Right-of-use assets		5,706	5,936
Investment in an associate		26,214	25,120
Deferred tax assets		948	685
		<u>213,188</u>	<u>214,218</u>
Current Assets			
Inventories		89,973	86,505
Receivables		178,611	159,362
Prepayments		304	833
Tax recoverable		722	1,834
Derivative financial instruments	A15 & B12	19	24
Deposits, bank and cash balances		127,773	120,390
		<u>397,402</u>	<u>368,948</u>
TOTAL ASSETS		<u>610,590</u>	<u>583,166</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		133,671	120,056
Borrowings	B8	5,857	5,857
Lease liabilities		855	962
Derivative financial instruments	A15 & B12	-	12
Current tax payable		2,164	1,400
		<u>142,547</u>	<u>128,287</u>
Non-Current Liabilities			
Borrowings	B8	16,821	18,286
Lease liabilities		5,033	5,130
Deferred tax liabilities		5,665	5,935
		<u>27,519</u>	<u>29,351</u>
TOTAL LIABILITIES		<u>170,066</u>	<u>157,638</u>
NET ASSETS		<u>440,524</u>	<u>425,528</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		121,439	120,835
Reserves		11,945	11,915
Retained earnings		306,683	292,313
		<u>440,067</u>	<u>425,063</u>
Non-controlling interest		457	465
TOTAL EQUITY		<u>440,524</u>	<u>425,528</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>0.93</u>	<u>0.91</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 31 MARCH 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 31 MARCH 2020								
Balance at 1 January 2020		120,835	10,542	1,373	292,313	425,063	465	425,528
Total comprehensive income		-	(27)	-	14,370	14,343	(8)	14,335
Share options granted		-	-	178	-	178	-	178
Share options lapsed		-	-	-	-	-	-	-
Transfer to share capital for share options exercised		121	-	(121)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	-	-	-	-
Issuance of ordinary share pursuant to ESOS		483	-	-	-	483	-	483
Total transaction with owners		483	-	-	-	483	-	483
Balance as at 31 March 2020		121,439	10,515	1,430	306,683	440,067	457	440,524
PERIOD ENDED 31 MARCH 2019								
Balance at 1 January 2019		118,806	10,380	1,015	255,793	385,994	467	386,461
Total comprehensive income		-	271	-	11,399	11,670	15	11,685
Share options granted		-	-	182	-	182	-	182
Share options lapsed		-	-	(2)	2	-	-	-
Transfer to share capital for share options exercised		91	-	(91)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	-	-	-	-
Issuance of ordinary share pursuant to ESOS		387	-	-	-	387	-	387
Total transaction with owners		387	-	-	-	387	-	387
Balance as at 31 March 2019		119,284	10,651	1,104	267,194	398,233	482	398,715

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	
	31/03/2020	31/03/2019
	RM'000	RM'000
Operating activities		
Profit before tax	17,944	14,543
Adjustments for:		
Depreciation and amortisation	3,969	3,485
Net profit on disposal of property, plant and equipment	(62)	(276)
Share of results of an associate	(1,094)	(800)
Fair value changes of derivative financial instruments	(7)	60
Share options granted	178	182
Depreciation of rights-of-use assets	282	-
Lease interest expense	91	-
Inventories written off	13	60
Impairment loss on receivables net of reversals	125	-
Interest expense	233	323
Interest income	(533)	(465)
Operating cash flows before changes in working capital	21,139	17,112
Inventories	(3,481)	(2,953)
Receivables	(18,844)	(3,760)
Payables	13,614	9,497
Cash generated from operations	12,428	19,896
Tax paid	(2,239)	(2,478)
Net cash flows generated from operating activities	10,189	17,418
Investing activities		
Purchase of property, plant and equipment & intangible assets	(1,840)	(2,776)
Proceeds from disposal of property, plant and equipment	63	276
Placement in short term deposit	(1,254)	(1,205)
Interest received	533	465
Net cash flows used in investing activities	(2,498)	(3,240)
Financing activities		
Proceed from issuance of shares under ESOS	483	386
Repayment of term loans	(1,464)	(1,357)
Government grant received	-	6,771
Interest paid	(233)	(323)
Payment of lease liabilities	(348)	-
Net cash flows (used in)/generated from financing activities	(1,562)	5,477
Net increase in cash and cash equivalents	6,129	19,655
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	99,697	84,173

Included in the deposits, bank and cash balances was RM 28,076,000 (31 March 2019 : RM 18,111,000) 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 FIRST QUARTER ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2020

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 31 March 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 31 March 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

353,343,279 new ordinary shares were issued on the basis of 3 bonus shares for every 1 existing share on 25 June 2019. Post bonus issue, the exercise price of the ESOS was adjusted accordingly in accordance to the ESOS Bylaws. 450,000 new ordinary shares were issued pursuant to the exercise of options under the Executive Share Options Scheme ("ESOS") in the first quarter ended 31 March 2020.

Other than the above, 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 for the period ended 31 March 2020.

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Interest income	533	465	533	465
Other income including investment income	768	743	768	743
Interest expense	(233)	(323)	(233)	(323)
Depreciation and amortisation	(3,969)	(3,485)	(3,969)	(3,485)
Depreciation of right-of-use assets	(282)	-	(282)	-
Impairment loss on receivables net of reversals	(125)	-	(125)	-
Inventories written off	(13)	(60)	(13)	(60)
Net profit on disposal of property, plant and equipment	62	276	62	276
Fair value gain/(loss) of derivative financial instruments	7	(60)	7	(60)
Foreign exchange gain/(loss)	113	(133)	113	(133)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2020 (continued)

A8 Dividends paid and declared

There were no dividends paid during the current period ended 31 March 2020.

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 31/03/2020					
External Revenue	12,117	179,642	1,549	-	193,308
Inter-segment revenue	34,715	221	1,213	(36,149)	-
Total Revenue	46,832	179,863	2,762	(36,149)	193,308
Segment Results	11,274	9,181	(1,788)	(399)	18,268
Finance costs					(324)
Profit before tax					17,944
PERIOD ENDED 31/03/2019					
External Revenue	11,833	164,196	2,200	-	178,229
Inter-segment revenue	29,019	258	1,118	(30,395)	-
Total Revenue	40,852	164,454	3,318	(30,395)	178,229
Segment Results	9,178	7,347	(1,231)	(428)	14,866
Finance costs					(323)
Profit before tax					14,543
Segment assets					
31-Mar-2020	215,959	324,571	79,489	(9,429)	610,590
31-Dec-2019	210,526	304,320	76,878	(8,558)	583,166
Segment liabilities					
31-Mar-2020	(50,843)	(105,658)	(5,736)	(7,829)	(170,066)
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 31 March 2020.

A12 Property, plant and equipment

During the current quarter ended 31 March 2020, prepaid capital expenditure paid by the Group was RM 1.8 million (31 March 2019: RM 1.9 million).

Assets with carrying amount of RM 1,000 were disposed of by the Group during the current quarter ended 31 March 2020 (31 March 2019: RM Nil), resulting in a net gain on disposal of RM 62,000 (RM276,000) recognised and included in other income in the statement of comprehensive income.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 March 2020 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	28,593
Authorised capital expenditure approved but not contracted for	10,635
	39,228

A14 Related Party Transactions

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

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2020 (continued)

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:	31/03/2020 RM'000	31/12/2019 RM'000
	<u>(Level 2)</u>	
Derivatives - Forward currency contracts	<u>19</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	
	31/03/2020	31/03/2019		31/03/2020	31/03/2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	193,308	178,229	8.5%	193,308	178,229	8.5%
Operating Profit	17,174	14,066	22.1%	17,174	14,066	22.1%
Profit Before Interest and Tax	18,268	14,866	22.9%	18,268	14,866	22.9%
Profit Before Tax	17,944	14,543	23.4%	17,944	14,543	23.4%
Profit After Tax	14,362	11,414	25.8%	14,362	11,414	25.8%
Profit Attributable to Ordinary Equity Holders of the Parent	14,370	11,399	26.1%	14,370	11,399	26.1%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the first quarter of 2020, the Group achieved revenue of RM 193.3 million, a growth of 8.5% when compared to RM 178.2 million recorded in the first quarter of 2019. Revenue growth is the result of strong sales to both private and government sectors in Malaysia and Singapore for Group branded pharmaceutical products as well as agency products distributed by the Group. Growth is largely attributed to heightened market demand precipitated by the growing COVID-19 pandemic, leading to increased purchases by our customers in order to ensure uninterrupted supplies. Operating expenses are in line with revenue growth.

Share of results from associated company is RM 1.1 million, helped by a stronger United States Dollar ('USD') against the Ringgit as more than 90% of revenue is denominated in USD. This is better than the RM 0.8 million reported in the corresponding period last year. For the Group, profit before tax for the first quarter is RM 17.9 million, 23.4% higher than the RM 14.5 million achieved in the corresponding period in 2020, attributed mainly to revenue growth. Profit after tax is RM 14.4 million, 25.8% better than 2019.

During the quarter, the Group's wholly owned manufacturing subsidiary Xepa-Soul Pattinson (M) Sdn Bhd ('Xepa') secured a second European Union Good Manufacturing Practice ('EU GMP') certification specifically for SPP NOVO. In addition, Xepa also secured GMP clearance from the Australian Therapeutic Goods Authority ('TGA') for non-sterile dosage forms as well as the Good Distribution Practice for Medical Devices ('GDPMD') from the Medical Device Authority of Malaysia.

In relation to the impact of COVID-19 pandemic and the Movement Control Order announced by the Malaysian Government on 16th March 2020, both Xepa and associated company Straits Orthopaedics (Mfg) Sdn Bhd obtained approvals from the Ministry of International Trade and Industry to continue business operations. As a pharmaceutical distributor, Apex Pharmacy Marketing Sdn Bhd continued business operations as an essential service provider, supported by approval from the Ministry of Domestic Trade and Consumer Affairs. In relation to the Circuit Breaker announced by the Singapore Government on 3rd April 2020, both wholly owned subsidiaries in Singapore, Apex Pharma Marketing Pte Ltd and Xepa-Soul Pattinson Pte Ltd secured approvals from the Singapore Ministry of Trade and Industry to continue business operations as essential industry but with reduced manpower on-site.

B2 Material changes in the profit before tax for the quarter

	Current Quarter 31/03/2020	Immediate Preceding Quarter 31/12/2019	Changes	
	RM'000	RM'000	RM'000	(%)
Revenue	193,308	170,634	22,674	13.3%
Operating Profit	17,174	17,757	(583)	-3.3%
Profit Before Interest and Tax	18,268	19,034	(766)	-4.0%
Profit Before Tax	17,944	18,484	(540)	-2.9%
Profit After Tax	14,362	14,006	356	2.5%
Profit Attributable to Ordinary Equity Holders of the Parent	14,370	14,004	366	2.6%

Profit before tax for the current quarter is RM 17.9 million compared to RM 18.5 million reported for the last quarter of 2019. There is no material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter.

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

B3 Commentary

a Prospects

The COVID-19 pandemic is a human tragedy that is severely affecting the global economy. Governments worldwide are continuously implementing measures in response to a fluid, evolving and unprecedented global health and economic crisis.

The markets we operate in are not spared. Demand for essential pharmaceuticals and healthcare products was firm and even heightened in the first quarter of 2020. However, this increased demand is not expected to be sustained. Growing uncertainties regarding supply chain integrity, workforce restrictions, movement controls, social distancing, raw material pricing volatility and collectability of trade receivables all create a difficult and unpredictable business environment for the rest of the financial year.

At this point, the Group will focus on its fundamentals and execute two key priorities; to safeguard the health of our employees in our workplaces and to ensure that essential pharmaceuticals and healthcare products under our care remain available.

While there is a degree of resilience in the Group's core businesses, a prolonged pandemic may affect the Group's performance. At this juncture, the Board is of the opinion that the degree of uncertainty is too high for it to render a firm statement on the Group's performance and prospects for the remaining period of the current Financial Year.

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	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	3,653	2,742	3,653	2,742
Deferred tax	(533)	5	(533)	5
Foreign tax	462	382	462	382
	3,582	3,129	3,582	3,129

The effective tax rate for the current quarter and previous year corresponding quarter was lower 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 14 May 2020.

B8 Group Borrowings and Debt Securities

	As at 31/03/2020		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	16,821	5,857	22,678

	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

The Board of Directors does not recommend the payment of any interim dividend for the period ended 31 March 2020 (31 March 2019: Nil).

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		
		31/03/2020	31/03/2019	31/03/2020	31/03/2019	
<u>Basic Earnings per share</u>						
	Profit after tax	RM'000	14,370	11,399	14,370	11,399
	Weighted average number of ordinary shares in issue as presented prior to bonus issue	'000	118,336	116,597	118,336	116,597
	Effect of bonus issue	'000	353,343	352,983	353,343	352,983
		'000	471,679	469,580	471,679	469,580
	Basic earnings per share	sen	3.05	2.43	3.05	2.43
<u>Diluted Earnings per share</u>						
	Profit after tax	RM'000	14,370	11,399	14,370	11,399
	Weighted average number of ordinary shares in issue	'000	471,679	469,580	471,679	469,580
	Effect of dilution-Share options	'000	1,429	2,848	1,429	2,848
	Adjusted weighted average number of ordinary shares in issue	'000	473,108	472,428	473,108	472,428
	Diluted earnings per share	sen	3.04	2.41	3.04	2.41

Pursuant to MFRS 133 Earnings Per Share, the Earnings Per Share for the corresponding quarter and period to date ended 31 March 2019 had been retrospectively adjusted to reflect the effect of the bonus issue.

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
	31/03/2020 RM'000	31/03/2020 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	6,521	31
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(914)	(24)
	5,607	7

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 5,607,000.

B13 Fair Value Changes of Financial Liabilities

As at 31 March 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 21 May 2020.