

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 31 March 2019	Current Period		Cumulative Period	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	786,108	617,923	786,108	617,923
Cost of sales	(687,811)	(526,042)	(687,811)	(526,042)
Gross profit	98,297	91,881	98,297	91,881
Other income	362	702	362	702
Operating expenses	(59,007)	(56,405)	(59,007)	(56,405)
Finance costs	(9,642)	(7,551)	(9,642)	(7,551)
Interest income	233	80	233	80
Profit before zakat and taxation	30,243	28,707	30,243	28,707
Zakat	(28)	-	(28)	-
Taxation	(10,567)	(11,118)	(10,567)	(11,118)
Profit for the period	19,648	17,589	19,648	17,589
Profit for the period attributable to:				
Owners of the parent	19,617	17,586	19,617	17,586
Non-controlling interests	31	3	31	3
Profit for the period	19,648	17,589	19,648	17,589
Earnings per share - sen				
- Basic	7.53	6.77	7.53	6.77
- Diluted	7.51	6.75	7.51	6.75

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2019	Current Period		Cumulative Period	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit for the period	19,648	17,589	19,648	17,589
<u>Other comprehensive loss, net of tax</u>				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation difference of foreign operations	(779)	(7,468)	(779)	(7,468)
Recognition of actuarial loss	-	(58)	-	(58)
	<u>(779)</u>	<u>(7,526)</u>	<u>(779)</u>	<u>(7,526)</u>
Total comprehensive income for the period	18,869	10,063	18,869	10,063
Attributable to:				
Owners of the parent	18,995	11,005	18,995	11,005
Non-controlling interests	(126)	(942)	(126)	(942)
Total comprehensive income for the period	18,869	10,063	18,869	10,063

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2019	As at 31 December 2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	403,707	406,407
Prepaid lease payments	2,060	2,098
Intangible assets	397,116	400,892
Rights-of-use	17,427	-
Deferred tax assets	36,036	39,796
	<u>856,346</u>	<u>849,193</u>
Current assets		
Inventories	558,891	693,020
Receivables	426,312	311,916
Amount due from immediate holding company	-	9
Tax recoverable	19,650	17,926
Deposits, cash and bank balances	43,937	35,655
	<u>1,048,790</u>	<u>1,058,526</u>
TOTAL ASSETS	<u>1,905,136</u>	<u>1,907,719</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	149,401	149,401
Reserves	379,572	359,935
Shareholders' equity	<u>528,973</u>	<u>509,336</u>
Non-controlling interests	19,201	19,327
Total equity	<u>548,174</u>	<u>528,663</u>
Non-current liabilities		
Borrowings	8,299	102
Deferred tax liabilities	62,485	59,191
Provision for defined benefit plan	8,674	8,306
Government grants	4,544	4,630
	<u>84,002</u>	<u>72,229</u>
Current liabilities		
Payables	647,161	645,719
Amount due to immediate holding company	210	390
Current tax liabilities	3,563	4,365
Contract liabilities	274	242
Government grants	341	341
Borrowings	621,411	642,745
Dividend payable	-	13,025
	<u>1,272,960</u>	<u>1,306,827</u>
Total liabilities	<u>1,356,962</u>	<u>1,379,056</u>
TOTAL EQUITY AND LIABILITIES	<u>1,905,136</u>	<u>1,907,719</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2019	Attributable to shareholders of the Company						Non-controlling Interests	Total Equity
	<----- Non-distributable ----->			Distributable		Total		
	Share Capital	Exchange Reserve	Share Reserve	Retained Earnings				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2019	149,401	1,036	8,015	350,884	509,336	19,327	528,663	
- Net profit for the financial period	-	-	-	19,617	19,617	31	19,648	
- Other comprehensive loss	-	(622)	-	-	(622)	(157)	(779)	
Total comprehensive (loss)/income for the financial period	-	(622)	-	19,617	18,995	(126)	18,869	
Transactions with owners								
Share options granted under Share Option Plan	-	-	200	-	200	-	200	
Shares granted under Long Term Incentive Plan	-	-	442	-	442	-	442	
Total transactions with owners for the financial period	-	-	642	-	642	-	642	
At 31 March 2019	149,401	414	8,657	370,501	528,973	19,201	548,174	
At 1 January 2018	146,213	3,239	10,527	368,067	528,046	19,081	547,127	
MFRS 9 adjustments (Note a)	-	-	-	(11,835)	(11,835)	-	(11,835)	
- Net profit for the financial period	-	-	-	17,586	17,586	3	17,589	
- Other comprehensive loss	-	(6,525)	-	(56)	(6,581)	(945)	(7,526)	
Total comprehensive (loss)/income for the financial period	-	(6,525)	-	17,530	11,005	(942)	10,063	
Transactions with owners								
Share options granted under Share Option Plan	-	-	606	-	606	-	606	
Shares granted under Long Term Incentive Plan	-	-	471	-	471	-	471	
Dividends	-	-	-	(15,589)	(15,589)	-	(15,589)	
Total transactions with owners for the financial period	-	-	1,077	(15,589)	(14,512)	-	(14,512)	
At 31 March 2018	146,213	(3,286)	11,604	358,173	512,704	18,139	530,843	

Note a

The Group had adopted MFRS 9 on 1 January 2018. As permitted by the transitional provisions of MFRS 9, the cumulative impacts arising from the adoption of this standard were adjusted to the retained earnings of the Group as at 1 January 2018.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Pharmaniaga Berhad (467709-M)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 March 2019

	2019	2018
	RM'000	RM'000
Operating Activities		
Cash receipts from customers	669,842	389,511
Cash payments to suppliers and employees	(595,552)	(580,882)
Net cash generated from/(used in) operations	74,290	(191,371)
Interest paid	(9,078)	(6,920)
Tax paid	(3,470)	(2,481)
Zakat paid	(28)	-
Interest received	29	65
Net cash generated from/(used in) operating activities	61,743	(200,707)
Investing Activities		
Purchase of property, plant and equipment	(1,967)	(1,472)
Purchase of intangible assets	(9,076)	(473)
Proceeds from disposal of property, plant and equipment	9	-
Net cash used in investing activities	(11,034)	(1,945)
Financing Activities		
Dividends paid to owners of the Company	(13,025)	(15,589)
Net (repayment)/drawdown of borrowings	(29,386)	233,169
Net cash (used in)/generated from financing activities	(42,411)	217,580
Net increase in cash and cash equivalents	8,298	14,928
Effects of exchange rate changes	(16)	(888)
Cash and cash equivalent at beginning of period	30,826	27,893
Cash and cash equivalent at end of period	39,108	41,933
Analysis of cash and cash equivalents:		
Cash and bank balances	29,748	41,933
Deposits with licensed banks	14,189	-
	43,937	41,933
less: Deposits maturing more than three (3) months	(4,829)	-
	39,108	41,933

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134")

A1. Basis of Preparation

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2019 have been prepared in accordance with MFRS 134 Interim Financial Reporting, IAS 34 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of the following new published standard and amendments to published standards that are effective for the Group's financial year beginning on or after 1 January 2019.

A2.1 Standard and amendments to published standards that are effective

On 1 January 2019, the Group applied the following new published standard and amendments to published standards:

MFRS 16	Leases
Amendments to MFRS 119 'Employee Benefits'	Plan Amendment, Curtailment or Settlement
Annual Improvements to MFRSs 2015 - 2017 Cycle	Amendments to MFRS 3 'Business Combinations', MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'

Except for the adoption of MFRS 16 as further explained below, the adoption of the above amendments to published standards did not have any significant impact on the current period or any prior period and is not likely to affect future periods.

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirement in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

a) Impact of adoption of MFRS 16

On date of initial application, the Group recognised lease liabilities in relation to leases (except for short-term leases and leases of low-value assets) which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average incremental rate applied to the lease liabilities on 1 January 2019 range from 4.0% to 9.0% per annum.

As permitted by the transitional provisions of MFRS 16, the Group adopted the standard using the modified retrospective approach without restating the comparatives.

b) Change in accounting policies

The Group leases various offices, warehouse, retail stores and equipment. These leases have an average lease period of between 2 years to 5 years with renewal option included in the contracts. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until 31 December 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, the leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The total amount of cash paid is separated into principal portion (presented within financing activities) and interest (presented within operating expenses) in the statement of cash flows.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

A2. Significant Accounting Policies (Cont'd)**A2.1 Standard and amendments to published standards that are effective (cont'd)**

- c) Reconciliation of operating lease commitment as at 31 December 2018 to the opening balance of lease liabilities as at 1 January 2019

	RM'000
Operating lease commitments disclosed as at 31 December 2018	20,591
Discounted using weighted average incremental borrowing rate as at 1 January 2019	(1,334)
Add: Adjustment in relation to extension options	12
Lease liabilities recognised as at 1 January 2019	19,269

A2.2 Early Adoption of Amendments to MFRS 3 'Business Combinations'

The Group has early adopted the amendments to MFRS 3 and applied it on asset acquisitions that occur on or after the beginning of 1 January 2019. The Amendments clarifies the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The adoption of the above amendments did not have any material on the financial statements of the Group.

A2.3 Amendments that have been issued but not yet effective**Financial year beginning on/after 1 January 2020**

Amendments to MFRS 101 'Presentation of Financial Statements' and Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates, and Errors' refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

The Group is assessing the impact of the above amendments to published standards on the financial statements of the Group in the year of initial adoption.

A3. Audit report in respect of the 2018 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2018 was unqualified.

A4. Seasonal or cyclical factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

A5. 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 period under review.

A6. Change in Estimates

There were no material changes in estimates of amounts reported in the current financial period or previous financial year.

A7. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period.

A8. Dividends

On 10 April 2019, the Company paid a fourth interim dividend of 2.0 sen (2017: 6.0 sen) per share in respect of the financial year ended 31 December 2018 amounting to RM5.2 million (2017: RM15.6 million).

For the first quarter, the Directors have declared a first interim dividend of __ sen (2018: 5.0 sen) per share in respect of the financial year ending 31 December 2019. The dividend will be paid on 27 June 2019 to shareholders registered in the Register of Members at the close of business on 4 June 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

A9. Operating segments

Operating segments information for the period is as follows:

RM'000	Logistics and Distribution	Manufacturing	Indonesia	Eliminations	Total
2019					
Revenue					
External revenue	582,604	4,578	198,926	-	786,108
Inter-segment revenue	-	69,554	-	(69,554)	-
Total revenue	582,604	74,132	198,926	(69,554)	786,108
Results					
Segment results	17,192	20,151	4,098	-	41,441
Finance costs	(4,923)	(1,220)	(3,741)	242	(9,642)
Interest income	332	133	10	(242)	233
	12,601	19,064	367	-	32,032
Unallocated corporate expenses					(1,789)
Profit before zakat and taxation					30,243
Zakat					(28)
Taxation	(5,402)	(1,085)	(735)	(3,345)	(10,567)
Profit for the period					19,648
Timing of revenue recognition					
Goods or services transferred:					
- At a point in time	580,583	74,132	198,926	(69,554)	784,087
- Over time	2,021	-	-	-	2,021
	582,604	74,132	198,926	(69,554)	786,108
2018					
Revenue					
External revenue	454,960	593	162,370	-	617,923
Inter-segment revenue	-	84,274	-	(84,274)	-
Total revenue	454,960	84,867	162,370	(84,274)	617,923
Results					
Segment results	14,146	19,958	2,074	-	36,178
Finance costs	(4,322)	(347)	(2,489)	224	(6,934)
Interest income	108	190	6	(224)	80
	9,932	19,801	(409)	-	29,324
Unallocated corporate expenses					(617)
Profit before zakat and taxation					28,707
Taxation	(4,246)	(3,716)	(415)	(2,741)	(11,118)
Profit for the period					17,589
Timing of revenue recognition					
Goods or services transferred:					
- At a point in time	435,882	84,867	162,370	(84,274)	598,845
- Over time	19,078	-	-	-	19,078
	454,960	84,867	162,370	(84,274)	617,923

For Indonesia segment, the breakdown of segment revenue and results that is denominated in foreign currency and the currency exchange ratio used are as follows:

	Period Ended 31 March					
	2019			2018		
	IDR'000	Exchange ratio	RM'000	IDR'000	Exchange ratio	RM'000
Revenue	698,485,410	0.0285	198,926	566,640,906	0.0287	162,370
Segment results	1,288,641	0.0285	367	(1,427,333)	0.0287	(409)

A10. Carrying Amount of Revalued Assets

There has been no revaluation of property, plant and equipment during the current financial period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**A11. Subsequent Event**

There was no subsequent event as at 16 May 2019 that will materially affect the financial statements of the financial period under review.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 March 2019.

A13. Contingent Liabilities

There is no other contingent liability has arisen since the financial year end.

A14. Commitments

The Group has the following commitments as at 31 March 2019:

	Authorised and contracted for RM'000	Authorised but not contracted for RM'000	Total RM'000
Property, plant and equipment	10,514	169,120	179,634

A15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for year ended 31 December 2018.

A16. Intangible Assets

RM'000	Goodwill	Software	Capitalised development costs (work-in- progress and completed)	Manufacturing licence and trade name	Rights to supply	Intellectual property	Total
Cost							
At 1 January 2019	144,131	23,579	27,435	20,560	304,825	3,071	523,601
Additions	-	-	253	-	2,021	-	2,274
Transfer from property, plant and equipment	-	-	16	-	-	-	16
Foreign exchange adjustments	(186)	(15)	-	(69)	-	-	(270)
At 31 March 2019	143,945	23,564	27,704	20,491	306,846	3,071	525,621
Accumulated amortisation							
At 1 January 2019	-	5,057	176	8,886	95,545	392	110,056
Amortisation charged	-	336	44	554	4,862	51	5,847
Foreign exchange adjustments	-	(15)	-	(36)	-	-	(51)
At 31 March 2019	-	5,378	220	9,404	100,407	443	115,852
Accumulated impairment							
At 1 January/ 31 March 2019	12,653	-	-	-	-	-	12,653
Net carrying value							
At 31 March 2019	131,292	18,186	27,484	11,087	206,439	2,628	397,116
At 31 December 2018	131,478	18,522	27,259	11,674	209,280	2,679	400,892

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

B17. Performance Review

	Current Period			Cumulative Period		
	2019 RM'000	2018 RM'000	+ /(-) %	2019 RM'000	2018 RM'000	+ /(-) %
Revenue	786,108	617,923	27.2%	786,108	617,923	27.2%
Profit before interest and taxation	39,652	36,178	9.6%	39,652	36,178	9.6%
Profit before zakat and taxation	30,243	28,707	5.4%	30,243	28,707	5.4%
Profit for the period	19,648	17,589	11.7%	19,648	17,589	11.7%
Profit attributable to owners of the parent	19,617	17,586	11.5%	19,617	17,586	11.5%

Quarter 1 2019 vs Quarter 1 2018

For the first quarter ended 31 March 2019, the Group recorded an improved revenue of RM786 million, a 27.2% increase compared with RM618 million in the previous year's corresponding quarter. This was mainly attributable to stronger demand from Government and private hospitals in both Malaysia and Indonesia. Despite increased marketing and promotional expenses as well as higher finance costs, the improved contributions saw the Group posting a profit before tax (PBT) of RM30 million, reflecting a growth of 5.4% compared with the same quarter last year.

Accordingly, profit after tax (PAT) for the quarter under review was higher at RM20 million compared with RM18 million in previous year's corresponding quarter.

The **Logistics and Distribution Division** turned in a higher PBT of RM13 million compared with RM10 million in the same quarter last year. Despite higher operating costs, this improved performance was driven by stronger contributions from Government hospitals.

The **Manufacturing Division** posted a PBT of RM19 million, slightly lower than RM20 million in last year's corresponding quarter. This was primarily due to reduced contributions from the concession business.

The **Indonesia Division** marked a turnaround, registering a PBT of 0.4 million, an improvement compared with the deficit recorded in the same quarter last year. This was mainly attributable to increased demand from government and private hospitals as well as ongoing cost optimisation measures.

Consolidated Statement of Financial Position

As at 31 March 2019, the increased receivables was in tandem with higher sales achieved during the first quarter.

Consolidated Statement of Cash Flows

For the period under review, the improved operating cash flows was due to higher sales achieved coupled with improved collections.

B18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter

	Current Period	Immediate Preceding Period	+ /(-) %
	2019 RM'000	2018 RM'000	
Revenue	786,108	596,644	31.8%
Profit before interest and taxation	39,652	21,139	87.6%
Profit before zakat and taxation	30,243	11,940	> 100%
Profit for the period	19,648	4,570	> 100%
Profit attributable to owners of the parent	19,617	4,437	> 100%

In comparison with the immediate preceding quarter, the Group's revenue increased significantly to RM786 million for the first quarter. This was primarily attributable to stronger demand from Government and private hospitals in Malaysia and Indonesia. This saw the Group post a higher PBT of RM30 million compared with RM12 million in the immediate preceding quarter.

Accordingly, PAT for the quarter under review increased to RM20 million from RM5 million in the immediate preceding quarter.

B19. Prospects

Prospects for Pharmaniaga remain bright, as the Group builds on its strong foundation to grow its concession and non-concession businesses. In particular, the Group aims to heighten its market presence in the private sector via strategic marketing initiatives. In tandem, research and development efforts remain a key driver as the Group expands its product portfolio. The Group is also focused on strengthening its Indonesian operations to tap into the immense potential of this market.

Moving forward, Pharmaniaga will continue to seek out opportunities in the healthcare sector in both domestic and international markets to deliver sustainable growth over the long-term.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**B20. Notes on variance in actual profit and shortfall in profit guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and shortfall in profit guarantee are not applicable.

B21. Income Tax

	Current Period		Cumulative Period	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Taxation based on profit for the period:				
- Current	4,516	4,140	4,516	4,140
- Deferred	6,107	7,021	6,107	7,021
	10,623	11,161	10,623	11,161
(Over)/under provision in prior years:				
- Current	(341)	(79)	(341)	(79)
- Deferred	285	36	285	36
	(56)	(43)	(56)	(43)
	10,567	11,118	10,567	11,118

The Group's effective tax rate is higher than the statutory tax rate of 24% principally due to certain non-allowable expenses.

B22. Corporate Proposal

The disclosure requirements for corporate proposal is not applicable.

B23. Borrowings and Debt Securities - Unsecured

	31 March 2019 RM'000	31 March 2018 RM'000	31 December 2018 RM'000
Non-current:			
Hire purchase:			
- Denominated in Ringgit Malaysia	12	208	30
- Denominated in Indonesian Rupiah	53	129	72
Lease liabilities:			
- Denominated in Ringgit Malaysia	5,518	-	-
- Denominated in Indonesian Rupiah	2,716	-	-
	8,299	337	102
Current:			
Bankers' acceptances:			
- Denominated in Ringgit Malaysia	203,013	269,809	255,507
- Denominated in Indonesian Rupiah	153,896	99,191	136,756
Revolving credits	255,000	299,000	250,000
Hire purchase:			
- Denominated in Ringgit Malaysia	231	617	396
- Denominated in Indonesian Rupiah	84	211	86
Lease liabilities:			
- Denominated in Ringgit Malaysia	7,753	-	-
- Denominated in Indonesian Rupiah	1,434	-	-
	621,411	668,828	642,745
The amount of borrowings denominated in Indonesian Rupiah	IDR'000	551,160,279	354,202,847
Exchange rate for Indonesian Rupiah	RM	0.0287	0.0281
		475,395,833	0.0288

As at 31 March 2019, the reduced borrowings are primarily due to improved collections from customers.

As at 31 March 2019, the weighted average floating interest rate of borrowings is 6.7% (2018: 6.3%) per annum.

For borrowings denominated in foreign currency, there is no hedging as the amounts are due within 12 months.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**B24. Additional Disclosures**

The Group's profit before zakat and taxation is stated after charging/(crediting) the following:

	Current Period		Cumulative Period	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Depreciation and amortisation	15,816	9,908	15,816	9,908
Net impairment of and write off of receivables	470	948	470	948
Net provision for stock obsolescence and write off of inventories	1,028	4,636	1,028	4,636
Net foreign exchange losses/(gain)	29	(518)	29	(518)

Other than the items mentioned above which have been included in the consolidated income statement and consolidated statement of comprehensive income, there were no impairment of assets, gain or loss on derivatives, gain or loss on disposal of subsidiaries and exceptional items included in the results for the period ended 31 March 2019.

B25. Profit Forecast

No commentary is made on any variance between actual profit from forecast profit, as it does not apply to the Group.

B26. Earnings Per Share ("EPS")

(a) Basic earnings per share

	Current Period		Cumulative Period	
	2019	2018	2019	2018
Profit attributable to owners of the Company (RM'000)	19,617	17,586	19,617	17,586
Average number of ordinary shares in issue ('000)	260,505	259,821	260,505	259,821
Basic earnings per share (sen)	7.53	6.77	7.53	6.77

(b) Diluted earnings per share

Profit attributable to owners of the Company (RM'000)	19,617	17,586	19,617	17,586
Average number of ordinary shares in issue ('000)	260,505	259,821	260,505	259,821
Assumed shares issued under Long Term Incentive Plan ('000)	641	606	641	606
Weighted average number of ordinary shares in issue ('000)	261,146	260,427	261,146	260,427
Diluted earnings per share (sen)	7.51	6.75	7.51	6.75

B27. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 May 2019.

Kuala Lumpur
16 May 2019

By Order of the Board

TASNEEM MOHD DAHALAN (LS0006966)