

V.S. Industry Berhad
(Company No. 88160-P)
(Incorporated in Malaysia)

Interim Financial Report
31 July 2019

V.S. Industry Berhad

(Company No. 88160-P)

(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 31 July 2019 – unaudited

	31.07.2019 RM'000	31.07.2018 RM'000 (RESTATED)
Assets		
Property, plant and equipment	888,990	873,170
Prepaid lease payments	76,137	77,575
Investment properties	1,200	4,900
Investment in associates	56,769	68,800
Other investments	93,539	148,304
Prepayments	4,687	10,923
Deferred tax assets	3,575	3,066
Total non-current assets	1,124,897	1,186,738
Inventories	371,543	394,974
Contract assets	142,363	165,795
Trade and other receivables	1,014,438	939,641
Tax recoverable	165	1,396
Cash and cash equivalents	379,457	415,636
	1,907,966	1,917,442
Assets classified as held for sale	--	18,860
Total current assets	1,907,966	1,936,302
Total assets	3,032,863	3,123,040
Equity		
Share capital	753,077	603,303
Reserves	845,539	834,287
Equity attributable to owners of the Company	1,598,616	1,437,590
Non-controlling interests	177,995	223,115
Total equity	1,776,611	1,660,705
Liabilities		
Loan from a Director	10,347	--
Loans and borrowings	66,904	93,758
Deferred tax liabilities	74,739	73,161
Total non-current liabilities	151,990	166,919
Trade and other payables	721,333	730,057
Due to Directors	4,322	4,322
Loans and borrowings	361,537	551,690
Taxation	17,070	9,347
Total current liabilities	1,104,262	1,295,416
Total liabilities	1,256,252	1,462,335
Total equity and liabilities	3,032,863	3,123,040
Net assets per share	0.88	0.85

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Condensed consolidated statement of comprehensive income for the period ended 31 July 2019 - unaudited

	Individual 3 months ended 31 July		Cumulative 12 months ended 31 July	
	2019 RM'000	2018 RM'000 (RESTATED)	2019 RM'000	2018 RM'000 (RESTATED)
Revenue	1,030,376	1,026,946	3,978,350	4,100,736
Cost of sales	(962,994)	(945,417)	(3,607,924)	(3,715,757)
Gross profit	67,382	81,529	370,426	384,979
Operating expenses	6,166	(31,637)	(157,635)	(201,343)
Net other income/(expenses)	(22,454)	(7,391)	(17,572)	22,514
Results from operating activities	51,094	42,501	195,219	206,150
Finance costs	(5,479)	(7,276)	(27,044)	(29,766)
Interest income	2,108	2,120	8,012	6,467
Share of profit/(loss) of associates, net of tax	(6,681)	(6,977)	(2,181)	(6,635)
Profit before tax	41,042	30,368	174,006	176,216
Tax expense	(19,628)	(2,525)	(62,384)	(38,714)
Profit for the period	21,414	27,843	111,622	137,502
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(8,871)	6,670	14,252	(46,553)
Fair value through other comprehensive income	19,293	85,752	(80,472)	85,752
Remeasurement of actuarial gain	210	286	210	286
Total comprehensive income for the period	32,046	120,551	45,612	176,987
Profit attributable to:				
Owners of the Company	48,413	42,042	157,544	151,074
Non-controlling interests	(26,999)	(14,199)	(45,922)	(13,572)
Profit for the period	21,414	27,843	111,622	137,502

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Condensed consolidated statement of comprehensive income for the period ended 31 July 2019 – unaudited (Cont'd)

	Individual 3 months ended 31 July		Cumulative 12 months ended 31 July	
	2019 RM'000	2018 RM'000 (RESTATED)	2019 RM'000	2018 RM'000 (RESTATED)
Total comprehensive income attributable to:				
Owners of the Company	64,834	142,433	90,732	203,988
Non-controlling interests	<u>(32,788)</u>	<u>(21,882)</u>	<u>(45,120)</u>	<u>(27,001)</u>
Total comprehensive income for the period	<u>32,046</u>	<u>120,551</u>	<u>45,612</u>	<u>176,987</u>
Basic earnings per ordinary share (sen)	<u>2.67</u>	<u>2.50</u>	<u>8.84</u>	<u>9.29</u>
Diluted earnings per ordinary share (sen)	<u>2.65</u>	<u>2.36</u>	<u>8.75</u>	<u>8.58</u>

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Condensed consolidated statement of changes in equity for the period ended 31 July 2019 - unaudited

	Share capital RM'000	Non- distributable Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 August 2018	603,303	214,251	605,630	1,423,184	220,919	1,644,103
Effect of adopting MFRS 15	--	871	13,535	14,406	2,196	16,602
Effect of adopting MFRS 9	--	(11,665)	11,665	--	--	--
At 1 August 2018 (As restated)	603,303	203,457	630,830	1,437,590	223,115	1,660,705
Foreign currency translation differences for foreign operations	--	12,329	--	12,329	1,923	14,252
Remeasurement of actuarial gain	--	--	210	210	--	210
Fair value through other comprehensive income	--	(79,351)	--	(79,351)	(1,121)	(80,472)
Profit for the period	--	--	157,544	157,544	(45,922)	111,622
Total comprehensive income for the period	--	(67,022)	157,754	90,732	(45,120)	45,612
Share buyback	--	(3,187)	--	(3,187)	--	(3,187)
Equity settled share-based transactions	30,706	(8,572)	4,171	26,305	--	26,305
Conversion of warrants	119,068	--	--	119,068	--	119,068
Dividends to shareholders	--	--	(71,892)	(71,892)	--	(71,892)
Disposal of a subsidiary	--	(4,706)	4,706	--	--	--
Total transactions with owners of the Group	149,774	(16,465)	(63,015)	70,294	--	70,294
Realisation of revaluation reserve	--	(2,213)	2,213	--	--	--
Transfer from retained earnings	--	810	(810)	--	--	--
At 31 July 2019	753,077	118,567	726,972	1,598,616	177,995	1,776,611

	Share capital RM'000	Non- distributable Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 August 2017	369,109	183,898	504,539	1,057,546	220,410	1,277,956
Effect of adopting MFRS 15	-	137	13,227	13,364	3,236	16,600
Effect of adopting MFRS 9	-	(11,665)	11,665	-	-	-
At 1 August 2017 (As restated)	369,109	172,370	529,431	1,070,910	223,646	1,294,556
Foreign currency translation differences for foreign operations	--	(33,124)	--	(33,124)	(13,429)	(46,553)
Remeasurement of actuarial loss	--	--	286	286	--	286
Fair value through other comprehensive income	--	85,752	--	85,752	--	85,752
Profit for the period	--	--	151,074	151,074	(13,572)	137,502
Total comprehensive income for the period	--	52,628	151,360	203,988	(27,001)	176,987
Equity settled share-based transactions	27,461	(926)	278	26,813	1,015	27,828
Conversion of warrants	206,733	--	--	206,733	--	206,733
Dividends to shareholders	--	--	(73,407)	(73,407)	--	(73,407)
Disposal of a subsidiary	--	(20,154)	15,348	(4,806)	--	(4,806)
Dilution arising from new issue of shares in a subsidiary	--	--	(4,610)	(4,610)	25,455	20,845
Total transactions with owners of the Group	234,194	(21,080)	(62,391)	150,723	26,470	177,193
Realisation of revaluation reserve	--	(2,247)	2,247	--	--	--
Transferred from retained earnings	--	1,550	(1,550)	--	--	--
Effect of change in functional currency of a subsidiary	--	236	11,733	11,969	--	11,969
At 31 July 2018	603,303	203,457	630,830	1,437,590	223,115	1,660,705

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Condensed consolidated statement of cash flows for the period ended 31 July 2019 - unaudited

	12 months ended 31 July	
	2019 RM'000	2018 RM'000 (RESTATED)
Cash flows from operating activities		
Profit before tax	174,006	176,216
Adjustments for:		
Depreciation and amortisation	99,182	81,651
Other non-cash items	42,756	32,124
Non-operating items	19,774	29,595
Operating profit before changes in working capital	335,718	319,586
Changes in working capital:		
Change in inventories	13,336	(56,171)
Change in contract assets	23,432	(28,673)
Change in trade and other receivables	(72,550)	30,073
Change in trade and other payables	(29,918)	(10,589)
Interest received	8,012	6,467
Tax paid	(52,361)	(45,638)
Net cash (used in)/from operating activities	225,669	215,055
Cash flows from investing activities		
Acquisition of property, plant and equipment	(125,112)	(206,500)
Proceeds from disposal of property, plant and equipment	10,725	4,235
Net proceeds on disposal of a subsidiary	16,155	38,316
Change in pledged deposits	1,952	4,451
Increase in restricted bank balance	(1,006)	--
Reimbursement from an associate	5,000	--
Dividend received from an associate	2,000	1,200
Prepayments	6,236	(3,660)
Other investments	(25,707)	(22,284)
Net cash (used in)/from investing activities	(109,757)	(184,242)
Cash flows from financing activities		
Bank borrowings	(242,661)	(79,796)
Dividend paid to owners of the Company	(71,892)	(73,407)
Proceeds from issuance of shares	143,450	227,890
Loan from a Director	10,347	--
Funds from non-controlling interests	--	20,845
Repurchase of treasury shares	(3,187)	--
Net cash (used in)/from financing activities	(163,943)	95,532
Exchange differences on translation of the financial statements of foreign operations	12,329	(33,124)
Net change in cash and cash equivalents	(35,702)	93,221
Cash and cash equivalents at beginning of period	362,849	285,654
Foreign exchange differences on opening balances	2,493	(16,026)
Cash and cash equivalents at end of period	329,640	362,849
Cash and cash equivalent comprise:		
Cash and bank balances	323,612	307,471
Deposit with licensed banks	15,896	67,270
Bank overdrafts	(9,868)	(11,892)
	329,640	362,849

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Notes to the condensed consolidated interim financial statements

V.S. Industry Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the twelve months period ended 31 July 2019 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

The consolidated financial statements of the Group as at and for the year ended 31 July 2018 are available upon request from the Company's registered office at:

Registered office

Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor
Malaysia

These condensed consolidated interim financial statements were approved by the Board of Directors on 26 September 2019.

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 July 2018.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 July 2018, except for changes arising from the adoption of the followings:-

(i) MFRS 15, *Revenue from Contracts with Customers*

The Group has adopted MFRS 15 in the current financial period. Under MFRS 15, the Group recognizes revenue from contracts with customers when a performance obligation is satisfied, which is when control of the goods underlying the particular performance obligation is transferred to the customer.

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2. Significant accounting policies (Cont'd)

(i) MFRS 15, *Revenue from Contracts with Customers* (Cont'd)

The Group has assessed the estimated impact that the application of MFRS 15 will have on its consolidated financial statements. Comparatives for the financial statements have been reclassified and restated to conform to the current year's presentation under MFRS 15.

(ii) MFRS 9, *Financial Instruments*

The Group has adopted MFRS 9 in the current financial period. MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

The other investments classified as available-for-sale financial assets are now reclassified to fair value through other comprehensive income – Equity instrument. Consequently, the impairment made in prior years are reclassified from retained earnings to fair value reserve.

3. Seasonal or cyclical factors

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

4. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There are no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

5. Material changes in estimates

There are no material changes in estimates for the current quarter and financial year-to-date.

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6. Issuances, cancellations, repurchases, resale and repayments of debts and equity securities

There are no issuance, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial year-to-date other than the following:-

- (a) issuance of 134.18 million ordinary shares pursuant to the exercise of share options under the Company's Employees Share Option Scheme and conversion of Warrants; and
- (b) the Company repurchased its own shares from the open market totalling 4.5138 million units at an average price of RM0.71 per share. The total consideration paid for the repurchase including transaction costs was RM3.19 million. The shares repurchased are being held as treasury shares.

7. Dividends paid

Since the end of the previous financial year, the Company paid:-

- (a) a fourth interim dividend of 0.6 sen per ordinary share totalling RM10,405,869 in respect of the financial year ended 31 July 2018 on 31 October 2018; and
- (b) a final dividend of 0.6 sen per ordinary share totalling RM10,825,992 in respect of the financial year ended 31 July 2018 on 31 January 2019;
- (c) a first interim dividend of 1.0 sen per ordinary share totalling RM18,054,594 in respect of the financial year ended 31 July 2019 on 12 March 2019; and
- (d) a second interim dividend of 1.0 sen per ordinary share totalling RM18,059,224 in respect of the financial year ended 31 July 2019 on 30 April 2019; and
- (e) a third interim dividend of 0.8 sen per ordinary share totalling RM14,546,814 in respect of the financial year ended 31 July 2019 on 31 July 2019.

8. Segment information

- (a) Information about reportable segments

	12 months ended 31 July 2019			
	Malaysia RM'000	Indonesia RM'000	China RM'000	Total RM'000
External revenue	3,337,702	245,563	388,130	3,971,395
Inter-segment revenue	3,979	--	4,376	8,355
Segment profit/(loss) before tax	259,951	991	(82,980)	177,962

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8. Segment information (Cont'd)

(a) Information about reportable segments (Cont'd)

	12 months ended 31 July 2018 (Restated)			
	Malaysia RM'000	Indonesia RM'000	China RM'000	Total RM'000
External revenue	3,101,769	303,986	690,954	4,096,709
Inter-segment revenue	77	--	411	488
Segment profit/(loss) before tax	198,473	3,165	(20,937)	180,701

(b) Reconciliation of reportable segment profit or loss

	12 months ended 31 July	
	2019 RM'000	2018 RM'000
Total profit for reportable segments	177,962	180,701
Other non-reportable segments	(1,775)	2,150
Share of profit of associate not included in reportable segments	(2,181)	(6,635)
Consolidated profit before tax	174,006	176,216

9. Material events subsequent to period end

There are no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

10. Changes in composition of the Group

There are no major changes in the composition of the Group for the current quarter and financial year-to-date.

11. Contingent liabilities and contingent assets

The Group does not have any contingent liabilities and contingent assets as at 31 July 2019.

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12. Related party transactions

Significant related party transactions of the Group are as follows: -

	12 months ended 31 July	
	2019 RM'000	2018 RM'000
Subsidiaries in which certain Directors have financial interest		
- Purchases	3,881	438
- Purchase of plant and equipment	5,369	--
- Sales	--	55
A company which is wholly owned by close family member of certain Directors		
- Purchases	6,515	4,399
A company in which spouse of a Director has financial interest		
- Purchases	7,675	9,152
Associates		
- Sales	--	2,469
A company which is controlled by close family member of a Director		
- Sub-contracting fee payable	3,403	4,226
A company which is controlled by a Director		
- Operating lease charges and management fee payable	3,951	5,068
A company which is controlled by close family member of a key management personnel		
- Repair and maintenance services payable	449	622
Remuneration paid to staff who are close family member of certain Directors	1,344	2,655

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

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Additional Information on Interim Financial Report required on the Bursa Malaysia Listing Requirements

13. Review of performance

For the current quarter under review, the Group recorded a revenue of RM1,030.4 million, a marginal increase of RM3.4 million as compared to the previous corresponding quarter. Profit before tax, meanwhile, increased 35.1% or RM10.7 million to RM41.0 million over the same period.

For the financial year ended 31 July 2019, the Group recorded a revenue of RM3,978.4 million as compared to RM4,100.7 million recorded in the preceding year. Profit before tax stood at RM174.0 million, dropped by 1.3% or RM2.2 million over the same period.

The improved earnings for the current quarter was mainly attributable to commendable performance from operations in Malaysia which partially offset the negative contributions from the operations in China. On cumulative quarters basis, the overseas operations, particularly China, had incurred losses that further affected the Group earnings. In addition, the overall performance was also influenced by the followings:-

	Individual Quarter 31 July		Cumulative Quarter 31 July	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss on disposal of property, plant and equipment	5,016	277	5,368	757
Impairment loss on property, plant and equipment	22,068	3,000	22,068	3,000
Net foreign exchange loss/(gain)	(2,657)	5,263	(9,742)	(16,840)
Loss on disposal of a subsidiary	--	16,936	3,002	16,936
Total	<u>24,427</u>	<u>25,476</u>	<u>20,696</u>	<u>3,853</u>

The comparison of the results of the segment are tabulated below:-

	Individual Quarter 31 July		Cumulative Quarter 31 July	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Revenue				
Malaysia	885,170	815,303	3,337,702	3,101,769
Indonesia	64,921	62,034	245,563	303,986
China	77,660	147,700	388,130	690,954
Profit/(loss) before tax				
Malaysia	95,796	61,408	259,951	198,473
Indonesia	1,929	(1,066)	1,318	3,165
China	(49,388)	(26,040)	(82,980)	(20,937)

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13. Review of performance (Cont'd)

Malaysia segment

For the current quarter and cumulative quarters, Malaysia segment posted 8.6% and 7.6% increase in revenue respectively due to higher sales orders from key customers. Meanwhile, profit before tax was up 56.0% and 31.0% respectively over the same period.

The higher-than-proportionate increase in profitability was attributable to improvement in production efficiency leading to greater economies of scale in the absence of set-up costs associated with commissioning of new lines that incurred during the same quarter and cumulative quarters a year ago, as well as owing to a more favourable product sales mix.

Indonesia segment

Indonesia segment recorded profit before tax for the quarter under review mainly due to better product sales mix. Indonesia segment recorded a lower profit before tax for the cumulative quarters in line with the lower revenue.

China segment

China segment recorded a lower revenue for the current quarter and cumulative quarters as a result of lower sales orders completed. Operations in China were loss-making for the current quarter and cumulative quarters in the absence of large sales orders which resulted in lack of economies of scale as the facilities remained under-utilized. During the financial year, results from China segment were further impacted by net loss on disposal of plant and equipment, impairment loss on plant and equipment and termination benefits to staff and employees amounting to approximately RM35.0 million.

14. Variation of results against preceding quarter

	Current Quarter 31 July 2019 RM'000	Preceding Quarter 30 April 2019 RM'000
Revenue	1,030,376	889,710
Profit before tax	41,042	38,237
Profit attributable to owners of the Company	48,413	31,378

For the current quarter under review, the Group recorded a higher profit before tax of RM41.0 million as compared to RM38.2 million in the preceding quarter, mainly attributable to higher sales orders from key customers despite the impairment loss on plant and equipment of RM22.1 million provided by the operations in China.

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15. Current year prospects

The Group managed to turn in a good set of results for the financial year ended 31 July 2019 despite the difficult operating environment across Malaysia, Indonesia and China where the Group operates in. The overall consumer and business sentiments remain subdued amidst the US-China trade tension and fear of potential global economic growth slowdown in the next two years. This led to uncertainties with many adopting a wait-and see attitude. With the tough environment expected to prevail, the Group is focusing its efforts to contain cost, optimize productivity and enhance value creation for its customers.

Meanwhile, the business development taskforce in Malaysia continues to engage with prospective customers to negotiate terms while pursuing various sales leads arising from trade diversion activities. As mentioned previously, there is silver lining to the ongoing US-China trade war as many MNC brand owners are relocating their manufacturing base from China to Southeast Asia, with Malaysia being one of the choice locations. As one of the leading Electronics Manufacturing Services (EMS) providers in Malaysia as well as in the region, the Group stands to benefit from this diversion. It is also opportune that the Group has ready production facility to take up these new businesses. Management is positive that it could secure more new customers in the coming financial year.

Over in China, the Group's operations remains highly challenging. The US-China trade tension, while beneficial to Malaysia, is affecting business sentiment in China, adding further pressure to the operations there. Performance has been and continues to be impinged by rising cost while export sales to the US is declining due to the trade war. The issue of under-utilization of capacity is expected to prevail. As counter-measures, the Group has been streamlining its operations, formulating a stronger financial position with an asset-light model and lower-gearing structure and higher liquidity. By adopting an asset-light and lower-cost model, the Group should be able to improve its operational flexibility, strengthen and stabilize its financial position and minimise the adverse impact on the business operations.

The Board opines that the financial performance of the Group in the next financial year to be satisfactory. Despite the short-term challenges, the Board remains positive on the long-term prospects of the Group, underpinned by solid fundamentals, robust relationships with existing customers, strong execution skills, recent addition of new key customers and potential future contract wins.

16. Profit forecast

Not applicable.

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17. Tax expense

	Individual 3 months ended 31 July		Cumulative 12 months ended 31 July	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax expense				
- Current period	16,476	8,154	63,591	39,037
- Prior years	(1,757)	(599)	(1,757)	(599)
Deferred tax expense				
- Current period	7,208	(4,297)	2,849	1,009
- Prior years	(2,299)	(733)	(2,299)	(733)
	<u>19,628</u>	<u>2,525</u>	<u>62,384</u>	<u>38,714</u>

The effective tax rate of the Group for the financial year-to-date was higher than the statutory tax rate mainly due to losses of certain subsidiaries cannot be offset against taxable profits made by other subsidiaries and certain non-deductible expenses for tax purposes.

18. Status of uncompleted corporate proposals

There are no outstanding uncompleted corporate proposals as at the date of this quarterly report.

19. Borrowing and debt securities

	31.07.2019 RM'000	31.07.2018 RM'000
Non-current		
<i>Secured</i>		
Term loans	2,146	7,792
Finance lease liabilities	12,660	15,324
<i>Unsecured</i>		
Term loans	<u>52,098</u>	<u>70,642</u>
	66,904	93,758
Current		
<i>Secured</i>		
Term loan	4,341	24,728
Trust receipts	52,703	108,787
Finance lease liabilities	11,865	8,163
Bank overdraft	9,868	11,892
Short term loan	27,141	--

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19. Borrowing and debt securities (Cont'd)

	31.07.2019	31.07.2018
	RM'000	RM'000
<i>Unsecured</i>		
Term loans	31,224	38,104
Bankers' acceptance	69,379	131,923
Trust receipts	130,630	180,226
Short term loan	24,386	32,867
Revolving credit	--	15,000
	<u>361,537</u>	<u>551,690</u>
	<u>428,441</u>	<u>645,448</u>

Borrowings denominated in US Dollar amounted to RM195.2 million (31.7.2018 : RM293.2 million).

20. Changes in material litigation

There are no material litigation which would materially and adversely affect the financial position of the Group as at the date of this quarterly report.

21. Profit for the period

	3 months ended		12 months ended	
	31 July		31 July	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting)				
Depreciation and amortisation	29,062	21,477	99,182	81,651
Net foreign exchange (gain)/loss	(2,657)	5,263	(9,742)	(16,840)
Loss on disposal of property, plant and equipment	5,016	277	5,368	757
Impairment loss on property, plant and equipment	22,068	3,000	22,068	3,000
Loss on disposal of a subsidiary	-	16,936	3,002	16,936

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22. Dividends

- (a) A fourth interim dividend of 0.8 sen per ordinary share amounting to approximately RM14.7 million was declared on 26 September 2019 for the financial year ended 31 July 2019 and will be paid on 31 October 2019 to shareholders whose names appear on the Company's Record of Depositors on 16 October 2019.
- (b) The Board is proposing for the shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 0.8 sen per ordinary share for the financial year ended 31 July 2019. The details of the book closure date and payment date will be announced at a later stage.
- (c) The total dividend per share for the current financial year is 4.4 sen (previous year corresponding period: 4.7 sen).

23. Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share for the current quarter and financial year-to-date are based on net profit attributable to owners of the Company of RM48.4 million and RM157.5 million respectively and the weighted average number of ordinary shares of 1,813.600 million and 1,783.160 million respectively.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share for the current quarter and financial year-to-date are based on net profit attributable to owners of the Company of RM48.4 million and RM157.5 million respectively and the weighted average number of ordinary shares, adjusted for the dilutive effects of potential ordinary shares of 1,828.33 million and 1,800.164 million respectively.

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24. Comparatives

	As previously stated RM'000	Effects of MFRS 15 RM'000	Effects of MFRS 9 RM'000	As restated RM'000
As at 31 July 2017				
<i>Statement of financial position</i>				
Retained earnings	504,539	13,227	11,665	529,431
Exchange fluctuation reserve	79,158	137	-	79,295
Non-controlling interest	220,410	3,236	-	223,646
As at 31 July 2018				
<i>Statement of financial position</i>				
Inventories	539,873	(144,899)	-	394,974
Contract assets	-	165,795	-	165,795
Deferred tax liabilities	69,141	4,020	-	73,161
Retained earnings	605,630	13,535	11,665	630,830
Exchange fluctuation reserve	45,300	871	-	46,171
Fair value reserve	85,752	-	(11,665)	74,087
Non-controlling interest	220,919	2,196	-	223,115
<i>Income statement</i>				
Revenue	4,089,191	11,545	-	4,100,736
Cost of sales	(3,651,973)	(63,784)	-	(3,715,757)
Operating expenses	(236,302)	34,959	-	(201,343)
Net other income/(expenses)	5,385	17,129	-	22,514
Non-controlling interest	12,532	1,040	-	13,572
Profit attributable to owners of the Company	150,766	308	-	151,074
Basic earnings per ordinary				
share (sen)	9.27	0.02	-	9.29
Diluted earnings per ordinary				
share (sen)	8.56	0.02	-	8.58