



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		6 Months Ended		6 Months Ended	
		31.10.2020	31.10.2019	31.10.2020	31.10.2019
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	76,281	72,025	149,903	137,082
Other operating income		930	124	2,613	717
Changes in inventories		(59,902)	(54,442)	(117,696)	(102,341)
Employee benefits		(5,517)	(6,822)	(12,152)	(14,398)
Depreciation of property, plant and equipment, investment properties and right-of-use assets		(683)	(495)	(2,125)	(1,400)
Finance cost		(660)	(611)	(1,458)	(1,164)
Operating expenses		(8,037)	(9,262)	(13,986)	(16,708)
Profit before tax	B5	2,412	517	5,099	1,788
Income tax expense	B6	(295)	(204)	(390)	(289)
Profit after tax		2,117	313	4,709	1,499
Other comprehensive income					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Translation differences on foreign operation		(143)	82	(25)	123
Cash flow hedge		-	-	-	-
Total other comprehensive income		(143)	82	(25)	123
Total comprehensive income		1,974	395	4,684	1,622
Profit after tax attributable to:					
- Owners of the Company		2,111	112	4,701	1,087
- Non-controlling interests		6	201	8	412
		2,117	313	4,709	1,499
Total comprehensive income attributable to:					
- Owners of the Company		1,968	194	4,676	1,210
- Non-controlling interests		6	201	8	412
		1,974	395	4,684	1,622

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COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020 ⁽¹⁾ (CONT'D)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		6 Months Ended		6 Months Ended	
	Note	31.10.2020	31.10.2019	31.10.2020	31.10.2019
Earnings per share (sen) attributable to owners of the Company	B12				
- Basic ⁽²⁾		0.53	0.08	1.19	0.38
- Diluted		0.47	0.07	1.04	0.33

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *Based on the weighted average number of ordinary shares in issue as detailed in Note B12.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2020 ⁽¹⁾

	As at 31.10.2020	As at 30.04.2020
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Investment properties	12,507	12,736
Property, plant and equipment	34,505	35,417
Right-of-use assets	25,840	26,667
Other investments	239	239
Deferred tax assets	165	149
	73,256	75,208
Current assets		
Inventories	75,477	81,416
Trade receivables	61,060	52,798
Other receivables, deposits and prepayments	9,167	7,409
Current tax asset	1,798	2,525
Fixed deposits with licensed banks	-	1,600
Cash and bank balances	24,566	14,580
	172,068	160,328
TOTAL ASSETS	245,324	235,536



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2020 ⁽¹⁾ (CONT'D)

	Note	As at 31.10.2020 RM'000	As at 30.04.2020 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	B8	102,383	99,637
Merger deficit		(43,361)	(43,361)
Translation reserve		2,589	2,614
Warrant reserve		14,353	15,134
Retained earnings		71,072	66,371
Equity attributable to equity holders of the Company		147,036	140,395
Non-controlling interests		82	74
Total equity		147,118	140,469
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,434	6,176
Long-term borrowings	B9	12,759	16,150
		18,193	22,326
Current liabilities			
Trade payables		25,325	20,317
Other payables and accruals		8,548	7,300
Lease liabilities		2,153	2,224
Short-term borrowings	B9	31,641	31,155
Derivative liability		28	16
Current tax liabilities		-	2
Provision		12,318	11,727
		80,013	72,741
TOTAL LIABILITIES		98,206	95,067
TOTAL EQUITY AND LIABILITIES		245,324	235,536
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.37	0.36

Note:

(1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to these interim financial statements.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020 ⁽¹⁾

	Note	----- Attributable to equity holders of the Company -----						Total	Non-Controlling Interest	Total Equity
		Share Capital	Merger Deficit	Translation Reserve	Warrant Reserve	Hedging Reserve	Retained Earnings			
At 1 May 2020		99,637	(43,361)	2,614	15,134	-	66,371	140,395	74	140,469
Total comprehensive income for the period		-	-	(25)	-	-	4,701	4,676	8	4,684
Issuance of shares										
- Exercise of Warrants	B8	2,746	-	-	(781)	-	-	1,965	-	1,965
At 31 October 2020		<u>102,383</u>	<u>(43,361)</u>	<u>2,589</u>	<u>14,353</u>	<u>-</u>	<u>71,072</u>	<u>147,036</u>	<u>82</u>	<u>147,118</u>
At 1 May 2019		98,416	(43,361)	2,550	15,482	-	68,478	141,565	5,077	146,642
Total comprehensive income for the period		-	-	64	-	-	(7,063)	(6,999)	423	(6,576)
Accretion in equity interest in a subsidiary ⁽²⁾		-	-	-	-	-	4,956	4,956	(5,426)	(470)
Issuance of shares										
- Exercise of Warrants	B8	1,221	-	-	(348)	-	-	873	-	873
At 30 April 2020		<u>99,637</u>	<u>(43,361)</u>	<u>2,614</u>	<u>15,134</u>	<u>-</u>	<u>66,371</u>	<u>140,395</u>	<u>74</u>	<u>140,469</u>

Note:

- (1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *The accretion of interest in subsidiary arose from the acquisition of the remaining equity interest of 19.83% in a subsidiary company Borneo Technical Co (M) Sdn Bhd, on 8 January 2020 as disclosed in Note A10.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020 ⁽¹⁾

	Current Period-To-Date 31.10.2020 RM'000	Preceding Period-To-Date 31.10.2019 RM'000
Cash Flows for Operating Activities		
Profit before tax	5,099	1,788
Adjustments for:		
Bad debts written off	25	
Net allowance for impairment losses on trade receivables	152	(187)
Depreciation of property, plant and equipment, investment properties and right-of-use assets	2,125	1,400
Interest expense	1,394	1,163
Interest income	(107)	(131)
Inventories written down	1,129	654
Fair value loss on derivative	12	-
Gain on disposal of property, plant and equipment	(608)	(139)
Provision/(Net reversal for provision) of warranty, rebate, commission, advertisement and promotion and others	1,270	-
Net unrealised gain on foreign exchange	(299)	(304)
Operating profit before working capital changes	10,192	4,244
Decrease/(Increase) in inventories	4,811	(4,529)
Decrease in trade and other receivables	(9,897)	(1,670)
Increase/(Decrease) in trade and other payables	5,512	(355)
Cash for operations	10,618	(2,310)
Income tax paid, net of refund	320	299
Net cash from/(for) operating activities	10,938	(2,011)
Cash Flows from/(for) Investing Activities		
Interest income received	107	131
Acquisition of:		
- property, plant and equipment	(124)	(739)
Proceeds from disposal of property, plant and equipment	638	536
Net cash for investing activities	621	(72)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020 ⁽¹⁾ (CONT'D)

	Current Period-To-Date 31.10.2020 RM'000	Preceding Period-To-Date 31.10.2019 RM'000
Cash Flows (for)/from Financing Activities		
Net proceeds from issuance of new shares from:		
- exercise of warrants	1,965	240
Interest paid	(1,394)	(1,163)
Repayment of hire purchase obligations	-	(183)
Repayment of term loans	(287)	(904)
Repayment of revolving credit	-	(6,190)
Repayment of lease liabilities	(922)	
Net drawdown of short-term bank borrowings	(2,511)	6,787
Net cash (for)/from financing activities	<u>(3,149)</u>	<u>(1,413)</u>
Net (decrease)/increase in cash and cash equivalents	8,410	(3,496)
Effects of foreign exchange rates changes	(24)	123
Cash and cash equivalents at beginning of the period	16,180	19,291
Cash and cash equivalents at end of the period	<u>24,566</u>	<u>15,918</u>
Cash and cash equivalents at end of period comprise:		
Fixed deposits with licensed banks	-	3,500
Fixed deposits with maturity period more than 90 days	-	(3,045)
	<u>-</u>	<u>455</u>
Cash and bank balances	24,566	15,463
	<u>24,566</u>	<u>15,918</u>

Note:

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to these interim financial statements.*



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A EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”) and paragraphs 9.22 and 9.40 (Appendix 9B Part A) of the Main Market Listing Requirement (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020.

The 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 Company and its subsidiaries (“the Group”) since the financial year ended 30 April 2020.

The Group has adopted merger accounting method for the preparation of this interim financial statements. The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Audited Financial Statements for the financial year ended 30 April 2020.

During the current financial period, the Group has adopted the following new applicable accounting standards (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9 : Prepayment Features with Negative Compensation

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Effective Date

Amendments to MFRS 3 : Definition of a Business

1 January 2020

Amendments to MFRS 101 and MFRS 108 : Definition of Material

1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

1 January 2020

Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current

1 January 2022

The adoption of the above applicable standards and interpretations is expected to have no material impact on the financial position and performance of the Group.



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A2. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Reports on the financial statements of the Company and its subsidiaries for the financial year ended 30 April 2020 were not qualified.

A3. Seasonality or Cyclical of Operations

The Group's operations and financial results were not significantly affected by any seasonal or cyclical factors during the current financial quarter.

A4. Unusual Items

There were no significant items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence during the current financial quarter.

A5. Changes in Estimates

There were no changes in the estimates that have a material effect on the financial results during the current financial quarter.

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter.

A7. Dividend Paid

No dividend was paid by the Company during the current financial quarter.

A8. Segment Information

The Group is organised into the 3 main reportable segments as follows:-

- Automotive electrical and related parts – involved in the trading and distribution of automotive batteries, lubricants, industrial supplies, electrical parts and components;
- Automotive engine and mechanical parts – involved in the trading and distribution of automotive engine and mechanical parts and components; and
- Others – involved in the investment and property holding and provision of management services.



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A8. Segment Information (Cont'd)

Segmental information of the Group for the financial quarter-to-date ended 31 October 2020 is as follows:

	Automotive electrical and related parts RM'000	Automotive engine and mechanical parts RM'000	Others RM'000	Group RM'000
External revenue	133,146	16,548	209	149,903
Segment results	6,139	35	(824)	5,350
Unallocated expenses				(251)
Profit before tax				5,099

Segmental information of the Group for the financial quarter-to-date ended 31 October 2019 is as follows:

	Automotive electrical and related parts RM'000	Automotive engine and mechanical parts RM'000	Others RM'000	Group RM'000
External revenue	120,539	15,948	595	137,082
Segment results	2,880	(815)	(277)	1,788
Unallocated expenses				-
Profit before tax				1,788

On the basis of geographical segment, segmental information is presented based on the geographical location of customers:

	Current quarter to date 31.10.2020 RM'000	Preceding quarter to date 31.10.2019 RM'000
Revenue		
Malaysia	127,303	116,103
Middle East and Africa	17,562	15,042
Others - outside Malaysia	5,038	5,937
	149,903	137,082

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in one industry, which involves the trading and distribution of automotive parts and components for the passenger and commercial vehicles in the automotive aftermarket segment in Malaysia and overseas.



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A9. Subsequent Material Events

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

A10. Composition of the Group

There were no changes in the composition of the Group in the current financial quarter under review except for the following:

On 8 January 2020, Solid Automotive Berhad acquired the remaining equity interest of 19.83% in a subsidiary company, Borneo Technical Co (M) Sdn Bhd (“Borneo”) for a consideration of RM470,000. Thereafter, Borneo became a wholly owned subsidiary company.

A11. Material Capital Commitments

There are no material capital commitments as at the end of the current financial quarter

A12. Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets as at the end of the current financial quarter.

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A13. Fair Value Information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
31.10.2020								
<u>Financial Liabilities</u>								
Derivative liability:								
- forward currency contracts	-	28	-	-	-	-	28	28
Term loans	-	-	-	-	20,003	-	20,003	20,003
30.04.2020								
<u>Financial Liabilities</u>								
Derivative liability:								
- forward currency contracts	-	16	-	-	-	-	16	16
Term loans	-	-	-	-	20,290	-	20,290	20,290



岩石汽车工业集团

SOLID AUTOMOTIVE BERHAD (1016725-P)

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B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES MALAYSIA BERHAD

B1. Review of Performance

The revenue for the current financial quarter increased to RM76.281 million from RM72.025 million in the corresponding quarter in the preceding year because of the increase in sales for spare parts of motor vehicles and commercial vehicles.

Therefore, the profit after tax for the current financial quarter increased to RM2.117 million compared to RM0.313 million in the corresponding quarter in the preceding year.

The revenue derived from our automotive electrical and related parts accounted for approximately 88.8% of total revenue while automotive engine and mechanical parts and others accounted for approximately 11.0% of total revenue compared to 87.9% and 11.6% respectively in the corresponding quarter in the preceding year.

B2. Variation of Results with the immediate preceding quarter

The revenue for the current financial quarter increased from RM73.622 million in the immediate quarter to RM76.281 million. The increase in revenue is due to higher sales in Middle East and Africa in the current quarter.

The profit before tax for the current financial quarter is RM2.412 million compared to profit before tax of RM0.517 million for the immediate preceding quarter. The increase in the profit before tax is due to higher sales of spare parts from the export market in the current quarter.

B3. Prospects for the Group for the Financial Year ending 30 April 2021

The Malaysian economy is facing immediate and serious challenges due to the Conditional Movement Control Order (“CMCO”) to mitigate and control the Covid-19 pandemic in Malaysia. As a result of the CMCO, the Malaysian economy and in general most businesses, including the automotive industry, will be negatively and severely impacted.

However, the Group will continue to focus on its sales and marketing strategies in both domestic and export market to promote our in-house brands, expand our product range and expand our market presence in overseas countries especially in ASEAN countries. The Group will continue to pursue improvements to enhance our supply chain management, productivity and cost management.

All in all, the Group remains cautiously optimistic in view of the progress shown towards development of the COVID-19 vaccine but do not foresee pre-pandemic performance revival to occur in the short term.

B4. Variance of Profit Forecast

No profit forecast has been issued by the Group previously in any public document.



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B5. Notes to the Statement of Profit or Loss

The profit before tax is arrived at after charging / (crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	6 Months Ended		6 Months Ended	
	31.10.2020	31.10.2019	31.10.2020	31.10.2019
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	25	-	25	-
Depreciation of property, plant and equipment, investment properties and right-of-use assets	683	495	2,125	1,400
Fair value (gain)/(loss) on derivative	(11)	-	12	-
(Gain)/Loss on disposal of property, plant and equipment	(271)	(3)	(608)	(139)
Goodwill impairment loss			-	-
Net allowance/(reversal) for impairment losses on trade receivables	(70)	(187)	152	(142)
Net gain on foreign exchange	(183)	(193)	(299)	(304)
Interest expense	632	663	1,394	1,163
Interest income	(33)	(75)	(107)	(131)
Net provision/(write back) of warranty	484	-	1,270	(1,174)
Inventories written down	719	219	1,129	654

Save as disclosed above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.



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B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	6 Months Ended		6 Months Ended	
	31.10.2020	31.10.2019	31.10.2020	31.10.2019
	RM'000	RM'000	RM'000	RM'000
<u>Income tax</u>				
Current tax - Current	311	204	406	289
- Prior Period	-	-	-	-
Deferred tax - Current	(16)	-	(16)	-
- Prior Period	-	-	-	-
Tax expense	295	204	390	289

The effective tax rate for the current period is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

B7. Status of Corporate Proposals

There were no corporate proposals announced but yet to be completed as at the date of this report.

B8. Share Capital

	As at	As at	As at	As at
	31.10.2020	31.10.2019	31.10.2020	31.10.2019
	Number of shares			
	'000	'000	RM'000	RM'000
Issue And Fully Paid-Up				
Ordinary shares with no Par Value				
At 1 May 2020/2019	396,289	392,131	99,637	98,416
Issued for cash in respect of warrant exercised	9,356	1,141	1,965	240
Transfer from warrant reserve	-	-	781	95
At 30 October 2020/2019	405,645	393,272	102,383	98,751



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B9. Group Borrowings

Total Group borrowings as at 31 October 2020/30 April 2020 were as follows:-

	As at 31.10.2020 RM'000	As at 30.04.2020 RM'000
<u>Current (Secured)</u>		
Denominated in Malaysian Ringgit		
Bankers' acceptances	8,305	13,583
Hire purchase payables	-	-
Term loans	5,982	3,990
Revolving credit	1,500	1,500
Denominated in US Dollars		
Foreign currency loan	14,591	11,181
Revolving credit	-	-
Denominated in Singapore Dollars		
Hire purchase payables	-	-
Term loans	1,262	150
Trust receipts	-	751
	31,640	31,155
<u>Non-current (Secured)</u>		
Denominated in Malaysian Ringgit		
Hire purchase payables	-	-
Term loan	11,147	14,459
Denominated in Singapore Dollars		
Hire purchase payables	-	-
Term loan	1,612	1,691
	12,759	16,150
Total Borrowings	44,399	47,305

B10. Material Litigation

The Group is not engaged in any material litigation neither as plaintiff nor defendant. The Directors are not aware of any proceedings pending against the Group as at the date of this report.

B11. Dividends

No dividend was declared for payment by the Company for the current quarter under review.



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B12. Earnings Per Share

The earnings per share for the current quarter are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	6 Months Ended		6 Months Ended	
	31.10.2020	31.10.2019	31.10.2020	31.10.2019
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company	2,111	313	4,701	1,499
Weighted average number of ordinary share in issue ('000) (basic)	396,289	392,130	396,289	392,130
Effect of conversion of warrants	56,369	51,550	56,369	51,550
Weighted average number of ordinary shares in issue ('000) (diluted)	452,658	443,680	452,658	443,680
Basic Earnings Per Share (sen)	0.53	0.08	1.19	0.38
Diluted Earnings Per Share (sen)	0.47	0.07	1.04	0.33