

Condensed Unaudited Consolidated Statement of Financial Position

As At 31 July 2021

	As at <u>31.07.2021</u> RM'000 (Unaudited)	As at <u>31.01.2021</u> RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	399,118	358,793
Goodwill on consolidation	22	22
Right-of-use assets	13,818	14,019
Total non-current assets	<u>412,958</u>	<u>372,834</u>
Current assets		
Inventories	183,625	120,221
Trade and other receivables	257,610	159,777
Prepayments	11,491	9,202
Derivative financial assets	-	225
Cash and cash equivalents	377,885	124,566
Total current assets	<u>830,611</u>	<u>413,991</u>
TOTAL ASSETS	<u>1,243,569</u>	<u>786,825</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	142,985	142,985
Treasury shares	(4,771)	-
Reserves	754,779	439,188
TOTAL EQUITY	<u>892,993</u>	<u>582,173</u>
Non-current liabilities		
Loans and borrowings	15,169	16,567
Deferred tax liabilities	30,228	28,285
Total non-current liabilities	<u>45,397</u>	<u>44,852</u>
Current liabilities		
Loans and borrowings	62,991	38,382
Trade and other payables	120,224	75,529
Contract liabilities	11,097	25,717
Derivative financial liabilities	344	-
Tax payable	110,523	20,172
Total current liabilities	<u>305,179</u>	<u>159,800</u>
TOTAL LIABILITIES	<u>350,576</u>	<u>204,652</u>
TOTAL EQUITY AND LIABILITIES	<u>1,243,569</u>	<u>786,825</u>
Net assets per share attributable to owners of the company (sen)	154	100

The Condensed Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2021.

Condensed Unaudited Consolidated Statement of Comprehensive Income For the Second Quarter Ended 31 July 2021

	Current Quarter Ended <u>31.07.2021</u> RM'000 (Unaudited)	Corresponding Quarter Ended <u>31.07.2020</u> RM'000 (Unaudited)	Current YTD Ended <u>31.07.2021</u> RM'000 (Unaudited)	Corresponding YTD Ended <u>31.07.2020</u> RM'000 (Unaudited)
Revenue	504,229	197,952	1,045,471	350,859
Cost of sales	(235,433)	(134,446)	(437,774)	(259,099)
Gross profit	268,796	63,506	607,697	91,760
Other income	5,006	29	9,340	798
Selling and marketing expenses	(4,880)	(2,083)	(11,170)	(4,193)
Administrative expenses	(63,692)	(3,873)	(106,804)	(7,486)
Operating profit	205,230	57,579	499,063	80,879
Finance costs	(311)	(693)	(619)	(1,751)
Profit before tax	204,919	56,886	498,444	79,128
Income tax expense	(56,096)	(14,089)	(130,487)	(19,992)
Profit for the period	148,823	42,797	367,957	59,136
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	148,823	42,797	367,957	59,136
Profit attributable to:				
Owners of the Company	148,823	42,797	367,957	59,136
Total comprehensive income attributable to:				
Owners of the Company	148,823	42,797	367,957	59,136
Earnings per ordinary share attributable to owners of the Company (sen) (Note 28)				
- Basic	25.64	7.34	63.39	10.14
- Diluted	25.64	7.34	63.39	10.14

The Condensed Unaudited Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31 January 2021.

Condensed Unaudited Consolidated Statement of Changes in Equity For the Second Quarter Ended 31 July 2021

	← Attributable to Owners of the Company →					
	Share Capital RM'000	Treasury Shares RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
<u>6 Months Ended 31 July 2021</u>						
At 1 February 2021	142,985	-	11,319	19,217	408,652	582,173
Total comprehensive income for the financial period						
Profit for the financial period	-	-	-	-	367,957	367,957
Realisation of revaluation reserve	-	-	-	(338)	338	-
Total comprehensive income	-	-	-	(338)	368,295	367,957
Transactions with owners of the Company						
Shares repurchased	-	(4,771)	-	-	-	(4,771)
Dividends paid on shares	-	-	-	-	(52,366)	(52,366)
Total transactions with owners	-	(4,771)	-	-	(52,366)	(57,137)
At 31 July 2021	142,985	(4,771)	11,319	18,879	724,581	892,993
	Note 26					
<u>6 Months Ended 31 July 2020</u>						
At 1 February 2020	142,985	-	11,319	19,892	136,498	310,694
Total comprehensive income for the financial period						
Profit for the financial period	-	-	-	-	59,136	59,136
Realisation of revaluation reserve	-	-	-	(338)	338	-
Total comprehensive income	-	-	-	(338)	59,474	59,136
Transactions with owners of the Company						
Shares repurchased	-	-	-	-	-	-
Dividends paid on shares	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
At 31 July 2020	142,985	-	11,319	19,554	195,972	369,830

The Condensed Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2021.

Condensed Unaudited Consolidated Statement of Cash Flows For The Period Ended 31 July 2021

	Current YTD Ended 31.07.2021 RM'000 (Unaudited)	Corresponding YTD Ended 31.07.2020 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before taxation	498,444	79,128
Adjustments for:		
Net fair value (gain)/loss on derivatives	569	(180)
Property, plant and equipment		
- (Gain)/loss on disposal	(6)	(222)
- depreciation	16,916	12,751
- written off	1	-
Depreciation of right-of-use asset	200	172
Provision for doubtful debts	2,046	-
Interest expense	619	1,751
Interest income	(853)	(253)
Unrealised (gain)/loss on foreign exchange	(5,188)	-
Operating profit before changes in working capital	512,748	93,147
Changes in working capital:		
Inventories	(63,404)	(68)
Receivables	(94,821)	(35,231)
Payables	29,176	7,379
Net cash generated from operations	383,699	65,227
Income tax paid	(38,194)	(277)
Income tax refund	1	1
Interest received	853	253
Net cash flow generated from operating activities	346,359	65,204
Cash flows from investing activities		
Purchase of property, plant and equipment	(57,240)	(42,727)
Purchase of right of use asset	-	-
Proceeds from disposal of property, plant and equipment	6	225
Net cash flows used in investing activities	(57,234)	(42,502)
Cash flows from financing activities		
Repurchase of treasury shares	(4,771)	-
Net changes in bill payables	24,609	8,656
Net changes in term loan financing	(1,398)	(1,497)
Net changes in lease liability	-	-
Interest paid	(619)	(1,751)
Dividend paid	(52,366)	-
Net cash flows (used in)/from financing activities	(34,545)	5,408
Net changes in cash and cash equivalents	254,580	28,110
Cash and cash equivalents at beginning of the financial year	124,566	34,864
Cash and cash equivalents at end of the financial period	379,146	62,974
Effect of exchange rate changes on cash and cash equivalents	(1,261)	-
	377,885	62,974
Cash and cash equivalents comprise:		
Cash and bank balances	228,769	54,866
Short-term investments	149,116	8,108
	377,885	62,974

The Condensed Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 31 January 2021.

Notes to the unaudited interim financial report

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berthed.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 January 2021. These interim financial statements contain selected explanatory notes which provide explanations of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group.

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 31 January 2021.

The Group have adopted the following new MFRSs, and amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

Amendments to MFRS 3 Business Combinations

The amendments clarify 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.

Basis of preparation (Cont'd)

The Group have adopted the following new MFRSs, and amendments/improvements to MFRSs for the current financial year: (cont'd)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures, and MFRS 16 Leases

The *Interest Rate Benchmark Reform—Phase 2* amends some specific requirements in MFRS 9, MFRS 139, MFRS 7 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provide a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Amendments to MFRS 16 Leases

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022 subject to fulfilment of other conditions.

Basis of preparation (Cont'd)

The Group have adopted the following new MFRSs, and amendments/improvements to MFRSs for the current financial year: (cont'd)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Basis of preparation (Cont'd)

The Group have adopted the following new MFRSs, and amendments/improvements to MFRSs for the current financial year: (cont'd)

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

The Group and the Company are currently assessing the impact of initial application of the above applicable new MFRS, and amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

2. Audit qualifications

The auditors' reports on the financial statements of the Group for the financial year ended 31 January 2021 is not subject to any qualification.

3. Seasonal or cyclical factors

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

4. Unusual items

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

5. Changes in estimates

There were no significant changes in financial estimates reported in prior financial years that would have material impact in the current financial year report.

6. Debts and equity securities

During the first quarter, the Company repurchased 2,506,100 ordinary shares from the open market and are held as treasury shares as disclosed in Note 27. As at the end of the financial year to date, the number of ordinary shares in issue after deducting treasury shares is 580,443,043 ordinary shares.

Other than the above, there were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in the current quarter and financial period ended 31 July 2021.

7. Contingent assets and contingent liabilities

There were no contingent assets and liabilities since the last financial year.

8. Property, plant and equipment

Property, plant and equipment are stated at valuation or cost less accumulated depreciation and impairment losses.

9. Material events

There were no material events that may materially impact the financial results for the current quarter and financial year to date.

10. Changes in composition of the Group

During the financial year-to-date, the Group has incorporated two wholly-owned subsidiaries, known as QMG Manufacturing Sdn Bhd and Fruitful Achievement Sdn Bhd on 2 June 2021 and 22 July 2021 respectively.

The share capital of QMG Manufacturing Sdn Bhd is RM2/- and the number of issued shares is 2 ordinary shares. Subsequently, QMG Manufacturing Sdn Bhd has increased its share capital to RM1,000,000 and the number of issued shares is 1,000,000 ordinary shares.

The share capital of Fruitful Achievement Sdn Bhd is RM2/- and the number of issued shares is 2 ordinary shares.

Both companies intended principal activities are to carry out manufacturing and trading of gloves.

11. Operating segments

The Group's operating segments for the 6 months period ended 31 July 2021:

	Manufacturing	Investment	Trading	Inter-	Total
	RM'000	Holding	& Others	Segment	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Revenue from					
external customers	652,055	-	393,416	-	1,045,471
Inter segment revenue	385,005	600	-	(385,605)	-
Total revenue	<u>1,037,060</u>	<u>600</u>	<u>393,416</u>	<u>(385,605)</u>	<u>1,045,471</u>
Results					
Segment profit/(loss)	511,971	105,833	6,692	(109,175)	515,321
Interest income					853
Interest expense					(619)
Property, plant and equipment					
- depreciation					(16,916)
- gain on disposal					6
- written off					(1)
Depreciation of right-of-use asset					(200)
Profit before tax					<u>498,444</u>
Taxation					<u>(130,487)</u>
Net profit for the period					<u><u>367,957</u></u>

The Group's operating segments for the 6 months period ended 31 July 2020:

	Manufacturing	Investment	Trading	Inter-	Total
	RM'000	Holding	& Others	Segment	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Revenue from					
external customers	290,387	-	60,472	-	350,859
Inter segment revenue	56,517	600	-	(57,117)	-
Total revenue	<u>346,904</u>	<u>600</u>	<u>60,472</u>	<u>(57,117)</u>	<u>350,859</u>
Results					
Segment profit/(loss)	91,441	(299)	2,407	-	93,549
Interest income					253
Interest expense					(1,751)
Property, plant and equipment					
- depreciation					(12,751)
Depreciation of right-of-use asset					(172)
Profit before tax					<u>79,128</u>
Taxation					<u>(19,992)</u>
Net profit for the period					<u><u>59,136</u></u>

12. Review of performance

	2nd Quarter Ended			Year to Date Ended		
	31.07.2021 (2QYE22)	31.07.2020 (2QYE21)	Changes	31.07.2021 (6MFYE22)	31.07.2020 (6MFYE21)	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	504,229	197,952	155%	1,045,471	350,859	198%
Gross profit	268,796	63,506	323%	607,697	91,760	562%
Operating profit	205,230	57,579	256%	499,063	80,879	517%
Profit before tax	204,919	56,886	260%	498,444	79,128	530%
Profit after tax	148,823	42,797	248%	367,957	59,136	522%
Profit attributable to Owners of the Company	148,823	42,797	248%	367,957	59,136	522%
Net profit margin	30%	22%		35%	17%	

2QYE22 vs 2QYE21

For the current quarter ended 31 July 2021 (2QYE22), the Group achieved significantly higher sales revenue of RM504.2 million, increased by RM306.3 million or 155% compared with corresponding quarter in preceding year (2QYE21). The higher sales revenue was mainly due to the increase in Average Selling Price (ASP) and higher sales volume.

The Group achieved profit after tax of RM148.8 million, increased by RM106.0 million or 248% compared with RM42.8 million in corresponding quarter of preceding year (2QYE21). The increase of profit after tax was mainly due to higher sales revenue and better economic of scales that has improved the margin from 22% to 30%, partially offset by the increase in latex price.

6MFYE22 vs 6MFYE21

For the 6 months ended 31 July 2021 (6MFYE22), the Group achieved significantly higher sales revenue of RM1,045.5 million, increased by RM694.6 million or 198% compared with corresponding period in preceding year (6MFYE21). The higher sales revenue was mainly due to the increase in ASP and higher sales volume.

The Group also achieved the significant profit after tax of RM367.9 million, increased by RM308.8 million or 522% compared with RM59.1 million in corresponding period of preceding year (6MFYE21). The profit after tax of RM367.9 million for the 6 months ended 31 July 2021 (6MFYE22) had already exceeded the full year profit for financial year ended 2021 of RM280.2 million by RM87.7 million, or 31%. The increase of profit after tax was mainly due to higher sales revenue attributable to higher ASP as well as higher sales volume and better profit margin.

13. Variation of quarterly results against preceding quarter

	Quarter Ended		Changes %
	31.07.2021 (2QYE22) RM'000	30.04.2021 (1QYE22) RM'000	
Revenue	504,229	541,242	-7%
Gross profit	268,796	338,901	-21%
Operating profit	205,230	293,833	-30%
Profit before tax	204,919	293,525	-30%
Profit after tax	148,823	219,134	-32%
Profit attributable to owners of the Company	148,823	219,134	-32%
Net profit margin	30%	40%	

2QYE22 vs 1QYE22

For the current quarter ended 31 July 2021 (2QYE22), the Group achieved lower sales revenue of RM504.2 million, reduced by RM37.0 million or 7% compared with preceding quarter (1QYE22). The lower sales revenue was mainly due to softening of ASP partly covered by higher sales volume.

The profit after tax of RM148.8 million for the quarter (2QYE22) reduced by RM70.3 million or 32% compared with preceding quarter (1QYE22). Other than the softening of ASP, the lower profit margin was mainly due to provision of staff incentive.

14. Current year prospects

In addition to the completely commissioned four double former dipping lines in last quarter, the commission of the additional seven double former dipping lines is still in progress which are expected to be completed towards the end of financial year ended 31st January 2022. With the fully completed production facility, the Group expects to achieve better economies of scale that will improve the overall profit margin.

The Group expects that the global demand for gloves will continue to rise in long term since the outbreak of COVID-19 pandemic. With the increase of hygiene awareness in various sectors and personal care, the continuous usage and demand for gloves as a protective barrier will increase in the immediate term. In view of the positive outlooks, the Group intends to capitalise on this opportunity to proceed on its ongoing expansion plans. On the other hand, the ASP of gloves is expected to be softening into the next quarter.

Moving forward, the Group remains optimistic towards its long-term prospects and well prepared to capitalise the market opportunities to continue growing and succeed for years to come.

15. Disclosure of COVID-19 related impacts

Our two factories and foreign worker hostels were placed under Enhanced Movement Control Order (EMCO) and closed for two weeks from 6 August 2021 to 19 August 2021. The closure was to allow for mass screening of employees and mandatory quarantine. It was lifted on 20 August 2021 and resume for production as usual.

After EMCO has been lifted, the Group is committed to comply with government's Standard Operating Procedures ("SOPs") on more stringent basis. The Group is committed to implement a series of prevention and control measures to protect our employees from exposure to and infection with COVID-19 including the followings:

- Achieved more than 95% vaccination rate for all workers as at the date of this announcement.
- Massive COVID-19 swab tests and health screening from staff & workers from various departments as per government latest SOPs.
- Frequent disinfection and deep sanitisation of all its manufacturing facilities and worker dormitories.
- To install additional monitoring system to monitor the movement of workers within factories and hostel.

To support for Government's initiative to increase the immunisation rate among Malaysian workforce in manufacturing sectors, the Group has started the immunisation program aimed at employees through the Public-Private Partnership COVID-19 Industry Immunisation Program (PIKAS) with the support of Ministry of International Trade and Industry (MITI). The implementation of PIKAS is crucial to ensure that our employees' wellbeing is safeguarded with safe working conditions. The Group always believe that the health and welfare of our employees are our top priority.

16. Profit forecast or profit guarantee

The Group did not publish any profit forecast or issue any profit guarantee during the reporting year.

17. Profit before taxation

This was arrived at after crediting/(charging):

	3 months ended 31.07.2021 RM'000	3 months ended 31.07.2020 RM'000	YTD ended 31.07.2021 RM'000	YTD ended 31.07.2020 RM'000
Interest income	550	161	853	253
Interest expense	(311)	(693)	(619)	(1,751)
Depreciation on property, plant and equipment	(8,747)	(6,443)	(16,916)	(12,751)
Depreciation of right-of-use asset	(100)	(86)	(200)	(172)
Gain/(loss) on Foreign Exchange:				
- realised	2,215	(297)	3,857	95
- unrealised	2,864	(184)	5,188	48
Fair value gain/(loss) on derivatives	(629)	131	(569)	180
Property, plant and equipment written off	(1)	-	(1)	-
Gain/(Loss) on disposal of plant and equipment	3	222	6	222
Provision for doubtful debts	(2,046)	-	(2,046)	-

18. Capital Commitments

As at 31 July 2021, the Group has the below capital commitments:

	YTD Ended 31.07.2021 RM'000
Property, plant and equipment	
- approved and contracted for	35,222
- approved but not contracted for	-
	<u>35,222</u>

The capital commitments were in relation to the construction of additional production lines in addition to auxiliary and ancillary equipment.

19. Taxation

	YTD Ended 31.07.2021 RM'000	YTD Ended 31.01.2021 RM'000
Deferred taxation	(1,943)	(4,068)
Taxation	<u>(128,544)</u>	<u>(79,026)</u>
	<u><u>(130,487)</u></u>	<u><u>(83,094)</u></u>

20. Derivative financial assets

	Year Ended 31.07.2021		Year Ended 31.01.2021	
	Contract Amount RM'000	Assets/(Liabilities) RM'000	Contract Amount RM'000	Assets/(Liabilities) RM'000
Non-hedging derivative:				
Forward exchange contracts	<u>67,143</u>	<u>(344)</u>	<u>49,226</u>	<u>225</u>

The Group use forward exchange contracts to manage some of the foreign currency exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's sales denominated in USD. The forward exchange contracts have maturities of not more than 6 months.

During the financial period, the Group recognised a loss of RM569 thousand arising from fair value changes of derivative. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

21. Quoted investment

There were no purchases or sales of quoted securities for the current financial year.

22. Status of corporate proposal announced

On 18 May 2021, the Group had approved the proposals detailed as follows:-

i. Issuance of Warrants

The issuance of up to 174,132,762 Warrants on the basis of 3 Warrants for every 10 existing Ordinary Shares held in Comfort.

The issuance had been completed following the listing of and quotation for 174,132,762 Warrant B on the Main Market of Bursa Securities on 6 July 2021. The exercise price was fixed at RM2.30 with a 5-years conversion period expiring on 26 June 2026.

ii. Employees' Shares Scheme ("ESS")

The establishment of an ESS of up to fifteen percent (15%) of the issued and paid-up share capital of Comfort (excluding treasury shares) at any point in time during the duration of the scheme.

The ESS was effective on 2nd July 2021 following the lodgement of the by-laws with Bursa Securities.

23. Borrowings

The Group have the following borrowings as at 31 July 2021:

	YTD Ended 31.07.2021 RM'000	YTD Ended 31.01.2021 RM'000
Non current:		
Secured		
- Term Loan (RM denominated)	14,153	15,551
- Lease liability	1,016	1,016
	<u>15,169</u>	<u>16,567</u>
Current:		
Secured		
- Bill payables (USD denominated)	43,814	23,194
- Bill payables (RM denominated)	16,367	12,378
- Term Loan (RM denominated)	2,796	2,796
- Lease liability	14	14
	<u>62,991</u>	<u>38,382</u>
	<u><u>78,160</u></u>	<u><u>54,949</u></u>

24. Material litigation

The Group was not aware of any material litigation that may have significant impact to the Group's profit.

25. Dividends

Record of dividends paid:

Financial Year	Net Dividend per share (sen)	Total Dividend (RM)
Q1FY2022	4.00	23,217,722
2021	6.50	37,891,696
2019	1.50	8,744,238
2018	1.00	5,619,491

During the financial year, the Group had paid the following dividend for the financial year ended 31 January 2021:-

- A single tier interim dividend of 1.50 sen per ordinary share, amounting to RM8.74 million; and
- Special dividend of 3.50 sen per ordinary share, amounting to RM20.4 million.

The dividends were declared on 15 Mar 2021 and subsequently paid on 13 Apr 2021.

During the preceding quarter Q1FY2022, the Group had also paid a single tier interim dividend of 4.00 sen per ordinary share for the financial year ended 31 January 2022. The dividend was declared on 21 June 2021 and subsequently paid on 22 July 2021.

A single tier interim dividend of 2.00 sen per ordinary share for current financial quarter Q2FY2022, in respect of financial year ended 31 January 2022 has been recommended by the Directors. The proposed dividend is payable on 22 October 2021 to depositors who is registered in the Record of Depositors at the close of business on 8 October 2021.

26. Share Capital

The Group's share capital as at 31 July 2021 is as follow:

	YTD Ended 31.07.2021	
	No. of shares Unit' 000	RM'000
Issued and fully paid: - At 1 Feb 2021 / 31 July 2021	582,949	142,985

27. Treasury Shares

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company.

In last quarter, out of the total 582,949,143 issued and fully paid ordinary shares, the Company repurchased 2,506,100 shares from the open market at an average price of RM1.90 per share. The total consideration paid including transaction costs was RM4.77 million, which was financed by internally generated funds.

At 31 July 2021, the Company's treasury shares are held at a carrying amount of RM4,771,408.

There was no cancellation or distribution of treasury shares during the financial period.

28. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share are based on the profit for the financial period or year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period or year, calculated as follows:

	3 months ended 31.07.2021	3 months ended 31.07.2020	YTD ended 31.07.2021	YTD ended 31.07.2020
Profit attributable to owners of the Company (RM'000)	148,823	42,797	367,957	59,136
Weighted average number of ordinary shares for basic earnings per share ('000)	580,443	582,949	580,443	582,949
Basic earnings per ordinary share (sen)	25.64	7.34	63.39	10.14

28. Earnings Per Share (Cont'd)**(b) Diluted earnings per share**

Diluted earnings per share are based on the profit for the financial period or year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share.

Diluted earnings per share calculated as follows:

	3 months ended 31.07.2021	3 months ended 31.07.2020	YTD ended 31.07.2021	YTD ended 31.07.2020
Profit attributable to owners of the Company (RM'000)	148,823	42,797	367,957	59,136
Weighted average number of ordinary shares for basic earnings per share ('000)	580,443	582,949	580,443	582,949
Effect of dilution from: - Share options ('000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	580,443	582,949	580,443	582,949
Diluted earnings per ordinary share (sen)	25.64	7.34	63.39	10.14