

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	Changes		31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	Changes	
			RM'000	%			RM'000	%
Revenue	51,633	69,367	(17,734)	(25.6%)	51,633	69,367	(17,734)	(25.6%)
Results from operating activities	2,869	7,970	(5,101)	(64.0%)	2,869	7,970	(5,101)	(64.0%)
Finance costs	(365)	(257)	108	42.0%	(365)	(257)	108	42.0%
Finance income	33	41	(8)	(19.5%)	33	41	(8)	(19.5%)
Net finance costs	(332)	(216)	116	53.7%	(332)	(216)	116	53.7%
Share of (loss) / profit of equity-accounted joint venture, net of tax	(76)	201	(277)	(137.8%)	(76)	201	(277)	(137.8%)
Profit before tax	2,461	7,955	(5,494)	(69.1%)	2,461	7,955	(5,494)	(69.1%)
Tax expense	(1,057)	(1,440)	(383)	(26.6%)	(1,057)	(1,440)	(383)	(26.6%)
Profit for the period	1,404	6,515	(5,111)	(78.4%)	1,404	6,515	(5,111)	(78.4%)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	Changes		31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	Changes	
			RM'000	%			RM'000	%
Other comprehensive income, net of tax								
Foreign currency translation differences								
for foreign operations	33	(235)	268	114.0%	33	(235)	268	114.0%
Cash flow hedge	171	-	171	100.0%	171	-	171	100.0%
Total other comprehensive income / (expense) for the period	<u>204</u>	<u>(235)</u>	439	186.8%	<u>204</u>	<u>(235)</u>	439	186.8%
Total comprehensive income for the period	<u>1,608</u>	<u>6,280</u>	(4,672)	(74.4%)	<u>1,608</u>	<u>6,280</u>	(4,672)	(74.4%)
Profit attributable to:								
Owners of the Company	1,638	6,503	(4,865)	(74.8%)	1,638	6,503	(4,865)	(74.8%)
Non-controlling interests	(234)	12	(246)	(2050.0%)	(234)	12	(246)	(2050.0%)
	<u>1,404</u>	<u>6,515</u>	(5,111)	(78.4%)	<u>1,404</u>	<u>6,515</u>	(5,111)	(78.4%)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(The figures have not been audited)

	Individual Financial Quarter Ended		Changes		Cumulative Financial Quarter Ended		Changes	
	31.12.2018	31.12.2017			31.12.2018	31.12.2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
		(Restated)				(Restated)		
Total comprehensive income attributable to:								
Owners of the Company	1,839	6,291	(4,452)	(70.8%)	1,839	6,291	(4,452)	(70.8%)
Non-controlling interests	(231)	(11)	220	2000.0%	(231)	(11)	220	2000.0%
	<u>1,608</u>	<u>6,280</u>	<u>(4,672)</u>	<u>(74.4%)</u>	<u>1,608</u>	<u>6,280</u>	<u>(4,672)</u>	<u>(74.4%)</u>
Earnings per share:								
- Basic (sen)	<u>1.26</u>	<u>5.00</u>			<u>1.26</u>	<u>5.00</u>		
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>			<u>N/A</u>	<u>N/A</u>		

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(The figures have not been audited)

	Individual Financial Quarter Ended		Changes	
	31.12.2018	30.09.2018	RM'000	%
	RM'000	RM'000		
		(Restated)		
Revenue	51,633	61,158	(9,525)	(15.6%)
Results from operating activities	2,869	5,334	(2,465)	(46.2%)
Finance costs	(365)	(200)	165	82.5%
Finance income	33	141	(108)	(76.6%)
Net finance costs	(332)	(59)	273	462.7%
Share of (loss) / profit of equity-accounted joint venture, net of tax	(76)	19	(95)	(500.0%)
Profit before tax	2,461	5,294	(2,833)	(53.5%)
Tax expense	(1,057)	(1,595)	(538)	(33.7%)
Profit for the period	1,404	3,699	(2,295)	(62.0%)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	33	191	(158)	(82.7%)
Cash flow hedge	171	(639)	810	126.8%
Total other comprehensive income / (expense) for the period	204	(448)	652	145.5%
Total comprehensive income for the period	1,608	3,251	(1,643)	(50.5%)
Profit attributable to:				
Owners of the Company	1,638	3,677	(2,039)	(55.5%)
Non-controlling interests	(234)	22	(256)	(1163.6%)
	1,404	3,699	(2,295)	(62.0%)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(The figures have not been audited)

	Individual Financial Quarter Ended		Changes	
	31.12.2018	30.09.2018	RM'000	%
	RM'000	RM'000		
		(Restated)		
Total comprehensive income attributable to:				
Owners of the Company	1,839	3,210	(1,371)	(42.7%)
Non-controlling interests	(231)	41	(272)	(663.4%)
	<u>1,608</u>	<u>3,251</u>	<u>(1,643)</u>	<u>(50.5%)</u>
Earnings per share:				
- Basic (sen)	<u>1.26</u>	<u>2.83</u>		
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>		

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(The figures have not been audited)

	Note	31.12.2018 RM'000 (Unaudited)	30.09.2018 RM'000 (Restated)	01.10.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		28,531	25,522	23,702
Intangible assets		2,487	2,037	2,677
Investment properties		4,303	3,929	3,718
Investment in joint venture		927	1,003	702
Other investments		10	10	10
Deferred tax assets		6,521	6,511	4,783
Total non-current assets		42,779	39,012	35,592
Current assets				
Inventories		42,187	41,233	43,936
Contract assets		34,793	33,845	31,945
Trade and other receivables		60,286	60,685	67,188
Current tax assets		2,636	829	1,956
Deposits and prepayments		4,584	3,999	2,624
Derivative financial assets		65	97	3
Cash and cash equivalents		64,139	55,424	45,087
Total current assets		208,690	196,112	192,739
TOTAL ASSETS		<u>251,469</u>	<u>235,124</u>	<u>228,331</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		69,302	69,302	69,302
Reserves		93,773	91,934	84,581
Total equity attributable to owners of the Company		163,075	161,236	153,883
Non-controlling interests		1,462	1,693	1,332
TOTAL EQUITY		<u>164,537</u>	<u>162,929</u>	<u>155,215</u>

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
(The figures have not been audited)

	Note	31.12.2018 RM'000 (Unaudited)	30.09.2018 RM'000 (Restated)	01.10.2017 RM'000 (Restated)
EQUITY AND LIABILITIES (continued)				
Non-current liabilities				
Loans and borrowings		6,688	6,584	7,287
Deferred tax liabilities		286	182	338
Total non-current liabilities		6,974	6,766	7,625
Current liabilities				
Loans and borrowings		17,760	8,438	9,993
Provision for warranties		1,112	899	1,006
Current tax payable		1,673	939	759
Trade and other payables		44,688	51,494	46,114
Contract liabilities		14,624	1,358	7,326
Derivative financial liabilities		101	2,301	293
Total current liabilities		79,958	65,429	65,491
TOTAL LIABILITIES		86,932	72,195	73,116
TOTAL EQUITY AND LIABILITIES		251,469	235,124	228,331
Net assets per share attributable to equity holders of the Company (RM)		1.26	1.25	1.19

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >							
	< ----- Non-Distributable ----- >				Distributable			
<u>Period Ended 31 December 2018</u>	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 October 2018, <i>as previously reported</i>	69,302	(5)	923	(1,407)	97,526	166,339	1,693	168,032
Adjustment on initial application of MFRS 15, net of tax	-	-	-	-	(3,948)	(3,948)	-	(3,948)
Adjustment on initial application of MFRS 9, net of tax	-	-	-	-	(1,155)	(1,155)	-	(1,155)
At 1 October 2018, <i>restated</i>	69,302	(5)	923	(1,407)	92,423	161,236	1,693	162,929
Foreign currency translation differences for foreign operation	-	-	30	-	-	30	3	33
Cash flow hedge	-	-	-	171	-	171	-	171
Profit for the year	-	-	-	-	1,638	1,638	(234)	1,404
Total comprehensive income for the period	-	-	30	171	1,638	1,839	(231)	1,608
Dividend to owners of the Company	-	-	-	-	-	-	-	-
Dividends to non-controlling interest	-	-	-	-	-	-	-	-
At 31 December 2018	69,302	(5)	953	(1,236)	94,061	163,075	1,462	164,537

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >							
	< ----- Non-Distributable ----- >			Distributable				
<u>Period Ended 31 December 2017</u>	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 October 2017, <i>as previously reported</i>	69,302	(5)	1,154	-	86,541	156,992	1,332	158,324
Adjustment on initial application of MFRS 15, net of tax	-	-	-	-	(3,109)	(3,109)	-	(3,109)
At 1 October 2017, <i>restated</i>	69,302	(5)	1,154	-	83,432	153,883	1,332	155,215
Foreign currency translation differences for foreign operation	-	-	(212)	-	-	(212)	(23)	(235)
Profit for the year	-	-	-	-	6,503	6,503	12	6,515
Total comprehensive income for the period	-	-	(212)	-	6,503	6,291	(11)	6,280
Dividend to owners of the Company	-	-	-	-	-	-	(13)	(13)
At 31 December 2017, <i>restated</i>	69,302	(5)	942	-	89,935	160,174	1,308	161,482

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	3 Months Period Ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,461	7,955
Adjustments for:		
Amortisation of investment properties	7	7
Amortisation of development costs	33	41
Reversal of foreseeable losses	(14)	(51)
Provision for warranties-net	213	13
Reversal of liquidated and ascertained damages	(32)	(62)
Depreciation of property, plant and equipment	475	463
Fair value (gain) / loss on forward exchange contracts	(2,349)	664
Finance costs	957	257
Finance income	(625)	(41)
Share of loss / (profit) of equity-accounted joint venture, net of tax	76	(201)
Unrealised foreign exchange gain	(19)	(160)
Operating profit before changes in working capital	1,183	8,885
Changes in working capital:		
Inventories	(951)	4,544
Trade and other receivables, deposits and prepayments	1,717	(12,472)
Trade and other payables and deferred income	3,749	9,385
Warranties paid	-	(46)
Cash generated from operations	5,698	10,296
Income taxes paid	(2,077)	(1,567)
Interest paid	(648)	(61)
Interest received	625	41
Net cash generated from operating activities	3,598	8,709
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(3,489)	(119)
Net cash used in investing activity	(3,489)	(119)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
(The figures have not been audited)

	3 Months Period Ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	-	(13)
Proceeds from / (Repayment of) loans and borrowings	8,733	(1,245)
Repayment of finance lease liabilities	(95)	(95)
Interest paid	(309)	(196)
Net cash generated from / (used in) financing activities	8,329	(1,549)
Net increase in cash and cash equivalents	8,438	7,041
Foreign exchange differences on cash held	(131)	(243)
Cash and cash equivalents at beginning of the financial year	55,134	44,043
Cash and cash equivalents at end of the financial year	63,441	50,841
Cash and cash equivalents included in the statements of cash flows comprise:-		
Deposits	-	4,500
Cash and bank balances	39,445	34,825
Liquid investments	24,694	12,516
Bank overdrafts	(698)	(1,000)
	63,441	50,841

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”)

A1. Basis of Preparation

The unaudited interim financial statements for the period ending 31 December 2018, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 30 September 2018. The explanatory notes attached to 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 Group since the year ended 30 September 2018.

The accounting policies applied by the Group in these interim financial statements are consistent with the audited financial statement for the financial year ended 30 September 2018, except for the adoption of the following:-

MFRSs, interpretation and amendments effective for annual periods beginning on or after 1 January 2019

- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvement to MFRS Standards 2015-2017 cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A1. Basis of Preparation (Cont’d)

Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

- i. revenue recognition;
- ii. financial instruments; and
- iii. impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from changes are disclosed in note B13.

A2. Auditors’ Report on Preceding Annual Financial Statements

There was no qualification in the audit report of the preceding annual financial statements.

A3. Seasonality or Cyclical Factors

Save for certain business activities which are project based, our Group does not experience any material seasonality.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the current financial quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5. Nature and Amount of Changes in Estimates

There were no material changes in estimates during the financial quarter under review.

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A6. Debts and Securities

There were no issuances, cancellations, repurchases and repayments of debt and equity securities for the current financial quarter under review.

Details of treasury shares held:-

	No. of Shares	Amount RM
Balance as at 1 October 2018 / 31 December 2018	4,000	5,050

A7. Dividends Paid and Distributed

During the quarter under review, no dividend was declared and paid.

A8. Segmental Information

Segmental information in respect of the Group’s business activities for the financial year to date ended 31 December 2018.

	Revenue RM’000	Profit before Tax RM’000
Marketing and Distribution	17,038	879
Manufacturing	21,216	(292)
Services	9,915	2,596
High Voltage System	3,464	(722)
Reportable segment	<u>51,633</u>	<u>2,461</u>

A9. Subsequent Material Event

There was no material event subsequent to the end of current financial quarter that has not been reflected in the financial statements.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A11. Capital Commitments

Outstanding commitments in respects of capital expenditure for the Group at reporting date not provided for in the financial statements are:

	RM’000
Balance purchase consideration on acquisition of property, plant and equipment	<u>15,193</u>

A12. Changes in Contingent Liabilities

Corporate guarantee given by the Company to secure banking facilities granted to subsidiaries:

	RM’000
At 1 October 2018	282,721
Increase in borrowing facilities	<u>5,000</u>
At 31 December 2018	<u>287,721</u>

Performance guarantee given by subsidiaries for performance of contracts issued to third parties:

	RM’000
At 1 October 2018	27,208
Addition	<u>7,777</u>
31 December 2018	<u>34,985</u>

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A13. Significant Related Party Transactions

The Group has the following significant transactions with the related parties during the financial quarter under review:

Company	Relationship
CTL Automation Sdn Bhd (“CTL”)	A company in which two (2) of the directors and substantial shareholders are the brother and sister-in-law of the Executive Director, Mr. Lim Joo Swee respectively.
QL Foods Sdn Bhd (“QLF”)	A company in which a director and substantial shareholder is also the Non-Independent Non-Executive Director of EITA.
Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)	A 50% joint venture company of EITA-Schneider (Mfg) Sdn Bhd (“ESM”) in which two (2) of the directors are the Executive Directors of EITA, the holding company of ESM.
UMW Industrial Power Services Sdn Bhd (“UMWIPS”) F.K.A UMW Synergistic Generation Sdn Bhd (“UMW”)	Our Independent Non-Executive Chairman who is also a Director of UMW Holdings Berhad, the holding company of UMWIPS.

	Cumulative Financial Quarter Ended	
	31.12.2018 RM’000	31.12.2017 RM’000
<u>CTL Automation Sdn Bhd (“CTL”)</u>		
- Repairs and purchase of elevators parts	(163)	(253)
- Sales of electrical equipment	14	20
<u>QL Foods Sdn Bhd (“QLF”)</u>		
- Sales of electrical equipment	38	52
<u>Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)</u>		
- Sales of elevator controllers and components, provision of management services and rental	40	43
- Purchase of elevator controllers	(956)	(2,057)
<u>UMW Industrial Power Services Sdn Bhd (“UMWIPS”)</u>		
- Sales of power equipments	(10)	285

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B)

B1. Review of Performance for the Current Financial Quarter and Financial Year To-Date

	Individual Financial Quarter Ended			Cumulative Financial Quarter Ended		
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	% change	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	% change
Revenue						
Marketing and						
Distribution	17,038	22,018	(22.6%)	17,038	22,018	(22.6%)
Manufacturing	21,216	35,842	(40.8%)	21,216	35,842	(40.8%)
Services	9,915	7,850	26.3%	9,915	7,850	26.3%
High Voltage System	3,464	3,657	(5.3%)	3,464	3,657	(5.3%)
Total	<u>51,633</u>	<u>69,367</u>	(25.6%)	<u>51,633</u>	<u>69,367</u>	(25.6%)
Profit before Tax ("PBT") / (Loss) before Tax ("LBT")						
Marketing and						
Distribution	879	2,173	(59.5%)	879	2,173	(59.5%)
Manufacturing	(292)	2,237	(113.1%)	(292)	2,237	(113.1%)
Services	2,596	3,671	(29.3%)	2,596	3,671	(29.3%)
High Voltage System	(722)	(126)	473.0%	(722)	(126)	473.0%
Total	<u>2,461</u>	<u>7,955</u>	(69.1%)	<u>2,461</u>	<u>7,955</u>	(69.1%)

The total revenue of the Group for the current quarter decreased by RM17.7 million or 25.6% as compared to the preceding year corresponding quarter mainly due to lower revenue from Marketing and Distribution and Manufacturing segments.

The total PBT of the Group for the current quarter decreased by RM5.5 million or 69.1% corresponding with lower revenue and partly due to provision for allowance for doubtful debts and net foreign exchange loss. However, this was partially offset with unrealised foreign exchange gain on the fair value valuation of the forward exchange contracts.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS
(APPENDIX 9B) (continued)**

**B1. Review of Performance for the Current Financial Quarter and Financial Year To-Date
(Cont'd)**

(i) Marketing and Distribution Segment

Current quarter revenue decreased by RM5.0 million or 22.6% mainly due to lower demand for electrical and electronics (“E&E”) components.

Current quarter PBT decreased by RM1.3 million or 59.5% corresponding to the lower revenue, provision for stock loss and allowance for doubtful debts.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM14.6 million or 40.8% mainly due to lower execution of elevator projects and lower revenue from Busduct.

Current quarter reported LBT of RM0.3 million compared against preceding corresponding quarter PBT of RM2.2 million mainly due to lower revenue, net foreign exchange loss and provision for allowance for doubtful debts. However, this was partially offset with unrealised foreign exchange gain on the fair value valuation of the forward exchange contracts.

(iii) Service Segment

Current quarter revenue increased by RM2.1 million or 26.3% mainly due to higher elevator maintenance contract and repair sales.

Current quarter PBT however decreased by RM1.1 million or 29.3% mainly due to higher administrative expenses and provision for allowance for doubtful debts.

(iv) High Voltage System Segment

Current quarter revenue decreased by RM0.2 million or 5.3% mainly due to lower execution of Transmission Sub-station projects.

Current quarter LBT of RM0.7 million compared against preceding corresponding quarter LBT of RM0.1 million mainly due to higher administrative expenses to support the increased order book.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B2. Review of Current Financial Quarter Performance against Preceding Quarter

	Individual Financial Quarter Ended		% change
	31.12.2018 RM'000	30.09.2018 RM'000 (Restated)	
Revenue			
Marketing and Distribution	17,038	23,083	(26.2%)
Manufacturing	21,216	23,138	(8.3%)
Services	9,915	9,374	5.8%
High Voltage System	3,464	5,563	(37.7%)
Total	<u>51,633</u>	<u>61,158</u>	(15.6%)
Profit before Tax ("PBT") / (Loss) before Tax ("LBT")			
Marketing and Distribution	879	3,541	(75.2%)
Manufacturing	(292)	(2,653)	89.0%
Services	2,596	4,253	(39.0%)
High Voltage System	(722)	153	(571.9%)
Total	<u>2,461</u>	<u>5,294</u>	(53.5%)

The total revenue of the Group for the current quarter decreased by RM9.5 million or 15.6% against preceding quarter mainly due to lower revenue from Marketing and Distribution, Manufacturing and High Voltage System segments.

The total PBT of the Group for the current quarter decreased by RM2.8 million or 53.5% corresponding with lower revenue recorded and partly due to provision for allowance for doubtful debts and net foreign exchange loss. However, this was partially offset with unrealised foreign exchange gain on the fair value valuation of the forward exchange contracts.

(i) Marketing and Distribution Segment

Current quarter revenue decreased by RM6.0 million or 26.2% due to lower demand for E&E components.

Current quarter PBT decreased by RM2.7 million or 75.2% due to provision for stock loss and allowance for doubtful debts.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM1.9 million or 8.3% mainly due to lower sales from Busduct.

Current quarter LBT of RM0.3 million compared against preceding quarter LBT of RM2.7 million mainly due to unrealised foreign exchange gain on the fair value valuation of the forward exchange contracts.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B2. Review of Current Financial Quarter Performance against Preceding Quarter (Cont'd)

(iii) Services Segment

Current quarter revenue increased by RM0.5 million or 5.8% mainly due to higher elevator maintenance contract and repair sales.

Current quarter PBT however decreased by RM1.7 million or 39.0% mainly due to provision for allowance for doubtful debts and provision for stock loss.

(iv) High Voltage System Segment

Current quarter revenue decreased by RM2.1 million or 37.7% mainly due to lower execution of Transmission Sub-station projects.

Current quarter LBT of RM0.7 million compared against preceding quarter PBT of RM0.2 million for the same reason.

B3. Commentary on Prospects

The general business environment of the Group remains challenging. Nevertheless, with the current order book and ongoing projects in hand, the Board of Directors ("the Board") of the Company expects to deliver satisfactory results for this financial year.

B4. Profit Forecast

Profit forecast was not provided.

B5. Tax Expense

	Individual Financial Quarter Ended 31.12.2018 RM'000	Cumulative Financial Quarter Ended 31.12.2018 RM'000
Current tax expense		
- current period	1,097	1,097
- prior period	299	299
	1,396	1,396
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	(370)	(370)
- prior period	31	31
	(339)	(339)
Total current tax recognised in profit or loss	1,057	1,057
Share of tax of equity-accounted joint venture	(18)	(18)
Total tax expense	1,039	1,039

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B6. Status of Corporate Proposals Announced

(a) Status of Corporate Proposal Announced but Not Completed

There were no corporate proposals announced but not completed as at the date of this report.

(b) Utilisation of Proceeds Raised From Corporate Exercise

The proceeds raised from the Company's Initial Public Offering was RM17.5 million and the status of utilisation of proceeds as at 31 December 2018 is as follows:-

Description of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Re-allocation RM'000	Balance RM'000	Intended Time Frame for Utilisation upon listing on 9 April 2012
(i) Expansion and improvements of manufacturing and business facilities	8,851	(8,851)	-	-*	Within 72 months
(ii) Expansion in R&D	3,750	(3,750)	-	-	Within 72 months
(iii) Working capital	2,079	(2,127)	48	-	Within 12 months
(iv) Estimated listing expenses	2,800	(2,752)	(48)	-	Immediate
Total Public Issue Proceeds	17,480	(17,480)	-	-	

Note:

* On 7 March 2014 and 8 March 2016, the Board had resolved to approve the extension of time for the utilisation of the remaining IPO proceeds for the expansion and improvements of manufacturing and business facilities and the expansion in research & development until 9 April 2016 and 9 April 2018 respectively. However, the said proceeds was not fully utilised for the intended purpose within the extended time frame.

On 3 April 2018, the Board had resolved to further extend the time frame for the utilisation of the remaining IPO proceeds for another 24 months until 9 April 2020.

The main reason for the revision of time is due to the delayed delivery of the vacant possession of the land purchased for the purpose of the expansion of the elevators manufacturing facility of the Group.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B7. Group Borrowings

	As at 31.12.2018		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	682	367	1,049
Term Loan	6,006	952	6,958
Unsecured			
Banker's acceptance	-	10,043	10,043
Bank overdrafts	-	698	698
Revolving Credit	-	5,700	5,700
	6,688	17,760	24,448

	As at 31.12.2017		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	591	317	908
Term Loan	6,375	989	7,364
Unsecured			
Banker's acceptance	-	6,622	6,622
Bank overdrafts	-	1,000	1,000
	6,966	8,928	15,894

B8. Change in Material Litigations

There were no outstanding material litigations as at the date of this report.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B9. Proposed Dividends

The Board of Directors had proposed a final single tier dividend of 3.0 sen per ordinary share, totaling RM3.9 million, for the financial year ended 30 September 2018 (2017: 3.0 sen). The proposed dividend has been approved by the shareholders at the Twenty-Third Annual General Meeting of the Company held on 27 February 2019.

B10. Earnings per Ordinary Share

(a) Basic earnings per ordinary share ("EPS")

The calculation of EPS was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the financial period calculated as follows:

	Individual Financial Quarter Ended		Year-to-date Ended	
	31.12.2018	31.12.2017 (restated)	31.12.2018	31.12.2017 (restated)
Profit for the period attributable to owners (RM'000)	1,638	6,503	1,638	6,503
Weighted average number of ordinary shares in issue ('000)*	129,996	129,996	129,996	129,996
Basic EPS (sen)	<u>1.26</u>	<u>5.00</u>	<u>1.26</u>	<u>5.00</u>

Note:

* The weighted average number of ordinary shares outstanding during 31 December 2018 excluding treasury shares held by the Company.

(b) Diluted EPS

The Group did not issue any financial instruments, convertible securities and / or other contracts that may entitle its holders to new ordinary shares and therefore dilute its basic earnings per share.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)
B11. Financial Instruments

Outstanding derivatives as at 31 December 2018 is as follow:

Type of derivatives	Contract / Notional Value RM'000	Fair Value RM'000
Less than 1 year:-		
Forward exchange contract	105,772	(36)

There are no changes to policies related to financial instruments since last financial year.

B12. Notes to Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Individual Financial Quarter Ended		Year-to-date Ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Profit for the period is arrived after charging / (crediting):				
Depreciation and amortisation	515	511	515	511
Provision for / (Reversal of) allowance for doubtful debts	1,275	(259)	1,275	(259)
Inventories written down to net realisable value	298	440	298	440
Foreign exchange loss, net	718	76	718	76
Reversal of foreseeable loss	(14)	(51)	(14)	(51)
Fair value (gain) / loss on forward exchange contracts	(844)	664	(844)	664
Provision for warranties-net	(5)	8	(5)	8

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B13. Comparatives

During the year, the Group adopted MFRS 9, *Financial Instruments* and MFRS15, *Revenue from Contracts with Customers* on their financial statements. The Group generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group has elected not to restate the comparatives.

(a) Effect of adopting MFRS 9

MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward-looking “expected credit loss” (“ECL”) model. This requires considerable judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis. Under MFRS 9, credit losses are recognised earlier than under MFRS 139.

The new impairment model is applied to financial assets measured at amortised cost and contract assets.

The Group measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to the lifetime expected credit loss.

(b) Effect of adopting MFRS 15

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The contracts with customers of certain subsidiaries contain multiple performance obligations in the context of MFRS 15. The timing of revenue recognition for respective performance obligations has been changed in accordance with the recognition criteria set out in MFRS 15.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B13. Comparatives (Cont'd)

Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's financial results for the period ended 31 December 2017:-

	As previously reported	Effect of adoption MFRS 15	As restated
(RM'000)			
Revenue	70,113	(746)	69,367
Results from operating activities	8,716	(746)	7,970
Profit before tax	8,701	(746)	7,955
Profit after tax	7,082	(567)	6,515

Below is a summary of the MFRS 15 adjustments on certain key financial metrics from our Consolidated Statements of Financial Position as at 1 October 2017 and 30 September 2018.

	As previously reported	Effect of adoption		Restated At 30 September 2018
(RM'000)		MFRS 9	MFRS 15	
Total assets	240,227	(1,155)	(3,948)	235,124
Total liabilities	72,195	-	-	72,195
Shareholders' equity	168,032	(1,155)	(3,948)	162,929

	As previously reported	Effect of adoption		Restated At 1 October 2017
(RM'000)		MFRS 9	MFRS 15	
Total assets	231,440	-	(3,109)	228,331
Total liabilities	73,116	-	-	73,116
Shareholders' equity	158,324	-	(3,109)	155,215

B14. Authority for Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Directors dated 27 February 2019.