



EITA RESOURCES BERHAD
(Company No.: 398748-T)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2019

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			
	30.06.2019	30.06.2018	Changes		30.06.2019	30.06.2018	Changes	
	RM'000	RM'000 (Restated)	RM'000	%	RM'000	RM'000 (Restated)	RM'000	%
Revenue	81,067	69,308	11,759	17.0%	200,159	201,113	(954)	(0.5%)
Results from operating activities	9,983	6,686	3,297	49.3%	21,297	20,743	554	2.7%
Finance costs	(417)	(271)	(146)	(53.9%)	(1,124)	(893)	(231)	(25.9%)
Finance income	102	114	(12)	(10.5%)	215	222	(7)	(3.2%)
Net finance costs	(315)	(157)	(158)	(100.6%)	(909)	(671)	(238)	(35.5%)
Share of profit / (loss) of equity-accounted joint venture, net of tax	269	(10)	279	2790.0%	699	282	417	147.9%
Profit before tax	9,937	6,519	3,418	52.4%	21,087	20,354	733	3.6%
Tax expense	(2,470)	(1,373)	(1,097)	(79.9%)	(5,843)	(4,407)	(1,436)	(32.6%)
Profit for the period	7,467	5,146	2,321	45.1%	15,244	15,947	(703)	(4.4%)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2019

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			
	30.06.2019 RM'000	30.06.2018 RM'000 (Restated)	Changes		30.06.2019 RM'000	30.06.2018 RM'000 (Restated)	Changes	
			RM'000	%			RM'000	%
Other comprehensive income, net of tax								
Foreign currency translation differences								
for foreign operations	134	33	101	306.1%	99	(447)	546	122.1%
Cash flow hedge	(455)	(768)	313	40.8%	17	(768)	785	102.2%
Total other comprehensive (expense) / income for the period	(321)	(735)	414	56.3%	116	(1,215)	1,331	109.5%
Total comprehensive income for the period	7,146	4,411	2,735	62.0%	15,360	14,732	628	4.3%
Profit attributable to:								
Owners of the Company	6,915	4,767	2,148	45.1%	14,982	15,569	(587)	(3.8%)
Non-controlling interests	552	379	173	45.6%	262	378	(116)	(30.7%)
	7,467	5,146	2,321	45.1%	15,244	15,947	(703)	(4.4%)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2019

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			
	30.06.2019	30.06.2018	Changes		30.06.2019	30.06.2018	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
		(Restated)				(Restated)		
Total comprehensive income attributable to:								
Owners of the Company	6,580	4,029	2,551	63.3%	15,088	14,398	690	4.8%
Non-controlling interests	566	382	184	48.2%	272	334	(62)	(18.6%)
	<u>7,146</u>	<u>4,411</u>	<u>2,735</u>	<u>62.0%</u>	<u>15,360</u>	<u>14,732</u>	<u>628</u>	<u>4.3%</u>
Earnings per share:								
- Basic (sen)	<u>5.32</u>	<u>3.67</u>	1.65	45.0%	<u>11.52</u>	<u>11.98</u>	(0.46)	(3.8%)
- 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 30 June 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.06.2019	31.03.2019	RM'000	%
Revenue	<u>81,067</u>	<u>67,459</u>	13,608	20.2%
Results from operating activities	9,983	8,445	1,538	18.2%
Finance costs	(417)	(342)	(75)	(21.9%)
Finance income	102	80	22	27.5%
Net finance costs	(315)	(262)	(53)	(20.2%)
Share of profit of equity-accounted joint venture, net of tax	<u>269</u>	<u>506</u>	(237)	(46.8%)
Profit before tax	9,937	8,689	1,248	14.4%
Tax expense	<u>(2,470)</u>	<u>(2,316)</u>	(154)	(6.6%)
Profit for the period	<u>7,467</u>	<u>6,373</u>	1,094	17.2%
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	134	(68)	202	297.1%
Cash flow hedge	<u>(455)</u>	<u>301</u>	(756)	(251.2%)
Total other comprehensive (expense) / income for the period	<u>(321)</u>	<u>233</u>	(554)	(237.8%)
Total comprehensive income for the period	<u>7,146</u>	<u>6,606</u>	540	8.2%
Profit attributable to:				
Owners of the Company	6,915	6,429	486	7.6%
Non-controlling interests	<u>552</u>	<u>(56)</u>	608	1085.7%
	<u>7,467</u>	<u>6,373</u>	1,094	17.2%

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2019

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

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.06.2019	31.03.2019	RM'000	%
	RM'000	RM'000	RM'000	
Total comprehensive income attributable to:				
Owners of the Company	6,580	6,669	(89)	(1.3%)
Non-controlling interests	566	(63)	629	998.4%
	<u>7,146</u>	<u>6,606</u>	540	8.2%
Earnings per share:				
- Basic (sen)	<u>5.32</u>	<u>4.95</u>	0.37	7.5%
- 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 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	30.06.2019 RM'000 (Unaudited)	30.09.2018 RM'000 (Restated)	01.10.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		36,751	25,522	23,702
Intangible assets		2,241	2,037	2,677
Investment properties		3,871	3,929	3,718
Investment in joint venture		1,703	1,003	702
Other investments		10	10	10
Deferred tax assets		5,951	6,511	4,783
Total non-current assets		50,527	39,012	35,592
Current assets				
Inventories		45,399	41,233	43,936
Contract assets		50,794	33,845	31,945
Trade and other receivables		63,731	60,685	67,188
Current tax assets		1,418	829	1,956
Deposits and prepayments		6,691	3,999	2,624
Derivative financial assets		35	97	3
Cash and cash equivalents		60,181	55,424	45,087
Total current assets		228,249	196,112	192,739
TOTAL ASSETS		<u>278,776</u>	<u>235,124</u>	<u>228,331</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		69,302	69,302	69,302
Reserves		103,122	91,934	84,581
Total equity attributable to owners of the Company		172,424	161,236	153,883
Non-controlling interests		1,965	1,693	1,332
TOTAL EQUITY		<u>174,389</u>	<u>162,929</u>	<u>155,215</u>

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	Note	30.06.2019 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	B7	12,665	6,584	7,287
Deferred tax liabilities		372	182	338
Total non-current liabilities		13,037	6,766	7,625
Current liabilities				
Loans and borrowings	B7	17,237	8,438	9,993
Provision for warranties		964	899	1,006
Current tax payable		751	939	759
Trade and other payables		61,068	51,494	46,114
Contract liabilities		11,272	1,358	7,326
Derivative financial liabilities		58	2,301	293
Total current liabilities		91,350	65,429	65,491
TOTAL LIABILITIES		104,387	72,195	73,116
TOTAL EQUITY AND LIABILITIES		278,776	235,124	228,331
Net assets per share attributable to equity holders of the Company (RM)		1.34	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 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >					Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000			
<u>Period Ended 30 June 2019</u>								
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	-	-	89	-	-	89	10	99
Cash flow hedge	-	-	-	17	-	17	-	17
Profit for the period	-	-	-	-	14,982	14,982	262	15,244
Total comprehensive income for the period	-	-	89	17	14,982	15,088	272	15,360
Dividend to owners of the Company	-	-	-	-	(3,900)	(3,900)	-	(3,900)
At 30 June 2019	69,302	(5)	1,012	(1,390)	103,505	172,424	1,965	174,389

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >							
	< ----- Non-Distributable ----- >			Distributable				
Period Ended 30 June 2018	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, restated	69,302	(5)	1,154	-	83,432	153,883	1,332	155,215
Foreign currency translation differences for foreign operation	-	-	(403)	-	-	(403)	(44)	(447)
Cash flow hedge	-	-	-	(768)	-	(768)	-	(768)
Profit for the period	-	-	-	-	15,569	15,569	378	15,947
Total comprehensive income for the period	-	-	(403)	(768)	15,569	14,398	334	14,732
Dividend to owners of the Company	-	-	-	-	(3,900)	(3,900)	(13)	(3,913)
At 30 June 2018, <i>restated</i>	69,302	(5)	751	(768)	95,101	164,381	1,653	166,034

(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 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	9 Months Period Ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	21,087	20,354
Adjustments for:		
Amortisation of investment properties	20	20
Amortisation of development costs	86	123
Reversal of foreseeable losses	(294)	(55)
Provision / (reversal of) for warranties-net	28	(156)
Depreciation of property, plant and equipment	1,538	1,373
Gain on disposal of property, plant and equipment	(7)	(1)
Gain on disposal of investment properties	(76)	-
Fair value (gain) / loss on forward exchange contracts	(895)	268
Finance costs	1,124	893
Finance income	(215)	(222)
Share of profit of equity-accounted joint venture, net of tax	(699)	(282)
Unrealised foreign exchange loss	93	10
	<hr/>	<hr/>
Operating profit before changes in working capital	21,790	22,325
Changes in working capital:		
Inventories	(4,167)	8,630
Trade and other receivables, deposits and prepayments	(16,343)	1,649
Trade and other payables and deferred income	11,210	(2,291)
	<hr/>	<hr/>
Cash generated from operations	12,490	30,313
Income taxes paid	(5,973)	(4,564)
Interest paid	(163)	(313)
Interest received	215	222
	<hr/>	<hr/>
Net cash generated from operating activities	6,569	25,658
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	14	10
Proceeds from disposal of investment property	490	-
Purchase of property, plant and equipment	(12,828)	(656)
Acquisition of intangible assets	(122)	-
	<hr/>	<hr/>
Net cash used in investing activities	(12,446)	(646)
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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	9 Months Period Ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owners of the company	(3,900)	(3,900)
Proceeds from / (repayment of) loans and borrowings, net	15,754	(291)
Proceeds from / (repayment of) finance lease liabilities, net	121	(275)
Interest paid	(961)	(580)
	<hr/>	<hr/>
Net cash generated from / (used in) financing activities	11,014	(5,046)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	5,137	19,966
Foreign exchange differences on cash held	(90)	(387)
Cash and cash equivalents at beginning of the financial year	55,134	44,043
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial year	60,181	63,622
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents included in the statements of cash flows comprise:-		
Deposits	6,500	-
Cash and bank balances	35,805	34,876
Liquid investments	17,876	28,746
	<hr/>	<hr/>
	60,181	63,622
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(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 ended 30 June 2019, 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)* #
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions* #
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* #
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

**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 / 30 June 2019	4,000	5,050

A7. Dividends Paid and Distributed

A final dividend in respect of the financial year ended 30 September 2018 of 3.0 sen per ordinary share under the single-tier tax system amounting to RM3.9 million was approved in the Company’s Annual General Meeting held on 27 February 2019. The dividend was paid to the shareholders of the Company on 2 April 2019.

A8. Segmental Information

Segmental information in respect of the Group’s business activities for the financial year to date ended 30 June 2019.

	Revenue RM’000	Profit before Tax RM’000
Marketing and Distribution	57,164	3,730
Manufacturing	82,055	5,057
Services	29,371	11,218
High Voltage System	31,569	1,082
Reportable segments	<u>200,159</u>	<u>21,087</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:

Balance purchase consideration on acquisition of property, plant and equipment	RM’000 <u>10,597</u>
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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
Increased in borrowing facilities	<u>26,000</u>
At 30 June 2019	<u>308,721</u>

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

	RM’000
At 1 October 2018	27,208
Addition	<u>11,710</u>
At 30 June 2019	<u>38,918</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.

	Cumulative Financial Quarter Ended	
	30.06.2019 RM’000	30.06.2018 RM’000
<u>CTL Automation Sdn Bhd (“CTL”)</u>		
- Repairs and purchase of elevators parts	(443)	(422)
- Sales of electrical equipment	53	85
<u>QL Foods Sdn Bhd (“QLF”)</u>		
- Sales of electrical equipment	170	258
<u>Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)</u>		
- Sales of elevator controllers and components, provision of management services and rental	124	122
- Purchase of elevator controllers	(4,385)	(3,766)

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		
	30.06.2019 RM'000	30.06.2018 RM'000 (Restated)	% change	30.06.2019 RM'000	30.06.2018 RM'000 (Restated)	% change
Revenue						
Marketing and Distribution	20,845	21,291	(2.1%)	57,164	64,992	(12.0%)
Manufacturing	30,970	23,003	34.6%	82,055	86,259	(4.9%)
Services	9,822	7,071	38.9%	29,371	21,510	36.5%
High Voltage System	19,430	17,943	8.3%	31,569	28,352	11.3%
Total	81,067	69,308	17.0%	200,159	201,113	(0.5%)
Profit before Tax ("PBT")						
Marketing and Distribution	1,634	1,196	36.6%	3,730	5,447	(31.5%)
Manufacturing	2,099	1,149	82.7%	5,057	4,578	10.5%
Services	4,223	3,061	38.0%	11,218	9,438	18.9%
High Voltage System	1,981	1,113	78.0%	1,082	891	21.4%
Total	9,937	6,519	52.4%	21,087	20,354	3.6%

The total revenue of the Group for the current quarter increased by RM11.8 million or 17.0% as compared to the preceding year corresponding quarter mainly due to higher revenue from Manufacturing, Services and High Voltage System segments and mitigated by lower revenue from Marketing and Distribution segment.

Cumulatively, the Group revenue decreased by RM1.0 million or 0.5% as compared to the preceding corresponding period mainly due to lower revenue from Marketing and Distribution and Manufacturing segments.

The total PBT of the Group for the current quarter increased by RM3.4 million or 52.4% corresponding with the higher revenue, reversal of provision for allowance for doubtful debts, lower inventories written down to net realisable value and higher net foreign exchange gain.

Cumulatively, the Group PBT increased by RM0.7 million or 3.6% mainly due to unrealised foreign exchange gain on the fair value valuation of the forward exchange contracts and reversal of foreseeable loss. However, this was mitigated with higher provision for allowance for doubtful debts.

**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 RM0.4 million or 2.1% mainly due to lower demand for electrical and electronics (“E&E”) components.

Cumulative revenue decreased by RM7.8 million or 12.0% for the same reason.

Current quarter PBT increased by RM0.4 million or 36.6% mainly due to lower inventories written down to net realisable value, higher miscellaneous income and reversal of provision for allowance for doubtful debts.

Cumulative PBT decreased by RM1.7 million or 31.5% mainly due to higher administrative expenses and provision for allowance for doubtful debts.

(ii) Manufacturing Segment

Current quarter revenue increased by RM8.0 million or 34.6% mainly due to higher revenue from Elevator and Busduct.

Cumulative revenue decreased by RM4.2 million or 4.9% mainly due to lower execution of elevator projects.

Current quarter PBT increased by RM1.0 million or 82.7% corresponding to the higher revenue, net foreign exchange gain and reversal of provision for allowance for doubtful debts.

Cumulative PBT increased by RM0.5 million or 10.5% mainly due to unrealised foreign exchange gain on the fair value valuation of the forward exchange contracts, lower inventories written down to net realisable value and net foreign exchange gain.

(iii) Service Segment

Current quarter revenue increased by RM2.8 million or 38.9% mainly due to higher elevator maintenance contract and repair sales.

Cumulative revenue increased by RM7.9 million or 36.5% for the same reason.

Current quarter PBT increased by RM1.2 million or 38.0% corresponding to the higher revenue. However, this was mitigated by higher provision for allowance for doubtful debts and administration expenses.

Cumulative PBT increased by RM1.8 million or 18.9% for the same reason.

(iv) High Voltage System Segment

Current quarter revenue increased by RM1.5 million or 8.3% mainly due to higher execution of Transmission Sub-station projects.

Cumulative revenue increased by RM3.2 million or 11.3% for the same reason.

Current quarter PBT increased by RM0.9 mil or 78.0% was in tandem with the higher revenue. However, this was mitigated by higher provision for liquidated and ascertained damages.

Cumulative PBT increased by RM0.2 million for the same reason.

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
	30.06.2019 RM'000	31.03.2019 RM'000	
Revenue			
Marketing and Distribution	20,845	19,281	8.1%
Manufacturing	30,970	29,869	3.7%
Services	9,822	9,634	2.0%
High Voltage System	19,430	8,675	124.0%
Total	81,067	67,459	20.2%
Profit before Tax (“PBT”) / (Loss) before Tax (“LBT”)			
Marketing and Distribution	1,634	1,217	34.3%
Manufacturing	2,099	3,250	(35.4%)
Services	4,223	4,399	(4.0%)
High Voltage System	1,981	(177)	1219.2%
Total	9,937	8,689	14.4%

The total revenue of the Group for the current quarter increased by RM13.6 million or 20.2% against preceding quarter mainly due to higher revenue from all segments.

The total PBT of the Group for the current quarter increased by RM1.2 million or 14.4% corresponding with the higher revenue, net foreign exchange gain and reversal of provision for allowance for doubtful debts.

(i) Marketing and Distribution Segment

Current quarter revenue increased by RM1.6 million or 8.1% due to higher demand for E&E components.

Current quarter PBT increased by RM0.4 million or 34.3% corresponding with the higher revenue, miscellaneous income and lower administrative expenses.

(ii) Manufacturing Segment

Current quarter revenue increased by RM1.1 million or 3.7% mainly due to higher execution of elevator projects.

Current quarter PBT decreased by RM1.2 million or 35.4% mainly due to unrealised foreign exchange loss on fair value valuation of the forward exchange contract, higher administration expenses and higher inventories written down to net realisable value. However, this was mitigated with reversal of provision for allowance for doubtful debts and higher net foreign exchange gain.

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 RM0.2 million or 2.0% mainly due to higher elevator maintenance contract and repair sales.

Current quarter PBT decreased by RM0.2 million or 4.0% mainly due to higher provision for allowance for doubtful debts.

 (iv) High Voltage System Segment

Current quarter revenue increased by RM10.8 million or 124.0% mainly due to higher execution of Transmission Sub-station projects.

Current quarter PBT of RM2.0 million compared against preceding quarter LBT of RM0.2 million was in tandem with higher revenue and unrealised foreign exchange gain on fair value valuation of the forward exchange contracts. However, this was mitigated by provision for liquidated and ascertained damages.

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 of the Company expects the Group to deliver satisfactory results for this financial year.

B4. Profit Forecast

Profit forecast was not provided.

B5. Tax Expense

	Individual Financial Quarter Ended 30.06.2019 RM'000	Cumulative Financial Quarter Ended 30.06.2019 RM'000
Current tax expense		
- current period	2,378	5,719
- prior period	(445)	(539)
	1,933	5,180
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	354	117
- prior period	168	531
	522	648
Effect of real property gain tax	15	15
Total current tax recognised in profit or loss	2,470	5,843
Share of tax of equity-accounted joint venture	90	194
Total tax expense	2,560	6,037

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

B6. Status of Corporate Proposals Announced

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

B7. Group Borrowings

	As at 30.06.2019		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	852	413	1,265
Term Loan	11,813	1,042	12,855
Unsecured			
Banker's acceptance	-	15,782	15,782
	12,665	17,237	29,902

	As at 30.06.2018		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	533	293	826
Term Loan	6,077	993	7,070
Unsecured			
Banker's acceptance	-	7,869	7,869
	6,610	9,155	15,765

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 Dividend

Details of the dividend under single-tier tax system approved and declared by the Board are as follows:

	30.06.2019	30.06.2018
Interim dividend		
First interim dividend per share	3.0 sen	2.0 sen
Special dividend per share	-	2.0 sen
Total dividend per share	3.0 sen	4.0 sen
For the financial year ending	30 September 2019	
Approved and declared on	27 August 2019	
Entitlement to dividend based on record of depositors as at	12 September 2019	
Date payable	27 September 2019	

The total dividend for the current financial year is 3.0 sen per share.

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	
	30.06.2019	30.06.2018 (restated)	30.06.2019	30.06.2018 (restated)
Profit for the period attributable to owners (RM'000)	6,915	4,767	14,982	15,569
Weighted average number of ordinary shares in issue ('000)*	129,996	129,996	129,996	129,996
Basic EPS (sen)	5.32	3.67	11.52	11.98

Note:

* The weighted average number of ordinary shares outstanding during 30 June 2019 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 30 June 2019 is as follow:

Type of derivatives	Contract / Notional Value RM'000	Fair Value RM'000
Less than 1 year:-		
Forward exchange contract	103,275	(23)

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	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Profit for the period is arrived after charging / (crediting):				
Depreciation and amortisation	561	498	1,644	1,516
(Reversal of) / Provision for allowance for doubtful debts	(313)	(135)	1,420	74
Inventories written down to net realisable value	19	943	1	1,892
Loss / (gain) on disposal of property, plant and equipment	6	-	(7)	(1)
Gain on disposal of investment properties	(76)	-	(76)	-
Foreign exchange (gain) / loss, net	(313)	383	133	960
Allowance for / (Reversal of) foreseeable loss	31	25	(294)	(55)
Fair value loss / (gain) on forward exchange contracts	22	(259)	(895)	268
Provision for warranties-net	(5)	(122)	28	(156)

**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 30 June 2018:-

(RM'000)	As previously reported	Effect of adoption		As restated
		MFRS 15		
Revenue	199,401	1,712		201,113
Results from operating activities	19,031	1,712		20,743
Profit before tax	18,642	1,712		20,354
Profit after tax	14,646	1,301		15,947

Below is a summary of the MFRS 15 and MRFS 9 adjustments on certain key financial metrics from our Consolidated Statements of Financial Position as at 1 October 2017 and 30 September 2018.

(RM'000)	As previously reported	Effect of adoption		Restated At 30 September 2018
		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

(RM'000)	As previously reported	Effect of adoption		Restated At 1 October 2017
		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 August 2019.