



EITA RESOURCES BERHAD
(Company No.: 199601026396 (398748-T))

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 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			
	31.12.2019	31.12.2018	Changes		31.12.2019	31.12.2018	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	<u>70,022</u>	<u>51,633</u>	18,389	35.6%	<u>70,022</u>	<u>51,633</u>	18,389	35.6%
Results from operating activities	8,721	2,869	5,852	204.0%	8,721	2,869	5,852	204.0%
Finance costs	(547)	(365)	(182)	(49.9%)	(547)	(365)	(182)	(49.9%)
Finance income	73	33	40	121.2%	73	33	40	121.2%
Net finance costs	(474)	(332)	(142)	(42.8%)	(474)	(332)	(142)	(42.8%)
Share of loss of equity-accounted joint venture, net of tax	<u>(106)</u>	<u>(76)</u>	(30)	(39.5%)	<u>(106)</u>	<u>(76)</u>	(30)	(39.5%)
Profit before tax	<u>8,141</u>	<u>2,461</u>	5,680	230.8%	<u>8,141</u>	<u>2,461</u>	5,680	230.8%
Tax expense	<u>(1,769)</u>	<u>(1,057)</u>	(712)	(67.4%)	<u>(1,769)</u>	<u>(1,057)</u>	(712)	(67.4%)
Profit for the period	<u>6,372</u>	<u>1,404</u>	4,968	353.8%	<u>6,372</u>	<u>1,404</u>	4,968	353.8%



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(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	31.12.2019	31.12.2018	Changes		31.12.2019	31.12.2018	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Other comprehensive income, net of tax								
Foreign currency translation differences								
for foreign operations	35	33	2	6.1%	35	33	2	6.1%
Cash flow hedge	229	171	58	33.9%	229	171	58	33.9%
Total other comprehensive expense for the period	264	204	60	29.4%	264	204	60	29.4%
Total comprehensive income for the period	6,636	1,608	5,028	312.7%	6,636	1,608	5,028	312.7%
Profit attributable to:								
Owners of the Company	6,073	1,638	4,435	270.8%	6,073	1,638	4,435	270.8%
Non-controlling interests	299	(234)	533	227.8%	299	(234)	533	227.8%
	6,372	1,404	4,968	353.8%	6,372	1,404	4,968	353.8%



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(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	31.12.2019	31.12.2018	Changes		31.12.2019	31.12.2018	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total comprehensive income attributable to:								
Owners of the Company	6,333	1,839	4,494	244.4%	6,333	1,839	4,494	244.4%
Non-controlling interests	303	(231)	534	231.2%	303	(231)	534	231.2%
	<u>6,636</u>	<u>1,608</u>	5,028	312.7%	<u>6,636</u>	<u>1,608</u>	5,028	312.7%
Earnings per share:								
- Basic (sen)	<u>4.67</u>	<u>1.26</u>	3.4	270.6%	<u>4.67</u>	<u>1.26</u>	3.4	270.6%
- 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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	31.12.2019	30.09.2019	RM'000	%
Revenue	<u>70,022</u>	<u>105,227</u>	(35,205)	(33.5%)
Results from operating activities	8,721	8,275	446	5.4%
Finance costs	(547)	(496)	(51)	(10.3%)
Finance income	73	109	(36)	(33.0%)
Net finance costs	(474)	(387)	(87)	(22.5%)
Share of loss of equity-accounted joint venture, net of tax	<u>(106)</u>	<u>(54)</u>	(52)	(96.3%)
Profit before tax	8,141	7,834	307	3.9%
Tax expense	<u>(1,769)</u>	<u>(1,197)</u>	(572)	(47.8%)
Profit for the period	<u>6,372</u>	<u>6,637</u>	(265)	(4.0%)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	35	(82)	117	142.7%
Cash flow hedge	<u>229</u>	<u>(1,510)</u>	1,739	115.2%
Total other comprehensive expense for the period	<u>264</u>	<u>(1,592)</u>	1,856	116.6%
Total comprehensive income for the period	<u>6,636</u>	<u>5,045</u>	1,591	31.5%
Profit attributable to:				
Owners of the Company	6,073	5,846	227	3.9%
Non-controlling interests	299	791	(492)	(62.2%)
	<u>6,372</u>	<u>6,637</u>	(265)	(4.0%)



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

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	31.12.2019	30.09.2019	RM'000	%
	RM'000	RM'000	RM'000	
Total comprehensive income attributable to:				
Owners of the Company	6,333	4,262	2,071	48.6%
Non-controlling interests	303	783	(480)	(61.3%)
	<u>6,636</u>	<u>5,045</u>	1,591	31.5%
Earnings per share:				
- Basic (sen)	<u>4.67</u>	<u>4.50</u>	0.17	3.8%
- 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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	31.12.2019 RM'000 (Unaudited)	30.09.2019 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		36,351	39,733
Right-of-use assets		7,216	-
Intangible assets		1,603	1,705
Investment properties		5,353	5,265
Investment in joint venture		1,542	1,648
Other investments		10	10
Deferred tax assets		6,940	5,874
Total non-current assets		59,015	54,235
Current assets			
Inventories		41,107	42,048
Contract assets		64,450	58,858
Trade and other receivables		59,208	70,660
Current tax assets		1,631	2,352
Deposits and prepayments		6,420	6,925
Cash and cash equivalents		68,661	68,727
Total current assets		241,477	249,570
TOTAL ASSETS		300,492	303,805
EQUITY AND LIABILITIES			
Equity			
Share capital		69,302	69,302
Reserves		110,498	104,165
Total equity attributable to owners of the Company		179,800	173,467
Non-controlling interests		3,051	2,748
TOTAL EQUITY		182,851	176,215

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	Note	31.12.2019 RM'000 (Unaudited)	30.09.2019 RM'000 (Audited)
EQUITY AND LIABILITIES (continued)			
Non-current liabilities			
Loans and borrowings	B7	15,553	15,421
Lease liabilities		1,678	-
Deferred tax liabilities		314	363
Total non-current liabilities		17,545	15,784
Current liabilities			
Loans and borrowings	B7	32,181	14,898
Lease liabilities		1,812	-
Deferred Income		4,194	-
Contract liabilities		1,337	16,223
Provision for warranties		343	483
Current tax payable		726	1,031
Trade and other payables		58,692	77,674
Derivative financial liabilities		811	1,497
Total current liabilities		100,096	111,806
TOTAL LIABILITIES		117,641	127,590
TOTAL EQUITY AND LIABILITIES		300,492	303,805
Net assets per share attributable to equity holders of the Company (RM)		1.38	1.33

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)



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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 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
	< ----- Non-Distributable ----- >			Distributable				
<u>Period Ended 31 December 2019</u>	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000			
At 1 October 2019	69,302	(5)	939	(2,900)	106,131	173,467	2,748	176,215
Foreign currency translation differences for foreign operation	-	-	31	-	-	31	4	35
Cash flow hedge	-	-	-	229	-	229	-	229
Profit for the year	-	-	-	-	6,073	6,073	299	6,372
Total comprehensive income for the year	-	-	31	229	6,073	6,333	303	6,636
At 31 December 2019	69,302	(5)	970	(2,671)	112,204	179,800	3,051	182,851



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >					Total	Non-Controlling Interests	Total Equity
	< ----- Non-Distributable ----- >			Distributable				
<u>Period Ended 31 December 2018</u>	Share Capital	Treasury Shares	Translation Reserve	Hedging Reserve	Retained Profits	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2018	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 year	-	-	30	171	1,638	1,839	(231)	1,608
At 31 December 2018	69,302	(5)	953	(1,236)	94,061	163,075	1,462	164,537

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	3 Months Period Ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,141	2,461
Adjustments for:		
Amortisation of investment properties	19	7
Amortisation of development costs	15	33
Reversal of foreseeable losses	(423)	(14)
(Reversal of) / Provision for warranties-net	(140)	213
Reversal of liquidated and ascertained damages	-	(32)
Depreciation of property, plant and equipment	515	475
Depreciation of right-of-use assets	508	-
Gain on disposal of property, plant and equipment	(14)	-
Fair value gain on forward exchange contracts	(715)	(2,349)
Finance costs	547	957
Finance income	(52)	(625)
Share of loss of equity-accounted joint venture, net of tax	106	76
Unrealised foreign exchange gain	(67)	(19)
	8,440	1,183
Operating profit before changes in working capital		
Changes in working capital:		
Inventories	945	(951)
Trade and other receivables, deposits and prepayments	12,358	1,717
Trade and other payables and deferred income	(35,359)	3,749
	(13,616)	5,698
Cash generated from operations		
Income taxes paid	(2,210)	(2,077)
Interest paid	(47)	(648)
Interest received	52	625
	(15,821)	3,598
Net cash (used in) / generated from operating activities	(15,821)	3,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	14	-
Right of use assets	(2,693)	-
Purchase of property, plant and equipment	(2,123)	(3,489)
	(4,802)	(3,489)
Net cash used in investing activities	(4,802)	(3,489)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	3 Months Period Ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings, net	20,880	8,733
Repayment of lease liabilities, net	(115)	(95)
Interest paid	(500)	(309)
Net cash generated from financing activities	20,265	8,329
Net (decrease) / increase in cash and cash equivalents	(358)	8,438
Foreign exchange differences on cash held	(40)	(131)
Cash and cash equivalents at beginning of the financial year	68,727	55,134
Cash and cash equivalents at end of the financial year	68,329	63,441
Cash and cash equivalents included in the statements of cash flows comprise:-		
Deposits	1,500	-
Cash and bank balances	51,306	39,445
Liquid investments	15,855	24,694
Bank overdrafts	(332)	(698)
	68,329	63,441

(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 2019 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 financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 October 2019 for those amendments that are effective for annual periods beginning on or after 1 January 2020, except for * which is not applicable to the Group.
- from the annual period beginning on 1 October 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2021. (*Note: Only applicable to Group or Company which has insurance contracts.*)

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

A1. Basis of Preparation (Cont’d)

The Group do not plan to apply MFRS17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The right-of-use asset is depreciated in accordance with the principles in MFRS 116 *Property, Plant and Equipment* and the lease liability is accreted over time with interest expenses recognised in the income statement.

On the date of initial application, the Group applied the modified retrospective approach and did not restate comparative amounts for the period prior to first adoption. The impact of adopting MFRS 16 to opening balances are as follows:

Balance sheet

Impact of adopting MFRS 16 at 1 October 2019:

	RM’000
Right-of-use assets	7,724
Lease liabilities	(4,080)
Property, plant and equipment	(4,990)
Borrowings	1,346

The finance lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 October 2019. Right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of the prepaid or accrued lease payments. Accordingly, there is no impact to the accumulated gains of the Group as at 1 October 2019. On the income statement, expenses which previously included operating lease rental within EBITDA were replaced by interest expenses on lease liabilities and depreciation of the right-of-use assets. On the statement of cash flows, operating lease rental outflows previously recorded within “net cash flows from operating activities” were reclassified as “net cash flows used in financing activities” for repayment of principal and interest of lease liabilities.

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

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.

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 2019 / 31 December 2019	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 2019.

	Revenue RM’000	Profit before Tax RM’000
Marketing and Distribution	21,065	2,344
Manufacturing	28,034	473
Services	7,733	4,362
High Voltage System	13,190	962
Reportable segments	<u>70,022</u>	<u>8,141</u>

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

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.

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>7,540</u>

A12. Changes in Contingent Liabilities

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

	RM'000
At 1 October 2019	373,721
Increased in borrowing facilities	<u>8,000</u>
At 31 December 2019	<u>381,721</u>

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

	RM'000
At 1 October 2019	36,778
Addition	<u>872</u>
At 31 December 2019	<u>37,650</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	
	31.12.2019 RM’000	31.12.2018 RM’000
<u>CTL Automation Sdn Bhd (“CTL”)</u>		
- Repairs and purchase of elevators parts	(136)	(163)
- Sales of electrical equipment	-	14
<u>QL Foods Sdn Bhd (“QLF”)</u>		
- Sales of electrical equipment	103	38
<u>Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)</u>		
- Sales of elevator controllers and components, provision of management services and rental	42	40
- Purchase of elevator controllers	(243)	(956)

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		% change	Cumulative Financial Quarter Ended		% change
	31.12.2019 RM'000	31.12.2018 RM'000		31.12.2019 RM'000	31.12.2018 RM'000	
Revenue						
Marketing and Distribution	21,065	17,038	23.6%	21,065	17,038	23.6%
Manufacturing Services	28,034	21,216	32.1%	28,034	21,216	32.1%
High Voltage System	7,733	9,915	(22.0%)	7,733	9,915	(22.0%)
	13,190	3,464	280.8%	13,190	3,464	280.8%
Total	<u>70,022</u>	<u>51,633</u>	35.6%	<u>70,022</u>	<u>51,633</u>	35.6%
Profit before Tax (“PBT”)						
Marketing and Distribution	2,344	879	166.7%	2,344	879	166.7%
Manufacturing Services	473	(292)	262.0%	473	(292)	262.0%
High Voltage System	4,362	2,596	68.0%	4,362	2,596	68.0%
	962	(722)	233.2%	962	(722)	233.2%
Total	<u>8,141</u>	<u>2,461</u>	230.8%	<u>8,141</u>	<u>2,461</u>	230.8%

The total revenue of the Group for the current quarter increased by RM18.4 million or 35.6% as compared to the preceding year corresponding quarter mainly due to higher revenue from Marketing and Distribution, Manufacturing and High Voltage System segments. However, this was mitigated by lower revenue from Services segment.

The total PBT of the Group for the current quarter increased by RM5.7 million or 230.8% corresponding with the higher revenue, reversal of allowance for doubtful debts and lower net foreign exchange loss.

**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 increased by RM4.0 million or 23.6% mainly due to higher revenue from Power Distribution equipment (Cables) and Control equipment.

Current quarter PBT increased by RM1.5 million or 166.7% in tandem with higher revenue recorded and reversal of inventories written down to net realisable value.

(ii) Manufacturing Segment

Current quarter revenue increased by RM6.8 million or 32.1% mainly due to higher revenue from Elevators.

Current quarter PBT increased by RM0.8 million or 262.0% corresponding to the higher revenue and net foreign exchange gain.

(iii) Service Segment

Current quarter revenue decreased by RM2.2 million or 22.0% mainly due to lower repair sales.

Current quarter PBT increased by RM1.8 million or 68.0% mainly due to reversal of provision for allowance doubtful debts and lower administrative expenses.

(iv) High Voltage System Segment

Current quarter revenue increased by RM9.7 million or 280.8% mainly due to higher execution of Transmission Sub-station projects.

Current quarter PBT increased by RM1.7 million or 233.2% was in tandem with the higher revenue.

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
	31.12.2019 RM'000	30.09.2019 RM'000	
Revenue			
Marketing and Distribution	21,065	21,953	(4.0%)
Manufacturing	28,034	29,640	(5.4%)
Services	7,733	8,344	(7.3%)
High Voltage System	13,190	45,290	(70.9%)
Total	70,022	105,227	(33.5%)
Profit before Tax ("PBT")			
Marketing and Distribution	2,344	1,567	49.6%
Manufacturing	473	826	(42.7%)
Services	4,362	3,269	33.4%
High Voltage System	962	2,172	(55.7%)
Total	8,141	7,834	3.9%

The total revenue of the Group for the current quarter decreased by RM35.2 million or 33.5% against preceding quarter due to lower revenue from all business segments.

The total PBT of the Group for the current quarter increased by RM0.3 million or 3.9% against preceding quarter mainly due to lower administrative expenses and distribution costs.

(i) Marketing and Distribution Segment

Current quarter revenue decreased by RM0.9 million or 4.0% due to lower sales from Power Distribution equipment (Cable) and ELV equipment.

Current quarter PBT increased by RM0.8 million or 49.6% due to lower administrative expenses and distribution costs.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM1.6 million or 5.4% mainly due to lower sales from Busduct and Ballast.

Current quarter PBT decreased by RM0.4 million or 42.7% corresponding with lower revenue, higher provision for allowance for doubtful debts and inventories written down to net realisable value.

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 decreased by RM0.6 million or 7.3% mainly due to lower repair sales.

Current quarter PBT increased by RM1.1 million or 33.4% mainly due to reversal of provision for doubtful debts.

(iv) High Voltage System Segment

Current quarter revenue decreased by RM32.1 million or 70.9% mainly due to lower execution of Transmission Sub-station projects.

Current quarter PBT decreased by RM1.2 million or 55.7% was in tandem with lower revenue.

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 to deliver satisfactory results for this financial year.

B4. Profit Forecast

Profit forecast was not provided.

B5. Tax Expense

	Individual Financial Quarter Ended 31.12.2019 RM'000	Cumulative Financial Quarter Ended 31.12.2019 RM'000
Current tax expense		
- current period	2,580	2,580
- prior period	33	33
	2,613	2,613
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	(714)	(714)
- prior period	(130)	(130)
	(844)	(844)
Total current tax recognised in profit or loss	1,769	1,769
Share of tax of equity-accounted joint venture	(32)	(32)
Total tax expense	1,737	1,737

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 31.12.2019		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Term Loan	15,553	1,063	16,616
Unsecured			
Banker's acceptance	-	30,786	30,786
Bank overdrafts	-	332	332
	15,553	32,181	47,734

	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

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

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 2019 (2018: 3.0 sen). The proposed dividend has been approved by the shareholders at the Twenty-Fourth Annual General Meeting of the Company held on 26 February 2020.

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit for the period attributable to owners (RM'000)	6,073	1,638	6,073	1,638
Weighted average number of ordinary shares in issue ('000)*	129,996	129,996	129,996	129,996
Basic EPS (sen)	<u>4.67</u>	<u>1.26</u>	<u>4.67</u>	<u>1.26</u>

Note:

* The weighted average number of ordinary shares outstanding during 31 December 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 31 December 2019 is as follow:

Type of derivatives	Contract / Notional Value RM'000	Fair Value RM'000
Less than 1 year:-		
Forward exchange contract	84,181	(811)

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	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Profit for the period is arrived after charging / (crediting):				
Interest expense on lease liability	20	-	20	-
Depreciation and amortisation	549	515	549	515
Depreciation for right-of-use assets	508	-	508	-
(Reversal of) / Provision for allowance for doubtful debts	(137)	1,275	(137)	1,275
(Reversal of) / Inventories written down to net realisable value	(62)	298	(62)	298
Foreign exchange loss, net	176	718	176	718
Reversal of foreseeable loss	(423)	(14)	(423)	(14)
Fair value gain on forward exchange contracts	(174)	(844)	(174)	(844)
Provision for warranties-net	11	(5)	11	(5)

B13. Authority for Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Directors dated 26 February 2020.