



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

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2020

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			
	31.03.2020	31.03.2019	Changes		31.03.2020	31.03.2019	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	<u>75,577</u>	<u>67,459</u>	8,118	12.0%	<u>145,599</u>	<u>119,092</u>	26,507	22.3%
Results from operating activities	7,688	8,445	(757)	(9.0%)	16,409	11,314	5,095	45.0%
Finance costs	(511)	(342)	(169)	(49.4%)	(1,058)	(707)	(351)	(49.6%)
Finance income	108	80	28	35.0%	181	113	68	60.2%
Net finance costs	(403)	(262)	(141)	(53.8%)	(877)	(594)	(283)	(47.6%)
Share of (loss) / profit of equity-accounted joint venture, net of tax	(47)	506	(553)	(109.3%)	(153)	430	(583)	(135.6%)
Profit before tax	<u>7,238</u>	<u>8,689</u>	(1,451)	(16.7%)	<u>15,379</u>	<u>11,150</u>	<u>4,229</u>	<u>37.9%</u>
Tax expense	(1,830)	(2,316)	486	21.0%	(3,598)	(3,373)	(225)	(6.7%)
Profit for the period	<u>5,408</u>	<u>6,373</u>	(965)	(15.1%)	<u>11,781</u>	<u>7,777</u>	<u>4,004</u>	<u>51.5%</u>



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

(The figures have not been audited)

	Individual Financial				Cumulative Financial			
	Quarter Ended		Changes		Quarter Ended		Changes	
	31.03.2020	31.03.2019	RM'000	%	31.03.2020	31.03.2019	RM'000	%
	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	(51)	(68)	17	25.0%	(16)	(35)	19	54.3%
Cash flow hedge	1,402	301	1,101	365.8%	1,630	472	1,158	245.3%
Total other comprehensive income for the period	1,351	233	1,118	479.8%	1,614	437	1,177	269.3%
Total comprehensive income for the period	6,759	6,606	153	2.3%	13,395	8,214	5,181	63.1%
Profit attributable to:								
Owners of the Company	5,177	6,429	(1,252)	(19.5%)	11,251	8,067	3,184	39.5%
Non-controlling interests	231	(56)	287	512.5%	530	(290)	820	282.8%
	5,408	6,373	(965)	(15.1%)	11,781	7,777	4,004	51.5%



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(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	31.03.2020	31.03.2019	Changes		31.03.2020	31.03.2019	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total comprehensive income attributable to:								
Owners of the Company	6,533	6,669	(136)	(2.0%)	12,867	8,508	4,359	51.2%
Non-controlling interests	226	(63)	289	458.7%	528	(294)	822	279.6%
	<u>6,759</u>	<u>6,606</u>	153	2.3%	<u>13,395</u>	<u>8,214</u>	5,181	63.1%
Earnings per share:								
- Basic (sen)	<u>3.98</u>	<u>4.95</u>	(0.97)	(19.6%)	<u>8.65</u>	<u>6.21</u>	2.44	39.3%
- 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 March 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended		Changes	
	31.03.2020	31.12.2019	RM'000	%
	RM'000	RM'000		
Revenue	75,577	70,022	5,555	7.9%
Results from operating activities	7,688	8,721	(1,033)	(11.8%)
Finance costs	(511)	(547)	36	6.6%
Finance income	108	73	35	47.9%
Net finance costs	(403)	(474)	71	15.0%
Share of loss of equity-accounted joint venture, net of tax	(47)	(106)	59	55.7%
Profit before tax	7,238	8,141	(903)	(11.1%)
Tax expense	(1,830)	(1,769)	(61)	(3.4%)
Profit for the period	5,408	6,372	(964)	(15.1%)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(51)	35	(86)	(245.7%)
Cash flow hedge	1,402	229	1,173	512.2%
Total other comprehensive income for the period	1,351	264	1,087	411.7%
Total comprehensive income for the period	6,759	6,636	123	1.9%
Profit attributable to:				
Owners of the Company	5,177	6,073	(896)	(14.8%)
Non-controlling interests	231	299	(68)	(22.7%)
	5,408	6,372	(964)	(15.1%)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2020

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

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	31.03.2020	31.12.2019	RM'000	%
	RM'000	RM'000	RM'000	
Total comprehensive income				
attributable to:				
Owners of the Company	6,533	6,333	200	3.2%
Non-controlling interests	226	303	(77)	(25.4%)
	<u>6,759</u>	<u>6,636</u>	123	1.9%
Earnings per share:				
- Basic (sen)	<u>3.98</u>	<u>4.67</u>	(0.69)	(14.8%)
- 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 March 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	31.03.2020 RM'000 (Unaudited)	30.09.2019 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		36,275	39,733
Right-of-use assets		6,758	-
Intangible assets		1,481	1,705
Investment properties		5,334	5,265
Investment in joint venture		1,495	1,648
Other investments		10	10
Deferred tax assets		5,397	5,874
Total non-current assets		56,750	54,235
Current assets			
Inventories		45,111	42,048
Contract assets		57,731	58,858
Trade and other receivables		61,952	70,660
Current tax assets		3,114	2,352
Deposits and prepayments		3,694	6,925
Derivative financial assets		1,314	-
Cash and cash equivalents		65,989	68,727
Total current assets		238,905	249,570
TOTAL ASSETS		295,655	303,805
EQUITY AND LIABILITIES			
Equity			
Share capital		69,302	69,302
Reserves		113,132	104,165
Total equity attributable to owners of the Company		182,434	173,467
Non-controlling interests		3,276	2,748
TOTAL EQUITY		185,710	176,215

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

EQUITY AND LIABILITIES (continued)	Note	31.03.2020 RM'000 (Unaudited)	30.09.2019 RM'000 (Audited)
Non-current liabilities			
Loans and borrowings	B7	15,601	15,421
Lease liabilities		1,334	-
Deferred tax liabilities		432	363
Total non-current liabilities		17,367	15,784
Current liabilities			
Loans and borrowings	B7	27,276	14,898
Lease liabilities		1,616	-
Deferred Income		1,126	-
Contract liabilities		3,099	16,223
Provision for warranties		326	483
Current tax payable		482	1,031
Trade and other payables		58,651	77,674
Derivative financial liabilities		2	1,497
Total current liabilities		92,578	111,806
TOTAL LIABILITIES		<u>109,945</u>	<u>127,590</u>
TOTAL EQUITY AND LIABILITIES		<u><u>295,655</u></u>	<u><u>303,805</u></u>
Net assets per share attributable to equity holders of the Company (RM)		1.40	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 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(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 March 2020</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 2019	69,302	(5)	939	(2,900)	106,131	173,467	2,748	176,215
Foreign currency translation differences for foreign operation	-	-	(14)	-	-	(14)	(2)	(16)
Cash flow hedge	-	-	-	1,630	-	1,630	-	1,630
Profit for the year	-	-	-	-	11,251	11,251	530	11,781
Total comprehensive income for the year	-	-	(14)	1,630	11,251	12,867	528	13,395
Dividend to owners of the Company	-	-	-	-	(3,900)	(3,900)	-	(3,900)
At 31 March 2020	69,302	(5)	925	(1,270)	113,482	182,434	3,276	185,710



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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(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 March 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 2018	69,302	(5)	923	(1,407)	92,423	161,236	1,693	162,929
Foreign currency translation differences for foreign operation	-	-	(31)	-	-	(31)	(4)	(35)
Cash flow hedge	-	-	-	472	-	472	-	472
Profit for the year	-	-	-	-	8,067	8,067	(290)	7,777
Total comprehensive income for the year	-	-	(31)	472	8,067	8,508	(294)	8,214
At 31 March 2019	69,302	(5)	892	(935)	100,490	169,744	1,399	171,143

(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 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	6 Months Period Ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	15,379	11,150
Adjustments for:		
Amortisation of investment properties	38	13
Amortisation of development costs	27	59
Reversal of foreseeable losses	(632)	(325)
(Reversal of) / Provision for warranties-net	(158)	23
Depreciation of property, plant and equipment	1,018	1,011
Depreciation of right-of-use assets	970	-
Loss / (gain) on disposal of property, plant and equipment	86	(13)
Fair value gain on forward exchange contracts	(1,436)	(917)
Property, plant and equipment written off	2	-
Finance costs	1,058	707
Finance income	(181)	(113)
Share of loss / (gain) of equity-accounted joint venture, net of tax	153	(430)
Unrealised foreign exchange loss	76	196
	<hr/>	<hr/>
Operating profit before changes in working capital	16,400	11,361
Changes in working capital:		
Inventories	(3,065)	(3,192)
Trade and other receivables, deposits and prepayments	19,362	(3,109)
Trade and other payables and deferred income	(36,569)	1,055
	<hr/>	<hr/>
Cash (used in) / generated from operations	(3,872)	6,115
Income taxes paid	(4,105)	(3,918)
Interest paid	(109)	(117)
Interest received	119	113
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	(7,967)	2,193
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	10	14
Purchase of property, plant and equipment	(2,647)	(7,536)
Acquisition of intangible assets	(107)	(122)
	<hr/>	<hr/>
Net cash used in investing activities	(2,744)	(7,644)
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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	6 Months Period Ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owners of the company	(3,900)	-
Proceeds from loans and borrowings, net	13,239	4,864
Repayment of lease liabilities, net	(1,132)	236
Interest paid	(949)	(590)
Net cash generated from financing activities	7,258	4,510
Net decrease in cash and cash equivalents	(3,453)	(941)
Foreign exchange differences on cash held	51	(213)
Cash and cash equivalents at beginning of the financial year	68,727	55,134
Cash and cash equivalents at end of the financial year	65,325	53,980
Cash and cash equivalents included in the statements of cash flows comprise:-		
Deposits	6,500	-
Cash and bank balances	50,100	34,464
Liquid investments	9,389	19,833
Bank overdrafts	(664)	(317)
	65,325	53,980

(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*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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 1 January 2022

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.
- from the annual period beginning on 1 October 2022 for the accounting standard that is effective for annual periods beginning on or after 1 January 2022.
- from the annual period beginning on 1 October 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022.

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

A1. Basis of Preparation (Cont’d)

The Group not plan to apply MFRS 17, *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 March 2020	4,000	5,050

A7. Dividends Paid and Distributed

A final dividend in respect of the financial year ended 30 September 2019 of 3.0 sen per ordinary share under the single tier system amounting to RM3.9 million was approved in the Company’s Annual General Meeting held on 26 February 2020. The dividend was paid to the shareholders of the Company on 16 March 2020.

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:

Balance purchase consideration on acquisition of property, plant and equipment	RM'000 <u>7,080</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 2019	373,721
Increased in borrowing facilities	<u>8,000</u>
At 31 March 2020	<u><u>381,721</u></u>

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

	RM'000
At 1 October 2019	36,778
Addition	<u>1,026</u>
At 31 March 2020	<u><u>37,804</u></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	
	31.03.2020 RM’000	31.03.2019 RM’000
<u>CTL Automation Sdn Bhd (“CTL”)</u>		
- Repairs and purchase of elevators parts	(240)	(326)
- Supply, install, testing and commissioning of electrical work and equipment	(2)	-
- Sales of electrical equipment	55	18
<u>QL Foods Sdn Bhd (“QLF”)</u>		
- Sales of electrical equipment	228	133
<u>Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)</u>		
- Sales of elevator controllers and components, provision of management services and rental	84	82
- Sales of elevator parts	2	-
- Purchase of elevator controllers	(910)	(2,029)

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
	31.03.2020 RM'000	31.03.2019 RM'000		31.03.2020 RM'000	31.03.2019 RM'000	
Revenue						
Marketing and Distribution	18,639	19,281	(3.3%)	39,704	36,319	9.3%
Manufacturing Services	26,303	29,869	(11.9%)	54,337	51,085	6.4%
High Voltage System	9,353	9,634	(2.9%)	17,086	19,549	(12.6%)
	21,282	8,675	145.3%	34,472	12,139	184.0%
Total	<u>75,577</u>	<u>67,459</u>	12.0%	<u>145,599</u>	<u>119,092</u>	22.3%
Profit before Tax ("PBT") / (Loss) before Tax ("LBT")						
Marketing and Distribution	1,233	1,217	1.3%	3,577	2,096	70.7%
Manufacturing Services	2,354	3,250	(27.6%)	2,827	2,958	(4.4%)
High Voltage System	2,982	4,399	(32.2%)	7,344	6,995	5.0%
	669	(177)	478.0%	1,631	(899)	281.4%
Total	<u>7,238</u>	<u>8,689</u>	(16.7%)	<u>15,379</u>	<u>11,150</u>	37.9%

The total revenue of the Group for the current quarter increased by RM8.1 million or 12.0% as compared to the preceding year corresponding quarter mainly due to higher revenue from High Voltage System segment. However, this was mitigated by lower revenue from Marketing and Distribution, Manufacturing and Services segments followed by the impact of the Covid-19 pandemic and Movement Control Order ("MCO") announced by Government on 16 March 2020.

Cumulatively, the Group revenue increased by RM26.5 million or 22.3% as compared to the preceding corresponding period mainly due to higher revenue from Marketing and Distribution, Manufacturing and High Voltage System segments.

The total PBT of the Group for the current quarter decreased by RM1.5 million or 16.7% mainly due to inventories written down to net realisable value.

Cumulatively, the Group PBT increased by RM4.2 million or 37.9% corresponding with the higher revenue.

**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 RM0.6 million or 3.3% mainly due to lower demand for electrical and electronics (“E&E”) components followed by the impact of the Covid-19 pandemic and MCO announced by Government on 16 March 2020.

Cumulative revenue increased by RM3.4 million or 9.3% due to higher demand for E&E components.

Current quarter PBT slightly increased by 1.3% mainly due to higher sales of better margin products from different product mix.

Cumulative PBT increased by RM1.5 million or 70.7% corresponding to the higher revenue.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM3.6 million or 11.9% mainly due to lower revenue from Busduct and Ballast followed by the impact of the Covid-19 pandemic and MCO announced by Government on 16 March 2020.

Cumulative revenue increased by RM3.3 million or 6.4% mainly due to higher execution of elevator projects.

Current quarter PBT decreased by RM0.9 million or 27.6% corresponding with lower revenue and higher inventories written down to net realisable value. However, this was mitigated by reversal of allowance for doubtful debts and fair value gain on forward exchange contracts.

Cumulative PBT decreased by RM0.1 million or 4.4% despite higher revenue generated mainly due to higher inventories written down to net realisable value. However, this was mitigated by reversal of allowance for doubtful debts.

(iii) Service Segment

Current quarter revenue decreased by RM0.3 million or 2.9% mainly due to lower repair sales followed by the impact of the Covid-19 pandemic and MCO announced by Government on 16 March 2020.

Cumulative revenue decreased by RM2.5 million or 12.6% for the same reason.

Current quarter PBT decreased by RM1.4 million or 32.2% was in tandem with the lower revenue and higher provision for allowance doubtful debts.

Cumulative PBT increased by RM0.3 million or 5.0% mainly due to reversal of allowance for doubtful debts as well as lower administrative expenses.

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)

(iv) High Voltage System Segment

Current quarter revenue increased by RM12.6 million or 145.3% mainly due to higher execution of Transmission Sub-station projects.

Cumulative revenue increase by RM22.3 million or 184.0% for the same reason.

Current quarter PBT increased by RM0.8 million or 478.0% was in tandem with the higher revenue.

Cumulative PBT increased by RM2.5 million or 281.4% for the same reason.

B2. Review of Current Financial Quarter Performance against Preceding Quarter

	Individual Financial Quarter Ended		% change
	31.03.2020 RM'000	31.12.2019 RM'000	
Revenue			
Marketing and Distribution	18,639	21,065	(11.5%)
Manufacturing	26,303	28,034	(6.2%)
Services	9,353	7,733	20.9%
High Voltage System	21,282	13,190	61.3%
Total	75,577	70,022	7.9%
Profit before Tax ("PBT")			
Marketing and Distribution	1,233	2,344	(47.4%)
Manufacturing	2,354	473	397.7%
Services	2,982	4,362	(31.6%)
High Voltage System	669	962	(30.5%)
Total	7,238	8,141	(11.1%)

The total revenue of the Group for the current quarter increased by RM5.6 million or 7.9% against preceding quarter mainly due to higher revenue from Services and High Voltage System segments.

The total PBT of the Group for the current quarter decreased by RM0.9 million or 11.1% against preceding quarter mainly due to higher inventories written down to net realisable value. However, this was mitigated by fair value gain on forward exchange contract.

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

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

(i) Marketing and Distribution Segment

Current quarter revenue decreased by RM2.4 million or 11.5% due to lower demand for E&E components followed by the impact of the Covid-19 pandemic and MCO announced by Government on 16 March 2020.

Current quarter PBT decreased by RM1.1 million or 47.4% corresponding with lower revenue.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM1.7 million or 6.2% mainly due to lower execution of elevator projects followed by the impact of the Covid-19 pandemic and MCO announced by Government on 16 March 2020.

Current quarter PBT increased by RM1.9 million or 397.7% despite lower revenue recorded mainly due to reversal of provision for allowance for doubtful debts.

(iii) Services Segment

Current quarter revenue increased by RM1.6 million or 20.9% mainly due to higher project execution of electrical and security systems.

Current quarter PBT decreased by RM1.4 million or 31.6% mainly due to higher distribution cost and provision for allowance for doubtful debts.

(iv) High Voltage System Segment

Current quarter revenue increased by RM8.1 million or 61.3% mainly due to higher execution of Transmission Sub-station projects.

Current quarter PBT decreased by RM0.3 million or 30.5% despite higher revenue generated mainly due to fair value loss on forward exchange contract.

B3. Commentary on Prospects

The Covid-19 pandemic and the Movement Control Order (MCO) imposed by the Government have interrupted the Group business since 18 March 2020. Although the Group has resumed business following the Government announcement on 1 May 2020 with a Conditional Movement Control Order, business environment remains uncertain and market demand remains weak. Nevertheless, with the current order book in hand and gradual resume of business, the Board of Directors of the Group expects to deliver a satisfactory performance for the financial year ending 30 September 2020.

B4. Profit Forecast

Profit forecast was not provided.

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

B5. Tax Expense

	Individual Financial Quarter Ended 31.03.2020 RM'000	Cumulative Financial Quarter Ended 31.03.2020 RM'000
Current tax expense		
- current period	182	2,762
- prior period	-	33
	182	2,795
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	1,652	937
- prior period	(4)	(134)
	1,648	803
Total current tax recognised in profit or loss	1,830	3,598
Share of tax of equity-accounted joint venture	(66)	(98)
Total tax expense	1,764	3,500

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 31.03.2020		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Term Loan	15,601	1,073	16,674
Unsecured			
Banker's acceptance	-	25,539	25,539
Bank overdrafts	-	664	664
	15,601	27,276	42,877

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

B7. Group Borrowings (Cont'd)

	As at 31.03.2019		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	950	429	1,379
Term Loan	5,658	1,024	6,682
Unsecured			
Banker's acceptance	-	11,341	11,341
Bank overdrafts	-	317	317
	6,608	13,111	19,719

B8. Change in Material Litigations

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

B9. Proposed Dividend

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

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

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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit for the period attributable to owners (RM'000)	5,177	6,429	11,251	8,067
Weighted average number of ordinary shares in issue ('000)*	129,996	129,996	129,996	129,996
Basic EPS (sen)	<u>3.98</u>	<u>4.95</u>	<u>8.65</u>	<u>6.21</u>

Note:

* The weighted average number of ordinary shares outstanding during 31 March 2020 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.

B11. Financial Instruments

Outstanding derivatives as at 31 March 2020 is as follow:

Type of derivatives	Contract / Notional Value RM'000	Fair Value RM'000
Less than 1 year:-		
Forward exchange contract	<u>105,582</u>	<u>1,312</u>

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

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

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

	Individual Financial Quarter Ended		Year-to-date Ended	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Profit for the period is arrived after charging / (crediting):				
Interest expense on lease liability	18	-	38	-
Depreciation and amortisation	534	568	1,083	1,083
Depreciation for right-of-use assets	462	-	970	-
(Reversal of) / Provision for allowance for doubtful debts	(432)	458	(569)	1,733
Inventories written down to net realisable value	664	(316)	602	(18)
Loss / (Gain) on disposal of property, plant and equipment	86	(13)	86	(13)
Foreign exchange (gain) / loss, net	(92)	(272)	84	446
Reversal of foreseeable loss	(209)	(311)	(632)	(325)
Fair value gain on forward exchange contracts	(721)	(73)	(895)	(917)
Provision for warranties-net	18	28	29	23

B13. Authority for Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Directors dated 29 May 2020.