



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

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 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			
	30.06.2020	30.06.2019	Changes		30.06.2020	30.06.2019	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	<u>60,065</u>	<u>81,067</u>	(21,002)	(25.9%)	<u>205,664</u>	<u>200,159</u>	5,505	2.8%
Results from operating activities	3,902	9,983	(6,081)	(60.9%)	20,311	21,297	(986)	(4.6%)
Finance costs	(559)	(417)	(142)	(34.1%)	(1,617)	(1,124)	(493)	(43.9%)
Finance income	98	102	(4)	(3.9%)	279	215	64	29.8%
Net finance costs	(461)	(315)	(146)	(46.3%)	(1,338)	(909)	(429)	(47.2%)
Share of profit / (loss) of equity-accounted joint venture, net of tax	<u>18</u>	<u>269</u>	(251)	(93.3%)	<u>(135)</u>	<u>699</u>	(834)	(119.3%)
Profit before tax	<u>3,459</u>	<u>9,937</u>	(6,478)	(65.2%)	<u>18,838</u>	<u>21,087</u>	(2,249)	(10.7%)
Tax expense	(1,252)	(2,470)	1,218	49.3%	(4,851)	(5,843)	992	17.0%
Profit for the period	<u>2,207</u>	<u>7,467</u>	(5,260)	(70.4%)	<u>13,987</u>	<u>15,244</u>	(1,257)	(8.2%)



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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	
	30.06.2020	30.06.2019	RM'000	%	30.06.2020	30.06.2019	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	138	134	4	3.0%	123	99	24	24.2%
Cash flow hedge	(187)	(455)	268	58.9%	1,443	17	1,426	8388.2%
Total other comprehensive income for the period	(49)	(321)	272	84.7%	1,566	116	1,450	1250.0%
Total comprehensive income for the period	<u>2,158</u>	<u>7,146</u>	(4,988)	(69.8%)	<u>15,553</u>	<u>15,360</u>	193	1.3%
Profit attributable to:								
Owners of the Company	1,812	6,915	(5,103)	(73.8%)	13,063	14,982	(1,919)	(12.8%)
Non-controlling interests	395	552	(157)	(28.4%)	924	262	662	252.7%
	<u>2,207</u>	<u>7,467</u>	(5,260)	(70.4%)	<u>13,987</u>	<u>15,244</u>	(1,257)	(8.2%)



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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				Cumulative Financial Quarter Ended			
	30.06.2020	30.06.2019	Changes		30.06.2020	30.06.2019	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total comprehensive income attributable to:								
Owners of the Company	1,750	6,580	(4,830)	(73.4%)	14,616	15,088	(472)	(3.1%)
Non-controlling interests	408	566	(158)	(27.9%)	937	272	665	244.5%
	<u>2,158</u>	<u>7,146</u>	<u>(4,988)</u>	<u>(69.8%)</u>	<u>15,553</u>	<u>15,360</u>	<u>193</u>	<u>1.3%</u>
Earnings per share:								
- Basic (sen)	<u>1.39</u>	<u>5.32</u>	<u>(3.93)</u>	<u>(73.9%)</u>	<u>10.05</u>	<u>11.52</u>	<u>(1.47)</u>	<u>(12.8%)</u>
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>			<u>N/A</u>	<u>N/A</u>		

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.06.2020	31.03.2020	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	60,065	75,577	(15,512)	(20.5%)
Results from operating activities	3,902	7,688	(3,786)	(49.2%)
Finance costs	(559)	(511)	(48)	(9.4%)
Finance income	98	108	(10)	(9.3%)
Net finance costs	(461)	(403)	(58)	(14.4%)
Share of profit / (loss) of equity-accounted joint venture, net of tax	18	(47)	65	138.3%
Profit before tax	3,459	7,238	(3,779)	(52.2%)
Tax expense	(1,252)	(1,830)	578	31.6%
Profit for the period	2,207	5,408	(3,201)	(59.2%)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	138	(51)	189	370.6%
Cash flow hedge	(187)	1,402	(1,589)	(113.3%)
Total other comprehensive income for the period	(49)	1,351	(1,400)	(103.6%)
Total comprehensive income for the period	2,158	6,759	(4,601)	(68.1%)
Profit attributable to:				
Owners of the Company	1,812	5,177	(3,365)	(65.0%)
Non-controlling interests	395	231	164	71.0%
	2,207	5,408	(3,201)	(59.2%)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2020

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

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.06.2020	31.03.2020	Changes	
	RM'000	RM'000	RM'000	%
Total comprehensive income				
attributable to:				
Owners of the Company	1,750	6,533	(4,783)	(73.2%)
Non-controlling interests	408	226	182	80.5%
	<u>2,158</u>	<u>6,759</u>	(4,601)	(68.1%)
Earnings per share:				
- Basic (sen)	<u>1.39</u>	<u>3.98</u>	(2.59)	(65.1%)
- 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 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	30.06.2020 RM'000 (Unaudited)	30.09.2019 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		37,181	39,733
Right-of-use assets		8,127	-
Intangible assets		1,353	1,705
Investment properties		5,735	5,265
Investment in joint venture		1,513	1,648
Other investments		10	10
Deferred tax assets		5,722	5,874
Total non-current assets		59,641	54,235
Current assets			
Inventories		47,221	42,048
Contract assets		59,413	58,858
Trade and other receivables		57,859	70,660
Current tax assets		3,682	2,352
Deposits and prepayments		4,049	6,925
Derivative financial assets		817	-
Cash and cash equivalents		78,349	68,727
Total current assets		251,390	249,570
TOTAL ASSETS		311,031	303,805
EQUITY AND LIABILITIES			
Equity			
Share capital		69,302	69,302
Reserves		114,882	104,165
Total equity attributable to owners of the Company		184,184	173,467
Non-controlling interests		3,684	2,748
TOTAL EQUITY		187,868	176,215

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

EQUITY AND LIABILITIES (continued)	Note	30.06.2020 RM'000 (Unaudited)	30.09.2019 RM'000 (Audited)
Non-current liabilities			
Loans and borrowings	B7	15,547	15,421
Lease liabilities		2,195	-
Deferred tax liabilities		512	363
Total non-current liabilities		18,254	15,784
Current liabilities			
Loans and borrowings	B7	32,874	14,898
Lease liabilities		2,161	-
Deferred Income		1,430	-
Contract liabilities		3,769	16,223
Provision for warranties		293	483
Current tax payable		717	1,031
Trade and other payables		63,661	77,674
Derivative financial liabilities		4	1,497
Total current liabilities		104,909	111,806
TOTAL LIABILITIES		123,163	127,590
TOTAL EQUITY AND LIABILITIES		311,031	303,805
Net assets per share attributable to equity holders of the Company (RM)		1.42	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.)



EITA RESOURCES BERHAD
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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 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 30 June 2020</u>	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits 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	-	-	111	-	-	111	12	123
Cash flow hedge	-	-	-	1,443	-	1,443	-	1,443
Profit for the year	-	-	-	-	13,063	13,063	924	13,987
Total comprehensive income for the year	-	-	111	1,443	13,063	14,617	936	15,553
Dividend to owners of the Company	-	-	-	-	(3,900)	(3,900)	-	(3,900)
At 30 June 2020	69,302	(5)	1,050	(1,457)	115,294	184,184	3,684	187,868



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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >							
	< ----- Non-Distributable ----- >				Distributable			
<u>Period Ended 30 June 2019</u>	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 October 2018	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 year	-	-	-	-	14,982	14,982	262	15,244
Total comprehensive income for the year	-	-	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

(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 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	9 Months Period Ended	
	30.06.2020	30.06.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	18,838	21,087
Adjustments for:		
Amortisation of investment properties	57	20
Amortisation of development costs	37	86
Reversal of foreseeable losses	(1,083)	(294)
Provision for warranties-net	28	28
Depreciation of property, plant and equipment	1,536	1,538
Depreciation of right-of-use assets	1,615	-
Loss / (gain) on disposal of property, plant and equipment	86	(7)
Gain on disposal of investment properties	-	(76)
Fair value gain on forward exchange contracts	(589)	(895)
Property, plant and equipment written off	2	-
Finance costs	1,617	1,124
Finance income	(279)	(215)
Share of loss / (gain) of equity-accounted joint venture, net of tax	135	(699)
Unrealised foreign exchange loss	73	93
	<hr/>	<hr/>
Operating profit before changes in working capital	22,073	21,790
Changes in working capital:		
Inventories	(5,158)	(4,167)
Trade and other receivables, deposits and prepayments	21,370	(16,343)
Trade and other payables and deferred income	(31,156)	11,210
	<hr/>	<hr/>
Cash generated from operations	7,129	12,490
Income taxes paid	(5,937)	(5,973)
Interest paid	(173)	(163)
Interest received	279	215
	<hr/>	<hr/>
Net cash generated from operating activities	1,298	6,569
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	10	14
Proceeds from disposal of investment property	-	490
Purchase of property, plant and equipment	(4,069)	(12,828)
Acquisition of intangible assets	(107)	(122)
	<hr/>	<hr/>
Net cash used in investing activities	(4,166)	(12,446)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	9 Months Period Ended	
	30.06.2020	30.06.2019
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owners of the company	(3,900)	(3,900)
Proceeds from loans and borrowings, net	19,429	15,754
Repayment of lease liabilities, net	(1,807)	121
Interest paid	(1,444)	(961)
Net cash generated from financing activities	12,278	11,014
Net increase in cash and cash equivalents	9,410	5,137
Foreign exchange differences on cash held	127	(90)
Cash and cash equivalents at beginning of the financial year	68,727	55,134
Cash and cash equivalents at end of the financial year	78,264	60,181
Cash and cash equivalents included in the statements of cash flows comprise:-		
Deposits	5,000	6,500
Cash and bank balances	65,886	35,805
Liquid investments	7,463	17,876
Bank overdrafts	(85)	-
	78,264	60,181

(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”) and have been adopted by the Group:

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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.

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

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.

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 2019 / 30 June 2020	4,000	5,050

A7. Dividends Paid and Distributed

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

A8. Segmental Information

Segmental information in respect of the Group’s business activities for the financial year to date ended 30 June 2020.

	Revenue RM’000	Profit before Tax RM’000
Marketing and Distribution	53,564	3,447
Manufacturing	74,029	3,287
Services	25,039	8,967
High Voltage System	53,032	3,137
Reportable segments	<u>205,664</u>	<u>18,838</u>

A9. Subsequent Material Event

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

A10. Changes in the Composition of the Group

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

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

A11. Capital Commitments

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

	RM’000
Balance purchase consideration on acquisition of property, plant and equipment	<u>6,282</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 30 June 2020	<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
Net expired	<u>(973)</u>
At 30 June 2020	<u>35,805</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.
QL Figo (Johor) Sdn Bhd (“QLFJ”)	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	
	30.06.2020 RM’000	30.06.2019 RM’000
<u>CTL Automation Sdn Bhd (“CTL”)</u>		
- Repairs and purchase of elevators parts	(281)	(443)
- Supply, install, testing and commissioning of electrical work and equipment	(3)	-
- Sales of electrical equipment	55	53
<u>QL Foods Sdn Bhd (“QLF”)</u>		
- Sales of electrical equipment	269	170
<u>QL Figo (Johor) Sdn Bhd (“QLFJ”)</u>		
- Sales of electrical equipment	2,948	1
<u>Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)</u>		
- Sales of elevator controllers and components, provision of management services and rental	123	124
- Sales of elevator parts	2	-
- Purchase of elevator controllers	(1,476)	(4,385)

**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
	30.06.2020 RM'000	30.06.2019 RM'000		30.06.2020 RM'000	30.06.2019 RM'000	
Revenue						
Marketing and Distribution	13,860	20,845	(33.5%)	53,564	57,164	(6.3%)
Manufacturing Services	19,692	30,970	(36.4%)	74,029	82,055	(9.8%)
High Voltage System	7,953	9,822	(19.0%)	25,039	29,371	(14.7%)
	18,560	19,430	(4.5%)	53,032	31,569	68.0%
Total	<u>60,065</u>	<u>81,067</u>	(25.9%)	<u>205,664</u>	<u>200,159</u>	2.8%
Profit before Tax ("PBT") / (Loss) before Tax ("LBT")						
Marketing and Distribution	(130)	1,634	(108.0%)	3,447	3,730	(7.6%)
Manufacturing Services	460	2,099	(78.1%)	3,287	5,057	(35.0%)
High Voltage System	1,623	4,223	(61.6%)	8,967	11,218	(20.1%)
	1,506	1,981	(24.0%)	3,137	1,082	189.9%
Total	<u>3,459</u>	<u>9,937</u>	(65.2%)	<u>18,838</u>	<u>21,087</u>	(10.7%)

The total revenue of the Group for the current quarter decreased by RM21.0 million or 25.9% as compared to the preceding year corresponding quarter mainly due to lower revenue from all segments followed by the Movement Control Order ("MCO") imposed by Government caused by COVID-19 pandemic.

Cumulatively, the Group revenue increased by RM5.5 million or 2.8% as compared to the preceding corresponding period mainly due to higher revenue from High Voltage System segment.

The total PBT of the Group for the current quarter decreased by RM6.5 million or 65.2% in tandem with lower revenue, higher provision for allowance for doubtful debts and higher inventories written down to net realisable value.

Cumulatively, the Group PBT decreased by RM2.2 million or 10.7% mainly due to higher inventories written down to net realisable value.

**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 RM7.0 million or 33.5% mainly due to lower demand for electrical and electronics (“E&E”) components.

Cumulative revenue decreased by RM3.6 million or 6.3% for the same reason.

Current quarter PBT decreased by RM1.8 mil or 108.0% in tandem with lower revenue and higher inventories written down to net realisable value.

Cumulative PBT decreased by RM0.3 million or 7.6% in tandem with lower revenue.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM11.3 million or 36.4% mainly due to lower execution of elevator projects and lower revenue from Busduct.

Cumulative revenue decreased by RM8.0 million or 9.8% mainly due to lower revenue from Busduct and mitigated by higher execution of elevator projects.

Current quarter PBT decreased by RM1.6 million or 78.1% in tandem with lower revenue, higher provision for allowance for doubtful debts, higher inventories written down to net realisable value and bad debts written off.

Cumulative PBT decreased by RM1.8 million or 35.0% in tandem with lower revenue and higher inventories written down to net realisable value.

(iii) Service Segment

Current quarter revenue decreased by RM1.9 million or 19.0% mainly due to lower repair sales.

Cumulative revenue decreased by RM4.3 million or 14.7% for the same reason.

Current quarter PBT decreased by RM2.6 million or 61.6% in tandem with lower revenue and lower GP.

Cumulative PBT decreased by RM2.3 million or 20.1% for the same reason.

**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 decreased by RM0.9 million or 4.5% due to lower execution of Transmission Sub-station projects.

Cumulative revenue increased by RM21.5 million or 68.0% due to higher execution of Transmission Sub-station projects.

Current quarter PBT decreased by RM0.5 million or 24.0% in tandem with lower revenue.

Cumulative PBT increased by RM2.1 million or 189.9% was in tandem with higher revenue and fair value gain on valuation on forward exchange contracts.

B2. Review of Current Financial Quarter Performance against Preceding Quarter

	Individual Financial Quarter Ended		% change
	30.06.2020 RM'000	31.03.2020 RM'000	
Revenue			
Marketing and Distribution	13,860	18,639	(25.6%)
Manufacturing	19,692	26,303	(25.1%)
Services	7,953	9,353	(15.0%)
High Voltage System	18,560	21,282	(12.8%)
Total	60,065	75,577	(20.5%)
Profit before Tax ("PBT") / (Loss) before Tax ("LBT")			
Marketing and Distribution	(130)	1,233	(110.5%)
Manufacturing	460	2,354	(80.5%)
Services	1,623	2,982	(45.6%)
High Voltage System	1,506	669	125.1%
Total	3,459	7,238	(52.2%)

The total revenue of the Group for the current quarter decreased by RM15.5 million or 20.5% against preceding quarter mainly due to lower revenue from all segments followed by the Movement Control Order ("MCO") imposed by Government caused by COVID-19 pandemic.

The total PBT of the Group for the current quarter decreased by RM3.8 million or 52.2% against preceding quarter in tandem with lower revenue, higher provision for allowance for doubtful debts, fair value loss on valuation on forward exchange contracts and bad debts written off.

**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 RM4.8 million or 25.6% due to lower demand for E&E components.

Current quarter PBT decreased by RM1.4 million or 110.5% in tandem with lower revenue, higher provision for allowance for doubtful debts and higher inventories written down to net realisable value.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM6.6 million or 25.1% mainly due to lower execution of elevator projects and lower revenue from Busducts.

Current quarter PBT decreased by RM1.9 million or 80.5% in tandem with lower revenue, higher provision for allowance for doubtful debts, fair value loss on valuation on forward exchange contracts and bad debts written off.

(iii) Services Segment

Current quarter revenue decreased by RM1.4 million or 15.0% mainly due to lower repair sales.

Current quarter PBT decreased by RM1.4 million or 45.6% in tandem with lower revenue, lower GP and higher provision for allowance for doubtful debts.

(iv) High Voltage System Segment

Current quarter revenue decreased by RM2.7 million or 12.8% mainly due to lower execution of Transmission Sub-station projects.

Current quarter PBT increased by RM0.8 million or 125.1% mainly due to higher contribution from higher GP Transmission Sub-station projects

B3. Commentary on Prospects

The Movement Control Order (MCO) imposed by the Government caused by the COVID-19 pandemic has 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 and Recovery Movement Control Order commenced on 10 June 2020, business environment remains uncertain and market demand on our products and services is expected to be weak in the short term. Nevertheless, with the current order book in hand, 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 30.06.2020 RM'000	Cumulative Financial Quarter Ended 30.06.2020 RM'000
Current tax expense		
- current period	1,289	4,051
- prior period	183	216
	1,472	4,267
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	(330)	607
- prior period	110	(23)
	(220)	584
Total current tax recognised in profit or loss	1,252	4,851
Share of tax of equity-accounted joint venture	(18)	(116)
Total tax expense	1,234	4,735

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 30.06.2020		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Term Loan	15,547	1,073	16,620
Unsecured			
Banker's acceptance	-	31,716	31,716
Bank overdrafts	-	85	85
	15,547	32,874	48,421

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

B7. Group Borrowings (Cont'd)

	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

B8. Change in Material Litigations

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

B9. Proposed Dividend

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

	30.06.2020	30.06.2019
Interim dividend		
First interim dividend per share	3.0 sen	3.0 sen
Total dividend per share	<u>3.0 sen</u>	<u>3.0 sen</u>
For the financial year ending	30 September 2020	
Approved and declared on	17 August 2020	
Entitlement to dividend based on record of depositors as at	10 September 2020	
Date payable	24 September 2020	

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

**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	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit for the period attributable to owners (RM'000)	1,812	6,915	13,063	14,982
Weighted average number of ordinary shares in issue ('000)*	129,996	129,996	129,996	129,996
Basic EPS (sen)	<u>1.39</u>	<u>5.32</u>	<u>10.05</u>	<u>11.52</u>

Note:

* The weighted average number of ordinary shares outstanding during 30 June 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 30 June 2020 is as follow:

	Contract / Notional Value RM'000	Fair Value RM'000
Type of derivatives		
Less than 1 year:-		
Forward exchange contract	<u>93,990</u>	<u>813</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	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Profit for the period is arrived after charging / (crediting):				
Interest expense on lease liability	46	-	84	-
Depreciation and amortisation	548	561	1,630	1,644
Depreciation for right-of-use assets	645	-	1,615	-
Provision for / (Reversal of) allowance for doubtful debts	1,123	(313)	554	1,420
Inventories written down to net realisable value	991	19	1,592	1
Loss / (gain) on disposal of property, plant and equipment	-	6	86	(7)
Property, plant and equipment written off	-	-	2	-
Foreign exchange (gain) / loss, net (Reversal of) / Allowance for foreseeable loss	(304)	(313)	220	133
Fair value loss / (gain) on forward exchange contracts	306	22	(589)	(895)
(Reversal of) / Provision for warranties-net	(1)	(5)	28	28

B13. Authority for Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Directors dated 17 August 2020.