



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

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

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			
	31.03.2023	31.03.2022	Changes		31.03.2023	31.03.2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	<u>71,396</u>	<u>84,292</u>	(12,896)	(15.3%)	<u>144,419</u>	<u>205,002</u>	(60,583)	(29.6%)
Results from operating activities	271	5,924	(5,653)	(95.4%)	2,957	18,019	(15,062)	(83.6%)
Finance costs	(745)	(696)	(49)	(7.0%)	(1,305)	(1,491)	186	12.5%
Finance income	92	89	3	3.4%	216	154	62	40.3%
Net finance costs	(653)	(607)	(46)	(7.6%)	(1,089)	(1,337)	248	18.5%
Share of (loss) / profit of equity-accounted joint venture, net of tax	<u>(237)</u>	<u>6</u>	(243)	(4,050.0%)	<u>(194)</u>	<u>(32)</u>	(162)	(506.3%)
(Loss) / Profit before tax	<u>(619)</u>	<u>5,323</u>	<u>(5,942)</u>	<u>(111.6%)</u>	<u>1,674</u>	<u>16,650</u>	<u>(14,976)</u>	<u>(89.9%)</u>
Tax expense	<u>(382)</u>	<u>(1,543)</u>	1,161	75.2%	<u>(1,067)</u>	<u>(4,467)</u>	3,400	76.1%
(Loss) / Profit for the period	<u>(1,001)</u>	<u>3,780</u>	<u>(4,781)</u>	<u>(126.5%)</u>	<u>607</u>	<u>12,183</u>	<u>(11,576)</u>	<u>(95.0%)</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	
	31.03.2023	31.03.2022	RM'000	%	31.03.2023	31.03.2022	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	163	72	91	126.4%	282	99	183	184.8%
Cash flow hedge	-	(39)	39	100.0%	-	6	(6)	(100.0%)
Total other comprehensive income for the period	163	33	130	393.9%	282	105	177	168.6%
Total comprehensive (expense) / income for the period	(838)	3,813	(4,651)	(122.0%)	889	12,288	(11,399)	(92.8%)
Profit / (Loss) attributable to:								
Owners of the Company	1,066	3,496	(2,430)	(69.5%)	2,985	10,921	(7,936)	(72.7%)
Non-controlling interests	(2,067)	284	(2,351)	(827.8%)	(2,378)	1,262	(3,640)	(288.4%)
	(1,001)	3,780	(4,781)	(126.5%)	607	12,183	(11,576)	(95.0%)



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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				Cumulative Financial Quarter Ended			
	31.03.2023	31.03.2022	Changes		31.03.2023	31.03.2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total comprehensive income /(expense)								
attributable to:								
Owners of the Company	1,213	3,522	(2,309)	(65.6%)	3,239	11,016	(7,777)	(70.6%)
Non-controlling interests	(2,051)	291	(2,342)	(804.8%)	(2,350)	1,272	(3,622)	(284.7%)
	<u>(838)</u>	<u>3,813</u>	<u>(4,651)</u>	<u>(122.0%)</u>	<u>889</u>	<u>12,288</u>	<u>(11,399)</u>	<u>(92.8%)</u>
Earnings per share:								
- Basic (sen)	<u>0.41</u>	<u>1.34</u>	<u>(0.93)</u>	<u>(69.4%)</u>	<u>1.15</u>	<u>4.20</u>	<u>(3.05)</u>	<u>(72.6%)</u>
- Diluted (sen)	<u>0.40</u>	<u>1.28</u>	<u>(0.88)</u>	<u>(68.8%)</u>	<u>1.13</u>	<u>3.94</u>	<u>(2.81)</u>	<u>(71.3%)</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 2022 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended		Changes	
	31.03.2023	31.12.2022	RM'000	%
	RM'000	RM'000		
Revenue	71,396	73,023	(1,627)	(2.2%)
Results from operating activities	271	2,686	(2,415)	(89.9%)
Finance costs	(745)	(560)	(185)	(33.0%)
Finance income	92	124	(32)	(25.8%)
Net finance costs	(653)	(436)	(217)	(49.8%)
Share of (loss) / profit of equity-accounted joint venture, net of tax	(237)	43	(280)	(651.2%)
(Loss) / Profit before tax	(619)	2,293	(2,912)	(127.0%)
Tax expense	(382)	(685)	303	44.2%
(Loss) / Profit for the period	(1,001)	1,608	(2,609)	(162.3%)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	163	119	44	37.0%
Total comprehensive (expense) / income for the period	(838)	1,727	(2,565)	(148.5%)
Profit / (Loss) attributable to:				
Owners of the Company	1,066	1,919	(853)	(44.5%)
Non-controlling interests	(2,067)	(311)	(1,756)	(564.6%)
	(1,001)	1,608	(2,609)	(162.3%)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

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

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	31.03.2023	31.12.2022	Changes	
	RM'000	RM'000	RM'000	%
Total comprehensive income / (expense)				
attributable to:				
Owners of the Company	1,213	2,026	(813)	(40.1%)
Non-controlling interests	(2,051)	(299)	(1,752)	(586.0%)
	<u>(838)</u>	<u>1,727</u>	(2,565)	(148.5%)
Earnings per share:				
- Basic (sen)	<u>0.41</u>	<u>0.74</u>	(0.33)	(44.6%)
- Diluted (sen)	<u>0.40</u>	<u>0.72</u>	(0.32)	(44.4%)

(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 2022 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	31.03.2023 RM'000 (Unaudited)	30.09.2022 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		43,091	44,042
Right-of-use assets		7,670	8,420
Intangible assets		249	278
Investment properties		9,540	9,604
Investment in joint venture		1,341	1,535
Other investments		-	10
Deferred tax assets		7,347	5,243
Total non-current assets		69,238	69,132
Current assets			
Inventories		45,964	43,219
Contract assets		75,090	82,860
Trade and other receivables		62,462	61,234
Current tax assets		3,457	3,058
Deposits and prepayments		11,758	10,094
Derivative financial assets		1,464	71
Other investments		1,070	1,029
Cash and cash equivalents		61,137	77,230
Total current assets		262,402	278,795
TOTAL ASSETS		<u>331,640</u>	<u>347,927</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		69,382	69,382
Reserves		138,912	139,575
Total equity attributable to owners of the Company		208,294	208,957
Non-controlling interests		1,440	3,917
TOTAL EQUITY		<u>209,734</u>	<u>212,874</u>

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

EQUITY AND LIABILITIES (continued)	Note	31.03.2023 RM'000 (Unaudited)	30.09.2022 RM'000 (Audited)
Non-current liabilities			
Loans and borrowings	B7	11,718	13,389
Lease liabilities		2,008	2,266
Deferred tax liabilities		939	1,238
Total non-current liabilities		14,665	16,893
Current liabilities			
Loans and borrowings	B7	34,063	31,791
Lease liabilities		1,367	1,588
Provision for warranties		675	408
Trade and other payables		58,175	53,967
Contract liabilities		11,027	28,790
Current tax payable		1,334	1,004
Derivative financial liabilities		600	612
Total current liabilities		107,241	118,160
TOTAL LIABILITIES		<u>121,906</u>	<u>135,053</u>
TOTAL EQUITY AND LIABILITIES		<u>331,640</u>	<u>347,927</u>
Net assets per share attributable to equity holders of the Company (RM)		0.80	0.80

(The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2022 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

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 March 2023</u>	Share Capital RM'000	Translation Reserve RM'000	Retained Profits RM'000			
At 1 October 2022	69,382	1,608	137,967	208,957	3,917	212,874
Foreign currency translation differences for foreign operation	-	254	-	254	28	282
Profit / (loss) for the period	-	-	2,985	2,985	(2,378)	607
Total comprehensive income / (expenses) for the period	-	254	2,985	3,239	(2,350)	889
Dividend to owners of the Company	-	-	(3,902)	(3,902)	-	(3,902)
Dividends to non-controlling interests	-	-	-	-	(127)	(127)
Total transactions with owners of the Company	-	-	(3,902)	(3,902)	(127)	(4,029)
At 31 March 2023	69,382	1,862	137,050	208,294	1,440	209,734

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

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
	Share Capital RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000			
<u>Period Ended 31 March 2022</u>							
At 1 October 2021	69,305	1,087	(37)	127,716	198,071	3,828	201,899
Foreign currency translation differences for foreign operation	-	89	-	-	89	10	99
Cash flow hedge	-	-	6	-	6	-	6
Profit for the period	-	-	-	10,921	10,921	1,262	12,183
Total comprehensive income for the period	-	89	6	10,921	11,016	1,272	12,288
Dividend to owners of the Company	-	-	-	(3,900)	(3,900)	-	(3,900)
Dividend to non-controlling interests	-	-	-	-	-	(128)	(128)
Total transactions with owners of the Company	-	-	-	(3,900)	(3,900)	(128)	(4,028)
At 31 March 2022	69,305	1,176	(31)	134,737	205,187	4,972	210,159

(The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2022 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	6 Months Period Ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,674	16,650
Adjustments for:		
Amortisation of investment properties	64	58
Amortisation of development costs	31	29
Bad debts written off	177	83
Depreciation of property, plant and equipment	1,644	1,438
Depreciation of right-of-use assets	1,011	1,032
Finance costs	1,305	1,491
Finance income	(216)	(154)
Loss / (Gain) on disposal of property, plant and equipment	656	(105)
Gain on modification of right-of-use assets	(2)	-
Fair value (gain) / loss on forward exchange contracts - net	(1,405)	537
Property, plant and equipment written off	-	3
Provision for liquidated and ascertained damages	409	-
Provision of warranties-net	342	178
Reversal of foreseeable losses	(168)	(470)
Share of loss of equity-accounted joint venture, net of tax	194	32
Unrealised foreign exchange loss	138	26
	<hr/>	<hr/>
Operating profit before changes in working capital	5,854	20,828
Changes in working capital:		
Inventories	(2,707)	(1,730)
Trade and other receivables, deposits and prepayments	4,805	(8,856)
Trade and other payables	(14,152)	449
	<hr/>	<hr/>
Cash (used in) / generated from operations	(6,200)	10,691
Income taxes paid	(3,545)	(3,397)
Interest paid	(148)	(147)
Interest received	216	154
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	(9,677)	7,301
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(2)	(33)
Acquisition of investment properties	-	(169)
Proceeds from disposal of other investment	10	-
Proceeds from disposal of property, plant and equipment	3	105
Purchase of property, plant and equipment	(751)	(1,853)
	<hr/>	<hr/>
Net cash used in investing activities	(740)	(1,950)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	6 Months Period Ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(127)	(128)
Dividend paid to owners of the company	(3,902)	(3,900)
Interest paid	(1,158)	(1,344)
(Repayments of) / Proceeds from loans and borrowings, net	(115)	21,531
Repayment of lease liabilities, net	(1,058)	(1,080)
Net cash (used in) / generated from financing activities	(6,360)	15,079
Net (decrease) / increase in cash and cash equivalents	(16,777)	20,430
Foreign exchange differences on cash held	180	35
Cash and cash equivalents at beginning of the financial year	76,950	60,957
Cash and cash equivalents at end of the financial period	60,353	81,422
Cash and cash equivalents included in the statements of cash flows comprise:		
Cash and bank balances	46,852	70,670
Liquid investments	14,285	10,752
Bank overdrafts	(784)	-
	60,353	81,422

(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 2022 and the accompanying explanatory notes attached to these 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 134 (“MFRS 134”) : Interim Financial Reporting, International Financial Reporting Standards 34 : Interim Financial Reporting, the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 2022.

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 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

The adoption of the abovementioned accounting standards and amendments does not have any material impact on the financial statements of the Group.

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.

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

A5. Nature and Amount of Changes in Estimates

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

A6. Dividends Paid and Distributed

On 24 November 2022, the Board of Directors (“Board”) has declared a second interim dividend of 1.5 sen per ordinary share in respect of the financial year ending 30 September 2022, which was paid on 12 January 2023.

A7. Segmental Information

Segmental information in respect of the Group’s business activities for the financial year to date ended 31 March 2023.

	Revenue RM’000	Profit / (Loss) before Tax RM’000
Marketing and Distribution	46,775	3,271
Manufacturing	62,746	182
Services	19,166	5,892
High Voltage System	15,732	(7,671)
Reportable segments	144,419	1,674

A8. Subsequent Material Event

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

A9. Changes in the Composition of the Group

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

A10. Capital Commitments

The Group’s outstanding capital commitments as at 31 March 2023 not provided for in the financial statements are as follows:

Balance purchase consideration for the acquisition of property, plant and equipment	RM’000 1,434
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A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A11. Changes in Contingent Liabilities

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

	RM’000
At 1 October 2022	522,809
Increase in borrowing facilities	-
At 31 March 2023	<u>522,809</u>

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

	RM’000
At 1 October 2022	50,854
Upliftment	(4,673)
At 31 March 2023	<u>46,181</u>

A12. 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	A company in which two (2) of the directors and substantial shareholders are the brother and sister-in-law of the Acting Group Managing Director, Mr. Lim Joo Swee.
Sigriner Automation (MFG) Sdn Bhd	A 50% joint venture company of EITA-Schneider (Mfg) Sdn Bhd in which two (2) of the directors are the Executive Directors of EITA, the holding company of ESM.

	Cumulative Financial Quarter Ended	
	31.03.2023 RM’000	31.03.2022 RM’000
<u>CTL Automation Sdn Bhd</u>		
- Sales of electrical equipment	26	19
- Repairs and purchase of elevator parts	(257)	(535)
<u>Sigriner Automation (MFG) Sdn Bhd</u>		
- Provision of management services and rental	188	138
- Sales of elevator parts and components	195	137
- (Purchase) / Sales of robotic	(50)	101
- Purchase of elevator controllers	(2,580)	(2,344)

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

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

	Individual Financial Quarter Ended		%	Cumulative Financial Quarter Ended		%
	31.03.2023 RM'000	31.03.2022 RM'000		change	31.03.2023 RM'000	
Revenue						
Marketing and Distribution	22,300	19,656	13.5%	46,775	39,863	17.3%
Manufacturing	33,442	24,603	35.9%	62,746	50,762	23.6%
Services	10,031	11,408	(12.1%)	19,166	22,362	(14.3%)
High Voltage System	5,623	28,625	(80.4%)	15,732	92,015	(82.9%)
Total	71,396	84,292	(15.3%)	144,419	205,002	(29.6%)
Profit / (Loss) before Tax						
Marketing and Distribution	558	2,115	(73.6%)	3,271	4,475	(26.9%)
Manufacturing	2,782	(1,078)	358.1%	182	133	36.8%
Services	2,466	3,718	(33.7%)	5,892	7,895	(25.4%)
High Voltage System	(6,425)	568	(1,231.2%)	(7,671)	4,147	(285.0%)
Total	(619)	5,323	(111.6%)	1,674	16,650	(89.9%)

The Group's revenue for the current quarter decreased by RM12.9 million or 15.3% as compared to the preceding year corresponding quarter mainly due to lower revenues from the High Voltage System and Services segments but partly offset by the higher sales of the Manufacturing as well as Marketing and Distribution segments.

Cumulatively, the Group's revenue decreased by RM60.6 million or 29.6% as compared to the preceding corresponding period mainly due to lower revenues from the High Voltage System and Services segments.

The Group recorded loss before tax ("LBT") of RM0.6 million as compared to the profit before tax ("PBT") of the preceding year corresponding quarter amounting to RM5.3 million mainly due to losses recorded in the High Voltage System segment and lower PBT from the Marketing and Distribution and Services segment but partly offset by the higher PBT from the Manufacturing segment.

Cumulatively, the Group's PBT decreased by RM15.0 million or 89.9% mainly due to losses recorded in the High Voltage System segment and lower PBT from the Marketing and Distribution and Services segments.

**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
(continued)**

(i) Marketing and Distribution Segment

The Marketing and Distribution segment's revenue for the current quarter increased by RM2.6 million or 13.5% mainly due to higher sales from the Power and Control business.

The Marketing and Distribution segment's cumulative revenue increased by RM6.9 million or 17.3% mainly due to the higher sales from the Power and Control business.

The Marketing and Distribution segment's PBT for the current quarter decreased by RM1.6 million or 73.6% despite the higher revenues mainly due to higher administrative costs, higher distribution expenses and higher unrealised loss on foreign exchange. The higher cost was partially mitigated by the higher fair value gain on derivative.

The Marketing and Distribution segment's cumulative PBT decreased by RM1.2 million or 26.9% despite the higher revenues mainly due to higher administrative costs, higher distribution expenses, higher allowance for doubtful debts and higher provision for stock loss.

(ii) Manufacturing Segment

The Manufacturing segment's revenue for the current quarter increased by RM8.8 million or 35.9% mainly due to the higher sales from elevator projects and busducts business.

The Manufacturing segment's cumulative revenue increased by RM12.0 million or 23.6% mainly due to higher revenue from the busducts and ballast businesses.

The Manufacturing segment recorded PBT of RM2.8 million for the current quarter as compared to the LBT of the preceding year corresponding quarter amounting to RM1.1 million mainly due to higher revenues, fair value gain on derivatives and absences of stock written off in the current quarter. However, these were partially mitigated by the higher realised loss on foreign exchange, lower miscellaneous income, higher allowance for doubtful debts and higher administrative costs.

The Manufacturing segment's cumulative PBT increased marginally by approximately RM50,000 or 36.8% mainly due to higher revenues and absences of stock written. However, these were mitigated by the higher realised loss on foreign exchange, higher allowance for doubtful debts, lower miscellaneous income, higher administrative and distribution expenses as well as higher provision for stock 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
(continued)**

(iii) Service Segment

The Service segment's revenue for the current quarter decreased by RM1.4 million or 12.1% mainly due to lower service maintenance contract revenue.

The Service segment's cumulative revenue decreased by RM3.2 million or 14.3% mainly due to lower service maintenance contract revenue.

The Service segment's PBT for the current quarter decreased by RM1.3 mil or 33.7% mainly due to lower revenues, higher allowance for doubtful debts and higher distribution expenses.

The Service segment's cumulative PBT decreased by RM2.0 million or 25.4% mainly due to lower revenues, higher distribution expenses, higher allowance for doubtful debts and higher provision for stock loss.

(iv) High Voltage System Segment

The High Voltage System segment's revenue for the current quarter decreased by RM23.0 million or 80.4% mainly due to lower execution of Transmission Sub-Station projects and the downward revision in contract sum for its project.

The High Voltage System segment's cumulative revenue decreased by RM76.3 million or 82.9% due to the same reason mentioned above.

The High Voltage System segment recorded LBT of RM6.4 million in the current quarter as compared to the PBT of the preceding year corresponding quarter amounting to RM0.6 million. The LBT was mainly due to the lower revenues and higher project costs such as material and sub-contractor costs. In addition, the LBT for the current quarter was due to the higher provision for liquidated ascertained damages. However, these are partially mitigated by higher fair value gains on derivatives and higher miscellaneous income.

The High Voltage System segment recorded a cumulative LBT of RM7.7 million as compared to the cumulative PBT of the preceding year corresponding quarter amounting to RM4.1 million mainly due to the lower revenues, higher project costs such as material and sub-contractor costs, higher provision for liquidated ascertain damages and higher realised loss on foreign exchange. However, these are partially mitigated by higher fair value gains on derivatives and higher miscellaneous income.

**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
	31.03.2023 RM'000	31.12.2022 RM'000	
Revenue			
Marketing and Distribution	22,300	24,475	(8.9%)
Manufacturing	33,442	29,304	14.1%
Services	10,031	9,135	9.8%
High Voltage System	5,623	10,109	(44.4%)
Total	71,396	73,023	(2.2%)
Profit / (Loss) before Tax			
Marketing and Distribution	558	2,713	(79.4%)
Manufacturing	2,782	(2,600)	207.0%
Services	2,466	3,426	(28.0%)
High Voltage System	(6,425)	(1,246)	(415.7%)
Total	(619)	2,293	(127.0%)

The Group's revenue for the current quarter decreased by RM1.6 million or 2.2% against the preceding quarter mainly due to lower revenues from the High Voltage System and Marketing and Distribution segments but partly offset by the higher sales from the Manufacturing and Services segments.

The Group recorded LBT of RM0.6 million as compared to the PBT of the preceding quarter amounting to RM2.3 million mainly due to losses recorded in High Voltage System segment and lower PBT from the Marketing and Distribution and Services segments but partly offset by the higher PBT from the Manufacturing segment.

(i) Marketing and Distribution Segment

The Marketing and Distribution segment's revenue for the current quarter decreased by RM2.2 million or 8.9% mainly due to lower demand for our Power and Control business.

The Marketing and Distribution segment's PBT for the current quarter decreased by RM2.2 million or 79.4% mainly due to the lower revenue, higher administrative expenses, higher unrealised loss on foreign exchange. However, these were partially mitigated by higher fair value gains on derivatives.

(ii) Manufacturing Segment

The Manufacturing segment's revenue for the current quarter increased by RM4.1 million or 14.1% mainly due to the higher sales from elevator projects.

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

B2. Review of Current Financial Quarter Performance against Preceding Quarter (continued)

(ii) Manufacturing Segment (cont'd)

The Manufacturing segment recorded PBT of RM2.8 million as compared to the LBT of the preceding quarter amounting to RM2.6 million mainly due to the higher revenues, higher fair value gain on derivatives and higher unrealised gains on foreign exchange. However, these were partially mitigated by higher realised loss on foreign exchange.

(iii) Services Segment

The Service segment's revenue for the current quarter increased by RM0.9 million or 9.8% mainly due to higher elevator service and repair maintenance work.

The Service segment's PBT for the current quarter decreased by RM1.0 million or 28.0% mainly despite the higher revenue mainly due to higher allowance for doubtful debts. However, this was partially mitigated by lower administrative expenses.

(iv) High Voltage System Segment

The High Voltage System segment's revenue for the current quarter decreased by RM4.5 million or 44.4% mainly due to lower execution of Transmission Sub-Station projects and the downward revision in contract sum for its project.

The High Voltage System segment's LBT for the current quarter increased by RM5.2 million or 415.7% mainly due to the lower revenues, higher project costs such as material and sub-contractor costs, higher provision for liquidated ascertained damages and higher realised loss on foreign exchange for the current quarter. However, these were partially mitigated by higher fair value gains on derivatives.

B3. Commentary on Prospects

The Malaysian economy is expected to moderate in 2023 amid challenging external conditions. The Group expects increasing inflationary pressure on operating costs due to the recent increase in the overnight policy rate by Bank Negara Malaysia. In addition, the fluctuations of the Ringgit Malaysia against other currencies such as the USD and the Renminbi may continue to impact the Group's financial performance.

The Group is in the midst of streamlining its operational cost structure for the loss-making division and will also take the necessary steps to rationalise the division. The Group will continue to adopt a prudent approach to mitigate the risks to its business operations as much as possible during this challenging period, while improving operational efficiency.

With the current order book as well as ongoing projects in hand and barring any unforeseen circumstances, the Board is cautiously optimistic of the Group's financial performance for the financial year ending 30 September 2023.

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

B4. Profit Forecast

No profit forecast has been issued by the Group previously in any public document.

B5. Tax Expense

	Individual Financial Quarter Ended 31.03.2023 RM'000	Cumulative Financial Quarter Ended 31.03.2023 RM'000
Current tax expense		
- current period	2,114	3,364
- prior period	1	106
	2,115	3,470
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	(1,733)	(2,490)
- prior period	-	87
	(1,733)	(2,403)
Total current tax recognised in profit or loss	382	1,067
Share of tax of equity-accounted joint venture	(73)	(58)
Total tax expense	309	1,009

The effective tax rate of the Group for the cumulative financial quarter under review is 60% which is higher than the statutory tax rate of 24%. The higher effective tax rate was mainly due to the losses of the High Voltage System segment which cannot be set off against the taxable profits made by the other business segments. In addition, there are certain expenses which are not deductible for tax purposes.

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced as at the date of this report.

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

B7. Group Borrowings

The Group's borrowings are as follows:

	As at 31.03.2023		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	821	240	1,061
Term loans	10,897	2,585	13,482
Unsecured			
Banker's acceptances	-	14,754	14,754
Bank overdrafts	-	784	784
Revolving credit	-	15,700	15,700
	11,718	34,063	45,781

	As at 31.03.2022		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	863	229	1,092
Term Loans	12,768	2,425	15,193
Unsecured			
Banker's acceptances	-	43,374	43,374
	13,631	46,028	59,659

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

B8. Change in Material Litigations

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

B9. Proposed Dividend

On 26 May 2023, the Board has declared and approved the payment of a first interim single-tier dividend of 1.0 sen per ordinary share (2Q 2022 : 1.75 sen per ordinary share) in respect of the financial year ending 30 September 2023.

The dividend will be paid on 7 July 2023 to shareholders registered in the Record of Depositors as at 16 June 2023.

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.

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit for the period attributable to owners (RM'000)	1,066	3,496	2,985	10,921
Weighted average number of ordinary shares in issue ('000)	260,113	260,004	260,113	260,004
Basic EPS (sen)	0.41	1.34	1.15	4.20

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

B10. Earnings per Ordinary Share (continued)

(b) Diluted earnings per ordinary share (“DEPS”)

The calculation of DEPS was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares that would have been in issue upon full exercise of the warrants, adjusted for the number of such shares that have been exercised.

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit for the period attributable to owners (RM'000)	<u>1,066</u>	<u>3,496</u>	<u>2,985</u>	<u>10,921</u>
Weighted average number of ordinary shares in issue ('000)*(basic)	260,113	260,004	260,113	260,004
Effect of dilution of share options ('000)	<u>4,137</u>	<u>14,444</u>	<u>4,938</u>	<u>16,934</u>
Weighted average number of ordinary shares in issue ('000)*(diluted)	264,250	274,448	265,051	276,938
Diluted EPS (sen)	<u>0.40</u>	<u>1.28</u>	<u>1.13</u>	<u>3.94</u>

B11. Financial Instruments

Outstanding derivatives as at 31 March 2023 are as follow:

Type of derivatives	Contract / Notional Value RM'000	Fair Value RM'000
Less than 1 year: Forward exchange contract	<u>118,975</u>	<u>864</u>

There are no changes to policies related to financial instruments since the 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		Cumulative Financial Quarter Ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
(Loss) / Profit for the period is arrived after charging / (crediting):				
Bad debts written off	155	80	177	83
Depreciation and amortisation	869	768	1,739	1,525
Depreciation for right-of-use assets	482	517	1,011	1,032
Fair value (gain) / loss on forward exchange contracts, net	(3,020)	403	(1,405)	537
Foreign exchange loss / (gain), net	590	(1,296)	478	(2,215)
Loss / (Gain) on disposal of property, plant and equipment	656	-	656	(105)
Interest expense on lease liabilities	28	41	59	86
Inventories written down to net realisable value	154	697	782	677
Property, plant and equipment written off	-	-	-	3
Provision for liquidated and ascertained damages	409	-	409	-
Provision for warranties-net	(34)	97	342	178
Reversal of foreseeable loss	(61)	(65)	(168)	(470)
Provision for / (Reversal of) impairment loss on receivables	819	(297)	1,377	(772)

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 May 2023.