



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

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	30.09.2019	30.09.2018	Changes		30.09.2019	30.09.2018	Changes	
	RM'000	RM'000 (Restated)	RM'000	%	RM'000	RM'000 (Restated)	RM'000	%
Revenue	105,227	60,182	45,045	74.8%	305,386	261,295	44,091	16.9%
Results from operating activities	8,275	5,332	2,943	55.2%	29,572	26,075	3,497	13.4%
Finance costs	(496)	(200)	(296)	(148.0%)	(1,620)	(1,093)	(527)	(48.2%)
Finance income	109	141	(32)	(22.7%)	324	363	(39)	(10.7%)
Net finance costs	(387)	(59)	(328)	(555.9%)	(1,296)	(730)	(566)	(77.5%)
Share of (loss) / profit of equity-accounted joint venture, net of tax	(54)	19	(73)	(384.2%)	645	301	344	114.3%
Profit before tax	7,834	5,292	2,542	48.0%	28,921	25,646	3,275	12.8%
Tax expense	(1,197)	(1,594)	397	24.9%	(7,040)	(6,001)	(1,039)	(17.3%)
Profit for the period	6,637	3,698	2,939	79.5%	21,881	19,645	2,236	11.4%



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(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	30.09.2019 RM'000	30.09.2018 RM'000 (Restated)	Changes		30.09.2019 RM'000	30.09.2018 RM'000 (Restated)	Changes	
			RM'000	%			RM'000	%
Other comprehensive income, net of tax								
Foreign currency translation differences								
for foreign operations	(82)	191	(273)	(142.9%)	18	(257)	275	107.0%
Cash flow hedge	(1,510)	(639)	(871)	(136.3%)	(1,493)	(1,407)	(86)	(6.1%)
Total other comprehensive expense for the period	(1,592)	(448)	(1,144)	(255.4%)	(1,475)	(1,664)	189	11.4%
Total comprehensive income for the period	5,045	3,250	1,795	55.2%	20,406	17,981	2,425	13.5%
Profit attributable to:								
Owners of the Company	5,846	3,676	2,170	59.0%	20,828	19,245	1,583	8.2%
Non-controlling interests	791	22	769	3495.5%	1,053	400	653	163.3%
	6,637	3,698	2,939	79.5%	21,881	19,645	2,236	11.4%



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(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	30.09.2019	30.09.2018	Changes		30.09.2019	30.09.2018	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
		(Restated)				(Restated)		
Total comprehensive income attributable to:								
Owners of the Company	4,262	3,209	1,053	32.8%	19,351	17,607	1,744	9.9%
Non-controlling interests	783	41	742	1809.8%	1,055	374	681	182.1%
	<u>5,045</u>	<u>3,250</u>	1,795	55.2%	<u>20,406</u>	<u>17,981</u>	2,425	13.5%
Earnings per share:								
- Basic (sen)	<u>4.50</u>	<u>2.83</u>	1.67	59.0%	<u>16.02</u>	<u>14.80</u>	1.22	8.2%
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>			<u>N/A</u>	<u>N/A</u>		

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.09.2019	30.06.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue	<u>105,227</u>	<u>81,067</u>	24,160	29.8%
Results from operating activities	8,275	9,983	(1,708)	(17.1%)
Finance costs	(496)	(417)	(79)	(18.9%)
Finance income	109	102	7	6.9%
Net finance costs	(387)	(315)	(72)	(22.9%)
Share of (loss) / profit of equity-accounted joint venture, net of tax	<u>(54)</u>	<u>269</u>	(323)	(120.1%)
Profit before tax	7,834	9,937	(2,103)	(21.2%)
Tax expense	<u>(1,197)</u>	<u>(2,470)</u>	1,273	51.5%
Profit for the period	<u>6,637</u>	<u>7,467</u>	(830)	(11.1%)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(82)	134	(216)	(161.2%)
Cash flow hedge	<u>(1,510)</u>	<u>(455)</u>	(1,055)	(231.9%)
Total other comprehensive expense for the period	<u>(1,592)</u>	<u>(321)</u>	(1,271)	(396.0%)
Total comprehensive income for the period	<u>5,045</u>	<u>7,146</u>	(2,101)	(29.4%)
Profit attributable to:				
Owners of the Company	5,846	6,915	(1,069)	(15.5%)
Non-controlling interests	791	552	239	43.3%
	<u>6,637</u>	<u>7,467</u>	(830)	(11.1%)

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

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

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.09.2019	30.06.2019	RM'000	%
	RM'000	RM'000	RM'000	
Total comprehensive income attributable to:				
Owners of the Company	4,262	6,580	(2,318)	(35.2%)
Non-controlling interests	783	566	217	38.3%
	<u>5,045</u>	<u>7,146</u>	(2,101)	(29.4%)
Earnings per share:				
- Basic (sen)	<u>4.50</u>	<u>5.32</u>	(0.82)	(15.4%)
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>		

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	30.09.2019 RM'000 (Unaudited)	30.09.2018 RM'000 (Restated)	01.10.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		39,733	25,522	23,702
Intangible assets		1,705	2,037	2,677
Investment properties		5,265	3,929	3,718
Investment in joint venture		1,648	1,003	702
Other investments		10	10	10
Deferred tax assets		5,874	6,150	4,783
Total non-current assets		54,235	38,651	35,592
Current assets				
Inventories		42,048	41,233	43,936
Contract assets		67,043	39,675	31,945
Trade and other receivables		68,941	56,370	67,188
Current tax assets		2,352	829	1,956
Deposits and prepayments		6,004	3,999	2,624
Derivative financial assets		-	97	3
Cash and cash equivalents		68,727	55,424	45,087
Total current assets		255,115	197,627	192,739
TOTAL ASSETS		309,350	236,278	228,331
EQUITY AND LIABILITIES				
Equity				
Share capital		69,302	69,302	69,302
Reserves		104,165	93,088	84,581
Total equity attributable to owners of the Company		173,467	162,390	153,883
Non-controlling interests		2,748	1,693	1,332
TOTAL EQUITY		176,215	164,083	155,215

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	Note	30.09.2019 RM'000 (Unaudited)	30.09.2018 RM'000 (Restated)	01.10.2017 RM'000 (Restated)
EQUITY AND LIABILITIES				
(continued)				
Non-current liabilities				
Loans and borrowings	B7	15,529	6,584	7,287
Deferred tax liabilities		363	187	338
Total non-current liabilities		15,892	6,771	7,625
Current liabilities				
Loans and borrowings	B7	14,790	8,438	9,993
Provision for warranties		483	899	1,006
Current tax payable		1,031	939	759
Trade and other payables		89,718	46,282	46,114
Contract liabilities		9,724	6,565	7,326
Derivative financial liabilities		1,497	2,301	293
Total current liabilities		117,243	65,424	65,491
TOTAL LIABILITIES		<u>133,135</u>	<u>72,195</u>	<u>73,116</u>
TOTAL EQUITY AND LIABILITIES		<u>309,350</u>	<u>236,278</u>	<u>228,331</u>
Net assets per share attributable to equity holders of the Company (RM)		1.33	1.25	1.18

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)



EITA RESOURCES BERHAD
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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2019

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>Year Ended 30 September 2019</u>	Share Capital	Treasury Shares	Translation Reserve	Hedging Reserve	Retained Profits	RM'000	RM'000	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2018, <i>as previously reported</i>	69,302	(5)	923	(1,407)	97,526	166,339	1,693	168,032	
Adjustment on initial application of MFRS 15, net of tax	-	-	-	-	(3,949)	(3,949)	-	(3,949)	
Adjustment on initial application of MFRS 9, net of tax	-	-	-	-	(474)	(474)	-	(474)	
At 1 October 2018, <i>restated</i>	69,302	(5)	923	(1,407)	93,103	161,916	1,693	163,609	
Foreign currency translation differences for foreign operation	-	-	16	-	-	16	2	18	
Cash flow hedge	-	-	-	(1,493)	-	(1,493)	-	(1,493)	
Profit for the year	-	-	-	-	20,828	20,828	1,053	21,881	
Total comprehensive income for the year	-	-	16	(1,493)	20,828	19,351	1,055	20,406	
Dividend to owners of the Company	-	-	-	-	(7,800)	(7,800)	-	(7,800)	
At 30 September 2019	69,302	(5)	939	(2,900)	106,131	173,467	2,748	176,215	



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >						Non-Controlling Interests	Total Equity
	< ----- Non-Distributable ----- >			Distributable				
<u>Year Ended 30 September 2018</u>	Share Capital	Treasury Shares	Translation Reserve	Hedging Reserve	Retained Profits	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2017, <i>as previously reported</i>	69,302	(5)	1,154	-	86,541	156,992	1,332	158,324
Adjustment on initial application of MFRS 15, net of tax	-	-	-	-	(3,109)	(3,109)	-	(3,109)
At 1 October 2017, restated	69,302	(5)	1,154	-	83,432	153,883	1,332	155,215
Foreign currency translation differences for foreign operation	-	-	(231)	-	-	(231)	(26)	(257)
Cash flow hedge	-	-	-	(1,407)	-	(1,407)	-	(1,407)
Profit for the year	-	-	-	-	19,245	19,245	400	19,645
Total comprehensive income for the year	-	-	(231)	(1,407)	19,245	17,607	374	17,981
Dividend to owners of the Company	-	-	-	-	(9,100)	(9,100)	(13)	(9,113)
At 30 September 2018, <i>restated</i>	69,302	(5)	923	(1,407)	93,577	162,390	1,693	164,083

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	12 Months Period Ended	
	30.09.2019	30.09.2018
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	28,921	25,646
Adjustments for:		
Amortisation of investment properties	26	26
Amortisation of development costs	106	159
Allowance of foreseeable losses	660	233
(Reversal of) / Provision for warranties-net	(797)	127
Depreciation of property, plant and equipment	2,071	1,838
Property, plant and equipment written off	6	3
Gain on disposal of property, plant and equipment	(55)	(29)
Gain on disposal of investment properties	(76)	-
Fair value (gain) / loss on forward exchange contracts	(678)	642
Finance costs	1,620	1,093
Finance income	(324)	(363)
Share of profit of equity-accounted joint venture, net of tax	(645)	(301)
Unrealised foreign exchange gain	(60)	(60)
	30,775	29,014
Operating profit before changes in working capital		
Changes in working capital:		
Inventories	(1,176)	2,671
Trade and other receivables, deposits and prepayments	(43,282)	11,484
Trade and other payables and deferred income	43,410	(10,531)
Warranties paid	-	(234)
	29,727	32,404
Cash generated from operations		
Income taxes paid	(7,584)	(6,213)
Interest paid	(233)	(323)
Interest received	324	363
	22,234	26,231
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	14	38
Proceeds from disposal of investment property	490	-
Purchase of property, plant and equipment	(16,362)	(3,579)
Acquisition of intangible assets	(122)	500
	(15,980)	(3,041)
Net cash used in investing activities		

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	12 Months Period Ended	
	30.09.2019	30.09.2018
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owners of the company	(7,800)	(9,100)
Dividend paid to non-controlling interest	-	(13)
Proceeds from / (repayment of) loans and borrowings, net	16,373	(1,642)
Proceeds from / (repayment of) finance lease liabilities, net	121	(360)
Interest paid	(1,387)	(770)
Net cash generated from / (used in) financing activities	7,307	(11,885)
Net increase in cash and cash equivalents	13,561	11,305
Foreign exchange differences on cash held	32	(214)
Cash and cash equivalents at beginning of the financial year	55,134	44,043
Cash and cash equivalents at end of the financial year	68,727	55,134
Cash and cash equivalents included in the statements of cash flows comprise:-		
Deposits	3,000	-
Cash and bank balances	54,778	30,226
Liquid investments	10,949	25,198
Bank overdrafts	-	(290)
	68,727	55,134

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.)

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

A1. Basis of Preparation

The unaudited interim financial statements for the period ended 30 September 2019, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 30 September 2018. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 September 2018.

The accounting policies applied by the Group in these interim financial statements are consistent with the audited financial statement for the financial year ended 30 September 2018, except for the adoption of the following:-

MFRSs, interpretation and amendments effective for annual periods beginning on or after 1 January 2018

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

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

A1. Basis of Preparation (Cont’d)**Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

- i. revenue recognition;
- ii. financial instruments; and
- iii. impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from changes are disclosed in note B13.

A2. Auditors’ Report on Preceding Annual Financial Statements

There was no qualification in the audit report of the preceding annual financial statements.

A3. Seasonality or Cyclical Factors

Save for certain business activities which are project based, our Group does not experience any material seasonality.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the current financial quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5. Nature and Amount of Changes in Estimates

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

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

A6. Debts and Securities

There were no issuances, cancellations, repurchases and repayments of debt and equity securities for the current financial quarter under review.

Details of treasury shares held:-

	No. of Shares	Amount RM
Balance as at 1 October 2018 / 30 September 2019	4,000	5,050

A7. Dividends Paid and Distributed

The Board of Directors has declared a first interim dividends of 3.0 sen per ordinary share, amounting to RM3.9 million in respect of the financial year ended 30 September 2019. The dividend were paid to the shareholders of the Company on 27 September 2019.

A8. Segmental Information

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

	Revenue RM’000	Profit before Tax RM’000
Marketing and Distribution	79,117	5,297
Manufacturing	111,695	5,883
Services	37,715	14,487
High Voltage System	76,859	3,254
Reportable segments	<u>305,386</u>	<u>28,921</u>

A9. Subsequent Material Event

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

A10. Changes in the Composition of the Group

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

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

A11. Capital Commitments

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

Balance purchase consideration on acquisition of property, plant and equipment	RM’000 <u>8,865</u>
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A12. Changes in Contingent Liabilities

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

	RM’000
At 1 October 2018	282,721
Increased in borrowing facilities	<u>91,000</u>
At 30 September 2019	<u>373,721</u>

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

	RM’000
At 1 October 2018	27,208
Addition	<u>9,781</u>
At 30 September 2019	<u>36,989</u>

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

A13. Significant Related Party Transactions

The Group has the following significant transactions with the related parties during the financial quarter under review:

Company	Relationship
CTL Automation Sdn Bhd (“CTL”)	A company in which two (2) of the directors and substantial shareholders are the brother and sister-in-law of the Executive Director, Mr. Lim Joo Swee respectively.
QL Foods Sdn Bhd (“QLF”)	A company in which a director and substantial shareholder is also the Non-Independent Non-Executive Director of EITA.
Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)	A 50% joint venture company of EITA-Schneider (Mfg) Sdn Bhd (“ESM”) in which two (2) of the directors are the Executive Directors of EITA, the holding company of ESM.

	Cumulative Financial Quarter Ended	
	30.09.2019 RM’000	30.09.2018 RM’000
<u>CTL Automation Sdn Bhd (“CTL”)</u>		
- Repairs and purchase of elevators parts	(597)	(516)
- Sales of electrical equipment	56	183
<u>QL Foods Sdn Bhd (“QLF”)</u>		
- Sales of electrical equipment	250	288
<u>Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)</u>		
- Sales of elevator controllers and components, provision of management services and rental	167	160
- Purchase of elevator controllers	(5,334)	(4,648)

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

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

	Individual Financial Quarter Ended			Cumulative Financial Quarter Ended		
	30.09.2019 RM'000	30.09.2018 RM'000 (Restated)	% change	30.09.2019 RM'000	30.09.2018 RM'000 (Restated)	% change
Revenue						
Marketing and Distribution	21,953	23,083	(4.9%)	79,117	88,075	(10.2%)
Manufacturing	29,640	22,162	33.7%	111,695	108,421	3.0%
Services	8,344	9,374	(11.0%)	37,715	30,884	22.1%
High Voltage System	45,290	5,563	714.1%	76,859	33,915	126.6%
Total	105,227	60,182	74.8%	305,386	261,295	16.9%
Profit before Tax ("PBT")						
Marketing and Distribution	1,567	3,541	(55.7%)	5,297	8,988	(41.1%)
Manufacturing	826	(2,654)	131.1%	5,883	1,924	205.8%
Services	3,269	4,252	(23.1%)	14,487	13,690	5.8%
High Voltage System	2,172	153	1319.6%	3,254	1,044	211.7%
Total	7,834	5,292	48.0%	28,921	25,646	12.8%

The total revenue of the Group for the current quarter increased by RM45.0 million or 74.8% as compared to the preceding year corresponding quarter mainly due to higher revenue from Manufacturing and High Voltage System segments. However, this was mitigated by lower revenue from Marketing and Distribution and Services segments.

Cumulatively, the Group revenue increased by RM44.1 million or 16.9% as compared to the preceding corresponding period mainly due to higher revenue from Manufacturing, Services and High Voltage System segments.

The total PBT of the Group for the current quarter increased by RM2.5 million or 48.0% corresponding with the higher revenue and reversal of inventories written down to net realisable value. However, this was mitigated by higher provision for allowance for doubtful debts and provision for liquidated and ascertained damages.

Cumulatively, the Group PBT increased by RM3.3 million or 12.8% was in tandem with higher revenue, reversal of inventories written down to net realisable value and unrealised foreign exchange gain on the fair value valuation of the forward exchange contracts. However, this was mitigated by higher provision for allowance for doubtful debts and provision for liquidated and ascertained damages.

**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 RM1.1 million or 4.9% mainly due to lower demand for electrical and electronics (“E&E”) components.

Cumulative revenue decreased by RM9.0 million or 10.2% for the same reason.

Current quarter PBT decreased by RM2.0 million or 55.7% in tandem with lower revenue recorded. However, this was partially offset by reversal of stock loss.

Cumulative PBT decreased by RM3.7 million or 41.1% mainly due to higher administrative expenses and provision for allowance for doubtful debts.

(ii) Manufacturing Segment

Current quarter revenue increased by RM7.5 million or 33.7% mainly due to higher revenue from Elevators and Busduct.

Cumulative revenue increased by RM3.3 million or 3.0% mainly from Busduct.

Current quarter PBT increased by RM3.5 million or 131.1% corresponding to the higher revenue and reversal of inventories written down to net realisable value.

Cumulative PBT increased by RM4.0 million or 205.8% mainly due to unrealised foreign exchange gain on the fair value valuation of the forward exchange contracts and reversal of inventories written down to net realisable value.

(iii) Service Segment

Current quarter revenue decreased by RM1.0 million or 11.0% mainly due to lower elevator repair sales.

Cumulative revenue increased by RM6.8 million or 22.1% mainly due to higher repair sales.

Current quarter PBT decreased by RM1.0 million or 23.1% corresponding to the lower revenue and higher provision for allowance for doubtful debts.

Cumulative PBT increased by RM0.8 million or 5.8% corresponding to the higher revenue.

(iv) High Voltage System Segment

Current quarter revenue increased by RM39.7 million or 714.1% mainly due to higher execution of Transmission Sub-station projects.

Cumulative revenue increased by RM42.9 million or 126.6% for the same reason.

Current quarter PBT increased by RM2.0 million or 1319.6% was in tandem with the higher revenue. However, this was mitigated by higher provision for liquidated and ascertained damages.

Cumulative PBT increased by RM2.2 million or 211.7% for the same reason.

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

B2. Review of Current Financial Quarter Performance against Preceding Quarter

	Individual Financial Quarter Ended		% change
	30.09.2019 RM'000	30.06.2019 RM'000	
Revenue			
Marketing and Distribution	21,953	20,845	5.3%
Manufacturing	29,640	30,970	(4.3%)
Services	8,344	9,822	(15.0%)
High Voltage System	45,290	19,430	133.1%
Total	105,227	81,067	29.8%
Profit before Tax (“PBT”)			
Marketing and Distribution	1,567	1,634	(4.1%)
Manufacturing	826	2,099	(60.6%)
Services	3,269	4,223	(22.6%)
High Voltage System	2,172	1,981	9.6%
Total	7,834	9,937	(21.2%)

The total revenue of the Group for the current quarter increased by RM24.2 million or 29.8% against preceding quarter mainly due to higher revenue from Marketing and Distribution and High Voltage System segments.

The total PBT of the Group for the current quarter decreased by RM2.1 million or 21.2% against preceding quarter mainly due to higher allowance for foreseeable loss and provision for allowance for doubtful debts.

(i) Marketing and Distribution Segment

Current quarter revenue increased by RM1.1 million or 5.3% due to higher demand for E&E components.

Current quarter PBT decreased by RM0.1 million or 4.1% due to higher distribution expenses. However, this was mitigated with reversal of inventories written down to net realisable value.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM1.3 million or 4.3% mainly due to lower execution of elevator projects.

Current quarter PBT decreased by RM1.3 million or 60.6% mainly due to higher provision for allowance for doubtful debts and net foreign exchange loss.

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

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

(iii) Services Segment

Current quarter revenue decreased by RM1.5 million or 15.0% mainly due to lower repair sales.

Current quarter PBT decreased by RM1.0 million or 22.6% mainly due to higher provision for allowance for doubtful debts and administrative expenses.

(iv) High Voltage System Segment

Current quarter revenue increased by RM25.9 million or 133.1% mainly due to higher execution of Transmission Sub-station projects.

Current quarter PBT increased by RM0.2 million or 9.6% was in tandem with higher revenue. However, this was mitigated by provision for liquidated and ascertained damages.

B3. Commentary on Prospects

We expect the general business environment in 2020 to remain challenging. Barring any unforeseen circumstances, the Board of Directors of the Company will continue to be vigilant to the changes in the external environment and continue to strike to deliver satisfactory results for the financial quarter ending 31 December 2019.

B4. Profit Forecast

Profit forecast was not provided.

B5. Tax Expense

	Individual Financial Quarter Ended 30.09.2019 RM'000	Cumulative Financial Quarter Ended 30.09.2019 RM'000
Current tax expense		
- current period	968	6,687
- prior period	1	(538)
	969	6,149
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	(5)	112
- prior period	245	776
	240	888
Effect of real property gain tax	(12)	3
Total current tax recognised in profit or loss	<u>1,197</u>	<u>7,040</u>
Share of tax of equity-accounted joint venture	(15)	179
Total tax expense	<u><u>1,182</u></u>	<u><u>7,219</u></u>

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

B6. Status of Corporate Proposals Announced

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

B7. Group Borrowings

	As at 30.09.2019		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	923	424	1,347
Term Loan	14,606	1,052	15,658
Unsecured			
Banker's acceptance	-	13,314	13,314
	15,529	14,790	30,319

	As at 30.09.2018		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	762	381	1,143
Term Loan	5,822	1,004	6,826
Unsecured			
Banker's acceptance	-	6,763	6,763
Bank overdrafts	-	290	290
	6,584	8,438	15,022

B8. Change in Material Litigations

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

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

B9. Proposed Dividend

At the forthcoming Annual General Meeting, 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 will be proposed for the shareholders' approval.

Together with the first interim single-tier dividend of 3.0 sen per ordinary share, which has been paid to the shareholders of the Company on 27 September 2019, it will bring the total dividend payout in respect of the financial year ended 30 September 2019 to 6.0 sen per ordinary share.

B10. Earnings per Ordinary Share

(a) Basic earnings per ordinary share ("EPS")

The calculation of EPS was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the financial period calculated as follows:

	Individual Financial Quarter Ended		Year-to-date Ended	
	30.09.2019	30.09.2018 (restated)	30.09.2019	30.09.2018 (restated)
Profit for the period attributable to owners (RM'000)	5,846	3,676	20,828	19,245
Weighted average number of ordinary shares in issue ('000)*	129,996	129,996	129,996	129,996
Basic EPS (sen)	<u>4.50</u>	<u>2.83</u>	<u>16.02</u>	<u>14.80</u>

Note:

* The weighted average number of ordinary shares outstanding during 30 September 2019 excluding treasury shares held by the Company.

(b) Diluted EPS

The Group did not issue any financial instruments, convertible securities and / or other contracts that may entitle its holders to new ordinary shares and therefore dilute its basic earnings per share.

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

B11. Financial Instruments

Outstanding derivatives as at 30 September 2019 is as follow:

Type of derivatives	Contract / Notional Value RM'000	Fair Value RM'000
Less than 1 year:-		
Forward exchange contract	103,968	(1,497)

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

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

	Individual Financial Quarter Ended		Year-to-date Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Profit for the period is arrived after charging / (crediting):				
Depreciation and amortisation	559	507	2,203	2,023
Provision for / (Reversal of) allowance for doubtful debts	759	(293)	2,179	(219)
(Reversal of) / Inventories written down to net realisable value	(702)	(110)	(701)	1,782
Gain on disposal of property, plant and equipment	(48)	(28)	(55)	(29)
Gain on disposal of investment properties	(76)	-	(76)	-
Foreign exchange (gain) / loss, net	(256)	(141)	(123)	819
Allowance for foreseeable loss	954	288	660	233
Fair value loss / (gain) on forward exchange contracts	217	374	(678)	642
(Reversal of) / Provision for warranties-net	(62)	283	(797)	127

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

B13. Comparatives

During the year, the Group adopted MFRS 9, *Financial Instruments* and MFRS15, *Revenue from Contracts with Customers* on their financial statements. The Group generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group has elected not to restate the comparatives.

(a) Effect of adopting MFRS 9

MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward-looking “expected credit loss” (“ECL”) model. This requires considerable judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis. Under MFRS 9, credit losses are recognised earlier than under MFRS 139.

The new impairment model is applied to financial assets measured at amortised cost and contract assets.

The Group measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to the lifetime expected credit loss.

(b) Effect of adopting MFRS 15

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The contracts with customers of certain subsidiaries contain multiple performance obligations in the context of MFRS 15. The timing of revenue recognition for respective performance obligations has been changed in accordance with the recognition criteria set out in MFRS 15.

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

B13. Comparatives (Cont'd)

Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's financial results for the period ended 30 September 2018:-

(RM'000)	As previously reported	Effect of adoption		As restated
		MFRS 15		
Revenue	263,376	(2,081)		261,295
Results from operating activities	27,180	(1,105)		26,075
Profit before tax	26,751	(1,105)		25,646
Profit after tax	20,485	(840)		19,645

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

(RM'000)	As previously reported	Effect of adoption		Restated At 1 October 2018
		MFRS 9	MFRS 15	
Total assets	240,227	(474)	(3,949)	235,804
Total liabilities	72,195	-	-	72,195
Shareholders' equity	168,032	(474)	(3,949)	163,609

(RM'000)	As previously reported	Effect of adoption		Restated At 1 October 2017
		MFRS 9	MFRS 15	
Total assets	231,440	-	(3,109)	228,331
Total liabilities	73,116	-	-	73,116
Shareholders' equity	158,324	-	(3,109)	155,215

B14. Authority for Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Directors dated 25 November 2019.