



**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JULY 2020 <sup>(1)</sup>**

|  | Note | INDIVIDUAL QUARTER |            | CUMULATIVE QUARTER |            |
|--|------|--------------------|------------|--------------------|------------|
|  |      | 3 Months Ended     |            | 3 Months Ended     |            |
|  |      | 31.07.2020         | 31.07.2019 | 31.07.2020         | 31.07.2019 |
|  |      | RM'000             | RM'000     | RM'000             | RM'000     |
| Revenue  | A8   | 73,622             | 65,057     | 73,622             | 65,057     |
| Other operating income   |      | 1,683              | 593        | 1,683              | 593        |
| Changes in inventories   |      | (57,794)           | (47,899)   | (57,794)           | (47,899)   |
| Employee benefits  |      | (6,635)            | (7,576)    | (6,635)            | (7,576)    |
| Depreciation of property, plant and equipment, investment properties and right-of-use assets |      | (1,442)            | (905)      | (1,442)            | (905)      |
| Finance cost   |      | (798)              | (553)      | (798)              | (553)      |
| Operating expenses   |      | (5,949)            | (7,446)    | (5,949)            | (7,446)    |
| <b>Profit before tax</b>   | B5   | 2,687              | 1,271      | 2,687              | 1,271      |
| Income tax expense   | B6   | (95)               | (85)       | (95)               | (85)       |
| <b>Profit after tax</b>  |      | 2,592              | 1,186      | 2,592              | 1,186      |
| <b>Other comprehensive income</b>  |      |                    |            |                    |            |
| <u>Items that may be reclassified subsequently to profit or loss</u>                         |      |                    |            |                    |            |
| Translation differences on foreign operation   |      | 118                | 41         | 118                | 41         |
| Cash flow hedge  |      | -                  | -          | -                  | -          |
| <b>Total other comprehensive income</b>  |      | 118                | 41         | 118                | 41         |
| <b>Total comprehensive income</b>  |      | 2,710              | 1,227      | 2,710              | 1,227      |
| Profit after tax attributable to:  |      |                    |            |                    |            |
| - Owners of the Company  |      | 2,590              | 975        | 2,590              | 975        |
| - Non-controlling interests  |      | 2                  | 211        | 2                  | 211        |
|  |      | 2,592              | 1,186      | 2,592              | 1,186      |
| Total comprehensive income attributable to:  |      |                    |            |                    |            |
| - Owners of the Company  |      | 2,708              | 1,016      | 2,708              | 1,016      |
| - Non-controlling interests  |      | 2                  | 211        | 2                  | 211        |
|  |      | 2,710              | 1,227      | 2,710              | 1,227      |



岩石汽车工业集团

**SOLID AUTOMOTIVE BERHAD** (1016725-P)

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JULY 2020 <sup>(1)</sup> (CONT'D)**

|  | Note | INDIVIDUAL QUARTER<br>3 Months Ended |            | CUMULATIVE QUARTER<br>3 Months Ended |            |
|--|------|--------------------------------------|------------|--------------------------------------|------------|
|  |      | 31.07.2020                           | 31.07.2019 | 31.07.2020                           | 31.07.2019 |
| Earnings per share (sen) attributable to owners of the Company | B12  |                                      |            |                                      |            |
| - Basic <sup>(2)</sup>   |      | 0.65                                 | 0.30       | 0.65                                 | 0.30       |
| - Diluted  |      | 0.57                                 | 0.27       | 0.57                                 | 0.27       |

*Notes:*

- (1) *The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *Based on the weighted average number of ordinary shares in issue as detailed in Note B12.*



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020 <sup>(1)</sup>**

|   | <b>As at<br/>31.07.2020<br/>RM'000</b> | <b>As at<br/>30.04.2020<br/>RM'000</b> |
|---|--|--|
| <b>Note</b>                                 |  |  |
| <b>ASSETS</b>                               |  |  |
| <b>Non-current assets</b>                   |  |  |
| Investment properties                       | 12,580                                 | 12,736                                 |
| Property, plant and equipment               | 35,681                                 | 35,417                                 |
| Right-of-use assets                         | 25,808                                 | 26,667                                 |
| Other investments                           | 239                                    | 239                                    |
| Deferred tax assets                         | 165                                    | 149                                    |
|   | <hr/>                                  | <hr/>                                  |
|   | 74,473                                 | 75,208                                 |
| <b>Current assets</b>                       |  |  |
| Inventories                                 | 75,052                                 | 81,416                                 |
| Trade receivables                           | 58,688                                 | 52,798                                 |
| Other receivables, deposits and prepayments | 7,574                                  | 7,409                                  |
| Current tax asset                           | 2,714                                  | 2,525                                  |
| Fixed deposits with licensed banks          | -                                      | 1,600                                  |
| Cash and bank balances                      | 23,286                                 | 14,580                                 |
|   | <hr/>                                  | <hr/>                                  |
|   | 167,314                                | 160,328                                |
|   | <hr/>                                  | <hr/>                                  |
| <b>TOTAL ASSETS</b>                         | <b>241,787</b>                         | <b>235,536</b>                         |



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020 <sup>(1)</sup> (CONT'D)**

|  | Note | As at<br>31.07.2020<br>RM'000 | As at<br>30.04.2020<br>RM'000 |
|--|------|-------------------------------|-------------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                               |                               |
| <b>EQUITY</b>  |      |                               |                               |
| Share capital  | B8   | 102,383                       | 99,637                        |
| Merger deficit   |      | (43,361)                      | (43,361)                      |
| Translation reserve  |      | 2,732                         | 2,614                         |
| Warrant reserve  |      | 14,353                        | 15,134                        |
| Retained earnings  |      | 68,961                        | 66,371                        |
| <b>Equity attributable to equity holders of the Company</b>                      |      | <b>145,068</b>                | <b>140,395</b>                |
| Non-controlling interests  |      | 76                            | 74                            |
| <b>Total equity</b>  |      | <b>145,144</b>                | <b>140,469</b>                |
| <b>LIABILITIES</b>   |      |                               |                               |
| <b>Non-current liabilities</b>   |      |                               |                               |
| Lease liabilities  |      | 5,963                         | 6,176                         |
| Long-term borrowings   | B9   | 12,830                        | 16,150                        |
|  |      | <b>18,793</b>                 | <b>22,326</b>                 |
| <b>Current liabilities</b>   |      |                               |                               |
| Trade payables   |      | 26,194                        | 20,317                        |
| Other payables and accruals  |      | 7,081                         | 7,300                         |
| Lease liabilities  |      | 2,166                         | 2,224                         |
| Short-term borrowings  | B9   | 30,782                        | 31,155                        |
| Derivative liability   |      | 38                            | 16                            |
| Current tax liabilities  |      | -                             | 2                             |
| Provision  |      | 11,589                        | 11,727                        |
|  |      | <b>77,850</b>                 | <b>72,741</b>                 |
| <b>TOTAL LIABILITIES</b>   |      | <b>96,643</b>                 | <b>95,067</b>                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>241,787</b>                | <b>235,536</b>                |
| Net assets per share attributable to ordinary equity holders of the Company (RM) |      | 0.37                          | 0.36                          |

Note:

(1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to these interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 JULY 2020 <sup>(1)</sup>**

|   | Note | ----- Attributable to equity holders of the Company ----- |                             |                                  |                              |                              |                                |                 |                                 |                 |
|---|------|---|-----------------------------|----------------------------------|------------------------------|------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|
|   |      | ----- Non-distributable -----                             |                             |                                  |                              | ----- Distributable -----    |                                |                 | Non-<br>Controlling<br>Interest | Total<br>Equity |
|   |      | Share<br>Capital<br>RM'000                                | Merger<br>Deficit<br>RM'000 | Translation<br>Reserve<br>RM'000 | Warrant<br>Reserve<br>RM'000 | Hedging<br>Reserve<br>RM'000 | Retained<br>Earnings<br>RM'000 | Total<br>RM'000 |                                 |                 |
| At 1 May 2020   |      | 99,637  | (43,361)                    | 2,614                            | 15,134                       | -                            | 66,371                         | 140,395         | 74                              | 140,469         |
| Total comprehensive income for the period                   |      | -   | -                           | 118                              | -                            | -                            | 2,590                          | 2,708           | 2                               | 2,710           |
| Issuance of shares  |      |   |                             |                                  |                              |                              |                                |                 |                                 |                 |
| - Exercise of Warrants                                      | B8   | 2,746   | -                           | -                                | (781)                        | -                            | -                              | 1,965           | -                               | 1,965           |
| At 31 July 2020   |      | <u>102,383</u>  | <u>(43,361)</u>             | <u>2,732</u>                     | <u>14,353</u>                | <u>-</u>                     | <u>68,961</u>                  | <u>145,068</u>  | <u>76</u>                       | <u>145,144</u>  |
| At 1 May 2019   |      | 98,416  | (43,361)                    | 2,550                            | 15,482                       | -                            | 68,478                         | 141,565         | 5,077                           | 146,642         |
| Total comprehensive income for the period                   |      | -   | -                           | 64                               | -                            | -                            | (7,063)                        | (6,999)         | 423                             | (6,576)         |
| Accretion in equity interest in a subsidiary <sup>(2)</sup> |      | -   | -                           | -                                | -                            | -                            | 4,956                          | 4,956           | (5,426)                         | (470)           |
| Issuance of shares  |      |   |                             |                                  |                              |                              |                                |                 |                                 |                 |
| - Exercise of Warrants                                      | B8   | 1,221   | -                           | -                                | (348)                        | -                            | -                              | 873             | -                               | 873             |
| At 30 April 2020  |      | <u>99,637</u>   | <u>(43,361)</u>             | <u>2,614</u>                     | <u>15,134</u>                | <u>-</u>                     | <u>66,371</u>                  | <u>140,395</u>  | <u>74</u>                       | <u>140,469</u>  |

*Note:*

- (1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *The accretion of interest in subsidiary arose from the acquisition of the remaining equity interest of 19.83% in a subsidiary company Borneo Technical Co (M) Sdn Bhd, on 8 January 2020 as disclosed in Note A10.*



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 JULY 2020 <sup>(1)</sup>**

|  | <b>Current<br/>3 Months Ended<br/>31.07.2020<br/>RM'000</b> | <b>Preceding<br/>3 Months Ended<br/>31.07.2019<br/>RM'000</b> |
|--|---|---|
| <b>Cash Flows for Operating Activities</b>   |   |   |
| Profit before tax  | 2,687   | 1,271   |
| Adjustments for:   |   |   |
| Bad debts written off  | -   |   |
| Net allowance for impairment losses on trade receivables   | 222   | 45  |
| Depreciation of property, plant and equipment, investment properties and right-of-use assets                   | 1,442   | 905   |
| Gain on bargain purchase   | -   |   |
| Goodwill impairment loss   | -   |   |
| Interest expense   | 762   | 500   |
| Interest income  | (74)  | (56)  |
| Inventories written down   | 410   | 435   |
| Fair value gain on derivative  | 23  | -   |
| Gain on disposal of property, plant and equipment  | (337)   | (136)   |
| Provision/(Net reversal for provision) of warranty, rebate, commission, advertisement and promotion and others | 786   | (1,174)   |
| Property, plant and equipment written off  | -   | 13  |
| Net unrealised gain on foreign exchange  | (116)   | (111)   |
| Operating profit before working capital changes  | <u>5,805</u>  | <u>1,692</u>  |
| Increase in inventories  | 5,954   | (6,990)   |
| Increase in trade and other receivables  | (6,161)   | (3,177)   |
| Decrease in trade and other payables   | 4,167   | 5,313   |
| Cash for operations  | <u>9,765</u>  | <u>(3,162)</u>  |
| Interest received  | -   | -   |
| Income tax paid, net of refund   | (301)   | (769)   |
| Net cash from/(for) operating activities   | <u>9,464</u>  | <u>(3,931)</u>  |



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 JULY 2020 <sup>(1)</sup> (CONT'D)**

|   | <b>Current<br/>3 Months Ended<br/>31.07.2020<br/>RM'000</b> | <b>Preceding<br/>3 Months Ended<br/>31.07.2019<br/>RM'000</b> |
|---|---|---|
| <b>Cash Flows from/(for) Investing Activities</b>                               |   |   |
| Interest income received  | 74  | 56  |
| Acquisition of:   |   |   |
| - property, plant and equipment   | (124)   | (368)   |
| Withdrawal of fixed deposits with maturity more than 90 days                    | -   | 446   |
| Proceeds from disposal of property, plant and equipment                         | 337   | 118   |
| Net cash for investing activities   | 287   | 252   |
| <b>Cash Flows (for)/from Financing Activities</b>                               |   |   |
| Net proceeds from issuance of new shares from:                                  |   |   |
| - exercise of warrants  | 1,965   | 41  |
| Proceeds from issuance of shares by a subsidiary to non-controlling shareholder | -   |   |
| Interest paid   | (762)   | (500)   |
| Dividend paid   | -   |   |
| Repayment of hire purchase obligations  | -   | (156)   |
| Drawdown of term loans  | -   |   |
| Repayment of term loans   | (786)   | (926)   |
| Drawdown of revolving credit  | -   |   |
| Repayment of revolving credit   | -   | (6,199)   |
| Repayment of lease liabilities  | (272)   |   |
| Net drawdown of short-term bank borrowings                                      | (2,906)   | 9,854   |
| Net cash (for)/from financing activities  | (2,761)   | 2,114   |



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 JULY 2020 <sup>(1)</sup> (CONT'D)**

|   | <b>Current<br/>3 Months Ended<br/>31.07.2020<br/>RM'000</b> | <b>Preceding<br/>3 Months Ended<br/>31.07.2019<br/>RM'000</b> |
|---|---|---|
| <b>Net (decrease)/increase in cash and cash equivalents</b> | 6,990   | (1,565)   |
| Effects of foreign exchange rates changes                   | 116   | 42  |
| <b>Cash and cash equivalents at beginning of the period</b> | 16,180  | 19,290  |
| <b>Cash and cash equivalents at end of the period</b>       | <b>23,286</b>   | <b>17,767</b>   |
| <b>Cash and cash equivalents at end of period comprise:</b> |   |   |
| Fixed deposits with licensed banks                          | -   | 2,600   |
| Fixed deposits with maturity period more than 90 days       | -   | (2,600)   |
|   | -   | -   |
| Cash and bank balances                                      | 23,286  | 17,767  |
|   | <b>23,286</b>   | <b>17,767</b>   |

*Note:*

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to these interim financial statements.*



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**A EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A1. Accounting Policies and Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”) and paragraphs 9.22 and 9.40 (Appendix 9B Part A) of the Main Market Listing Requirement (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2020.

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 Company and its subsidiaries (“the Group”) since the financial year ended 30 April 2020.

The Group has adopted merger accounting method for the preparation of this interim financial statements. The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Audited Financial Statements for the financial year ended 30 April 2020.

During the current financial period, the Group has adopted the following new applicable accounting standards (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9 : Prepayment Features with Negative Compensation

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

**Effective Date**

Amendments to MFRS 3 : Definition of a Business

1 January 2020

Amendments to MFRS 101 and MFRS 108 : Definition of Material

1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

1 January 2020

Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current

1 January 2022

The adoption of the above applicable standards and interpretations is expected to have no material impact on the financial position and performance of the Group.



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**A2. Auditors' Report on Preceding Annual Financial Statements**

The Auditors' Reports on the financial statements of the Company and its subsidiaries for the financial year ended 30 April 2020 were not qualified.

**A3. Seasonality or Cyclicalities of Operations**

The Group's operations and financial results were not significantly affected by any seasonal or cyclical factors during the current financial quarter.

**A4. Unusual Items**

There were no significant items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence during the current financial quarter.

**A5. Changes in Estimates**

There were no changes in the estimates that have a material effect on the financial results during the current financial quarter.

**A6. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter.

**A7. Dividend Paid**

No dividend was paid by the Company during the current financial quarter.

**A8. Segment Information**

The Group is organised into the 3 main reportable segments as follows:-

- Automotive electrical and related parts – involved in the trading and distribution of automotive batteries, lubricants, industrial supplies, electrical parts and components;
- Automotive engine and mechanical parts – involved in the trading and distribution of automotive engine and mechanical parts and components; and
- Others – involved in the investment and property holding and provision of management services.



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**A8. Segment Information (Cont'd)**

Segmental information of the Group for the financial quarter-to-date ended 31 July 2020 is as follows:

|                      | <b>Automotive<br/>electrical<br/>and related<br/>parts<br/>RM'000</b> | <b>Automotive<br/>engine and<br/>mechanical<br/>parts<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|----------------------|---|--|--------------------------|-------------------------|
| External revenue     | 65,698  | 7,841  | 83                       | 73,622                  |
| Segment results      | 2,832   | 368  | (407)                    | 2,793                   |
| Unallocated expenses |   |  |                          | (106)                   |
| Loss before tax      |   |  |                          | 2,687                   |

Segmental information of the Group for the financial quarter-to-date ended 31 July 2019 is as follows:

|                      | <b>Automotive<br/>electrical<br/>and related<br/>parts<br/>RM'000</b> | <b>Automotive<br/>engine and<br/>mechanical<br/>parts<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|----------------------|---|--|--------------------------|-------------------------|
| External revenue     | 57,511  | 7,461  | 85                       | 65,057                  |
| Segment results      | 1,744   | (113)  | (215)                    | 1,416                   |
| Unallocated expenses |   |  |                          | (145)                   |
| Profit before tax    |   |  |                          | 1,271                   |

On the basis of geographical segment, segmental information is presented based on the geographical location of customers:

|                           | <b>Current quarter to date<br/>31.07.2020<br/>RM'000</b> | <b>Preceding quarter to date<br/>31.07.2019<br/>RM'000</b> |
|---------------------------|--|--|
| <b>Revenue</b>            |  |  |
| Malaysia                  | 63,733   | 55,623   |
| Middle East and Africa    | 6,194  | 7,080  |
| Others - outside Malaysia | 3,695  | 2,354  |
|                           | <u>73,622</u>  | <u>65,057</u>  |

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in one industry, which involves the trading and distribution of automotive parts and components for the passenger and commercial vehicles in the automotive aftermarket segment in Malaysia and overseas.



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**A9. Subsequent Material Events**

There were no material events subsequent to the end of the current financial quarter under review.

**A10. Composition of the Group**

There were no changes in the composition of the Group in the current financial quarter under review except for the following:

On 8 January 2020, Solid Automotive Berhad acquired the remaining equity interest of 19.83% in a subsidiary company, Borneo Technical Co (M) Sdn Bhd (“Borneo”) for a consideration of RM470,000. Thereafter, Borneo became a wholly owned subsidiary company.

**A11. Material Capital Commitments**

There are no material capital commitments as at the end of the current financial quarter

**A12. Contingent Liabilities and Contingent Assets**

There are no contingent liabilities or contingent assets as at the end of the current financial quarter.

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**A13. Fair Value Information**

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

|                              | Fair Value Of Financial Instruments Carried<br>At Fair Value |         |         | Fair Value Of Financial Instruments Not<br>Carried At Fair Value |         |         | <b>Total Fair<br/>Value</b> | <b>Carrying<br/>Amount</b> |
|------------------------------|--|---------|---------|--|---------|---------|-----------------------------|----------------------------|
|                              | Level 1  | Level 2 | Level 3 | Level 1  | Level 2 | Level 3 |                             |                            |
|                              | RM'000   | RM'000  | RM'000  | RM'000   | RM'000  | RM'000  |                             |                            |
| <b>31.07.2020</b>            |  |         |         |  |         |         |                             |                            |
| <u>Financial Liabilities</u> |  |         |         |  |         |         |                             |                            |
| Derivative liability:        |  |         |         |  |         |         |                             |                            |
| - forward currency contracts | -  | 38      | -       | -  | -       | -       | 38                          | 38                         |
| Term loans                   | -  | -       | -       | -  | 19,503  | -       | 19,503                      | 19,503                     |
| <b>30.04.2020</b>            |  |         |         |  |         |         |                             |                            |
| <u>Financial Liabilities</u> |  |         |         |  |         |         |                             |                            |
| Derivative liability:        |  |         |         |  |         |         |                             |                            |
| - forward currency contracts | -  | 16      | -       | -  | -       | -       | 16                          | 16                         |
| Term loans                   | -  | -       | -       | -  | 20,290  | -       | 20,290                      | 20,290                     |

**INTERIM FINANCIAL REPORT****B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES MALAYSIA BERHAD****B1. Review of Performance**

The revenue for the current financial quarter increased to RM73.622 million from RM65.057 million in the corresponding quarter in the preceding year because of the increase in sales for spare parts of motor vehicles and commercial vehicles.

Therefore, the profit before tax for the current financial quarter increased to RM2.687 million compared to RM1.271 million in the corresponding quarter in the preceding year.

The revenue derived from our automotive electrical and related parts accounted for approximately 89.2% of total revenue while automotive engine and mechanical parts and others accounted for approximately 10.7% of total revenue compared to 88.4% and 11.5% respectively in the corresponding quarter in the preceding year.

**B2. Variation of Results with the immediate preceding quarter**

The revenue for the current financial quarter increased from RM44.104 million in the immediate preceding quarter to RM73.622 million. The increase in revenue is due to lower sales during the Conditional Movement Control Order ("CMCO") in the immediate preceding quarter and higher sales of spare parts from the domestic market in the current quarter.

The profit before tax for the current financial quarter is RM2.287 million whilst the Group had recorded a loss before tax of RM7.935 million for the immediate preceding quarter. It is mainly due to the higher operating expenses and lower revenue in the immediate preceding quarter subsequent to the Covid-19 pandemic.

**B3. Prospects for the Group for the Financial Year ending 30 April 2021**

The Malaysian economy is facing immediate and serious challenges due to the Movement Control Order ("MCO") to mitigate and control the Covid-19 pandemic in Malaysia. As a result of the MCO, the Malaysian economy and in general most businesses, including the automotive industry, will be negatively and severely impacted. However, the real extent and severity of the MCO and Covid-19 pandemic remains to be seen given the uncertainty of the MCO duration at this point in time, any subsequent continuing curtailment of business and social activities post MCO, the time required to find a cure for the Covid-19 and the impact of the economic stimulus and assistance provided by the Malaysian government. The overseas market is similarly negatively impacted by the Covid -19 pandemic as our main export market i.e. the Middle East and Africa has not been spared. The Group is assessing various options and strategies to mitigate the adverse impacts and will implement them post MCO, including more focused sales and marketing initiatives in the domestic and export market to build market share, review cost management measures to drive down costs and to strengthen our supply chain management based on the lessons learned during this Covid-19 crisis.

**B4. Variance of Profit Forecast**

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



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**B5. Notes to the Statement of Profit or Loss**

The profit before tax is arrived at after charging / (crediting):-

|  | INDIVIDUAL QUARTER |            | CUMULATIVE QUARTER |            |
|--|--------------------|------------|--------------------|------------|
|  | 3 Months Ended     |            | 3 Months Ended     |            |
|  | 31.07.2020         | 31.07.2019 | 31.07.2020         | 31.07.2019 |
|  | RM'000             | RM'000     | RM'000             | RM'000     |
| Bad debts written off  |                    |            | -                  | -          |
| Depreciation of property, plant and equipment, investment properties and right-of-use assets | 1,442              | 905        | 1,442              | 905        |
| Fair value loss on derivative  | 23                 | -          | 23                 | -          |
| Fair value gain on short-term investments  | -                  | (20)       | -                  | (20)       |
| (Gain)/Loss on disposal of property, plant and equipment                                     | (337)              | (136)      | (337)              | (136)      |
| Goodwill impairment loss   |                    |            | -                  | -          |
| Net allowance/(reversal) for impairment losses on trade receivables                          | 222                | 46         | 222                | 46         |
| Net gain on foreign exchange   | (116)              | (398)      | (116)              | (398)      |
| Interest expense   | 762                | 500        | 762                | 500        |
| Interest income  | (74)               | (56)       | (74)               | (56)       |
| Net provision/(write back) of warranty   | 786                | (1,174)    | 786                | (1,174)    |
| Inventories written down   | 410                | 494        | 410                | 494        |

*Save as disclosed above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.*

**INTERIM FINANCIAL REPORT****B6. Income Tax Expense**

|                        | INDIVIDUAL QUARTER |            | CUMULATIVE QUARTER |            |
|------------------------|--------------------|------------|--------------------|------------|
|                        | 3 Months Ended     |            | 3 Months Ended     |            |
|                        | 31.07.2020         | 31.07.2019 | 31.07.2020         | 31.07.2019 |
|                        | RM'000             | RM'000     | RM'000             | RM'000     |
| <u>Income tax</u>      |                    |            |                    |            |
| Current tax - Current  | 111                | 85         | 111                | 85         |
| - Prior Period         | -                  | -          | -                  | -          |
| Deferred tax - Current | (16)               | -          | (16)               | -          |
| - Prior Period         | -                  | -          | -                  | -          |
| Tax expense            | 95                 | 85         | 95                 | 85         |

The effective tax rate for the current period is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

**B7. Status of Corporate Proposals**

There were no corporate proposals announced but yet to be completed as at the date of this report.

**B8. Share Capital**

|   | Current          | Preceding  | Current    | Preceding  |
|---|------------------|------------|------------|------------|
|   | Year-To-         | Year-To-   | Year-To-   | Year-To-   |
|   | Date             | Date       | Date       | Date       |
|   | 31.07.2020       | 31.07.2019 | 31.07.2020 | 31.07.2019 |
|   | Number of shares |            |            |            |
|   | '000             | '000       | RM'000     | RM'000     |
| <b>Issue And Fully Paid-Up</b>                  |                  |            |            |            |
| Ordinary shares with no Par Value               |                  |            |            |            |
| At 1 May 2020/2019                              | 396,289          | 392,131    | 99,637     | 98,416     |
| Issued for cash in respect of warrant exercised | 9,356            | 197        | 1,965      | 41         |
| Transfer from warrant reserve                   | -                | -          | 781        | 17         |
| At 30 Jul 2020/2019                             | 405,645          | 392,328    | 102,383    | 98,474     |



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**B9. Group Borrowings**

Total Group borrowings as at 30 April 2020 / 30 April 2019 were as follows:-

|   | As at<br>31.07.2020<br>RM'000 | As at<br>30.04.2020<br>RM'000 |
|---|-------------------------------|-------------------------------|
| <b><u>Current (Secured)</u></b>         |                               |                               |
| <b>Denominated in Malaysian Ringgit</b> |                               |                               |
| Bankers' acceptances                    | 9,523                         | 13,583                        |
| Hire purchase payables                  | -                             | -                             |
| Term loans                              | 6,650                         | 3,990                         |
| Revolving credit                        | 1,500                         | 1,500                         |
| <b>Denominated in US Dollars</b>        |                               |                               |
| Foreign currency loan                   | 12,105                        | 11,181                        |
| Revolving credit                        | -                             | -                             |
| <b>Denominated in Singapore Dollars</b> |                               |                               |
| Hire purchase payables                  | -                             | -                             |
| Term loans                              | 23                            | 150                           |
| Trust receipts                          | 981                           | 751                           |
|   | 30,782                        | 31,155                        |
| <b><u>Non-current (Secured)</u></b>     |                               |                               |
| <b>Denominated in Malaysian Ringgit</b> |                               |                               |
| Hire purchase payables                  | -                             | -                             |
| Term loan                               | 11,160                        | 14,459                        |
| <b>Denominated in Singapore Dollars</b> |                               |                               |
| Hire purchase payables                  | -                             | -                             |
| Term loan                               | 1,670                         | 1,691                         |
|   | 12,830                        | 16,150                        |
| <b>Total Borrowings</b>                 | 43,612                        | 47,305                        |

**B10. Material Litigation**

The Group is not engaged in any material litigation neither as plaintiff nor defendant. The Directors are not aware of any proceedings pending against the Group as at the date of this report.

**B11. Dividends**

No dividend was declared for payment by the Company for the current quarter under review.



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**B12. Earnings Per Share**

The earnings per share for the current quarter are computed as follows:

|  | <b>INDIVIDUAL QUARTER</b> |                   | <b>CUMULATIVE QUARTER</b> |                   |
|--|---------------------------|-------------------|---------------------------|-------------------|
|  | <b>3 Months Ended</b>     |                   | <b>3 Months Ended</b>     |                   |
|  | <b>31.07.2020</b>         | <b>31.07.2019</b> | <b>31.07.2020</b>         | <b>31.07.2019</b> |
|  | <b>RM'000</b>             | <b>RM'000</b>     | <b>RM'000</b>             | <b>RM'000</b>     |
| Profit after tax attributable to owners of the Company               | 2,590                     | 1,186             | 2,590                     | 1,186             |
| Weighted average number of ordinary share in issue ('000) (basic)    | 396,289                   | 392,197           | 396,289                   | 392,197           |
| Effect of conversion of warrants                                     | 56,369                    | 51,355            | 56,369                    | 51,355            |
| Weighted average number of ordinary shares in issue ('000) (diluted) | 452,658                   | 443,552           | 452,658                   | 443,552           |
| Basic Earnings Per Share (sen)                                       | 0.65                      | 0.30              | 0.65                      | 0.30              |
| Diluted Earnings Per Share (sen)                                     | 0.57                      | 0.27              | 0.57                      | 0.27              |