

SUPERCOMNET TECHNOLOGIES BERHAD

(Company No. : 197527-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	(Unaudited) Third Quarter Ended 30.09.2016 RM ' 000	(Unaudited) 30.09.2015 RM ' 000	(Unaudited) Cumulative Quarter Ended 30.09.2016 RM ' 000	(Unaudited) 30.09.2015 RM ' 000
Revenue		8,244	8,077	21,509	26,912
Cost of Goods Sold		(7,589)	(8,441)	(20,035)	(26,005)
Gross Profit		655	(364)	1,474	907
Other Operating Income (Net)	#	318	255	1,164	716
Administrative Expenses		(827)	(639)	(2,687)	(2,071)
Selling and Marketing Expenses		(33)	(39)	(97)	(111)
Other Operating Expenses		(54)	(52)	(146)	(168)
Profit / (loss) from operation		59	(839)	(292)	(727)
Finance Costs, net		-	-	-	-
Share of profit of associated company		873	1,045	2,432	2,364
Profit before tax		932	206	2,140	1,637
Taxation	18	-	-	-	(46)
Profit after tax		932	206	2,140	1,591
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		932	206	2,140	1,591
Attributable to :					
Equity holders of the parent		932	206	2,140	1,591
Non-controlling interest		-	-	-	-
		932	206	2,140	1,591
Gross Profit margin (%)		7.94	(4.51)	6.85	3.37
Profit after tax margin (%)		11.31	2.55	9.95	5.91
Weighted average number of shares ('000)		243,000	243,000	243,000	243,000
Earnings per share attributable to equity holders of the parent in sen					
EPS - Basic (sen)	23a	0.38	0.08	0.88	0.65
- Diluted	23b	-	-	-	-

Note # : Net Other Operating Income

Gain from scrap sales and other disposal	134	109	685	416
Rental Income	110	43	263	129
Interest Income	70	24	195	53
Unrealised gain / (loss) on foreign exchange	6	88	(2)	129
Realised (loss) / gain on foreign exchange	(2)	(9)	23	(11)
	318	255	1,164	716

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction

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UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
Note	As At End Of Current Quarter 30.09.2016 RM ' 000	As At Preceding Financial Year End 31.12.2015 RM ' 000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	7,105	7,391
Prepaid Lease Payments on Leasehold Land	2,089	2,130
Investment in associated company	10,387	9,955
	19,581	19,476
Current Assets		
Inventories	6,952	6,780
Trade and Other Receivables	7,811	6,958
Tax (Prepaid)	478	608
Short-term deposits with licensed bank	9,802	8,501
Cash and Bank Balances	1,545	1,550
	26,588	24,397
Total Assets	46,169	43,873
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,300	24,300
Reserves - Share Premium	5,937	5,937
- Retained Profit	11,834	10,666
	42,071	40,903
Non-Current Liability		
Deferred Taxation	410	410
	410	410
Current Liabilities		
Trade Payables	3,051	1,566
Other Payables	190	372
Accrued expenses	447	622
	3,688	2,560
Total Liabilities	4,098	2,970
TOTAL EQUITY AND LIABILITIES	46,169	43,873
Net asset per share (RM)	0.17	0.17

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31st December 2015.

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UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 2016 9 months ended 30.09.2016 RM ' 000	(Unaudited) 2015 9 months ended 30.09.2015 RM ' 000
Profit for the period	2,140	1,591
Adjustments for :-		
Depreciation and amortisation of non-current assets	556	558
Unrealised loss / (profit) on foreign exchange	2	(129)
Interest income	(195)	(53)
Share of profit of an associated company	(2,432)	(2,364)
Tax expense recognised in profit or loss	-	46
Operating profit/(loss) before changes in working capital	71	(351)
Changes in Working Capital :-		
Net Change in Inventories : (Increase) /Decrease	(172)	2,226
Net Change in other current assets : (Increase) / (Increase)	(853)	(547)
Net Change in current liabilities : Increase/(Decrease)	1,128	(1,476)
Cash generated from / (used in) operation	174	(148)
Income tax paid	(199)	(270)
Income tax refunded	329	171
Net cash generated from / (used in) operating activities	304	(247)
CASH FLOWS FROM INVESTING ACTIVITIES :-		
Interest received	195	53
Purchase of property, plant and equipment	(229)	(190)
Proceeds from disposal of property, plant and equipment	-	4
Dividend paid	(972)	-
Dividend received from associated company	2,000	600
Net cash generated from investing activities	994	467
Net change in Cash & Cash Equivalents	1,298	220
Cash & Cash Equivalents at beginning of period	10,051	9,096
Effects of foreign exchange rate changes	(4)	45
Cash & Cash Equivalents at end of period	11,345	9,361
Cash and cash equivalents comprise the following:		
Short-term deposits with licensed bank	9,802	7,001
Cash and bank balances	1,545	2,360
	11,347	9,361
Less : Short-term deposit held as security	(2)	0
	11,345	9,361

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31st December 2015.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2016 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)			
	<---- Attributable to equity holders of the parent ----->			
	Share Capital	Share Premium	Retained Profit	Total
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
<u>Current Year's 9 months ended 30.09.2016</u>				
Balance as of 1st January 2016	24,300	5,937	10,666	40,903
Total comprehensive income for the period	-	-	2,140	2,140
Dividend	-	-	(972)	(972)
Balance as of 30th September 2016	<u>24,300</u>	<u>5,937</u>	<u>11,834</u>	<u>42,071</u>
<u>Preceding Year's 9 months ended 30.09.2015</u>				
Balance as of 1st January 2015	24,300	5,937	7,683	37,920
Total comprehensive income for the period	-	-	1,591	1,591
Balance as of 30th September 2015	<u>24,300</u>	<u>5,937</u>	<u>9,274</u>	<u>39,511</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31st December 2015.

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QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis Of Preparation

This interim financial report is unaudited and has been prepared in accordance with the requirements of Chapter 9, Continuing Disclosure, Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (" Bursa Securities ") for the ACE Market ("AMLR") and in compliance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB) and should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2015.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

Standards and IC Interpretations in issue but not yet effective

The directors anticipate that the following Standards and IC Interpretations will be adopted in the annual financial statements of the Group when they become mandatorily effective for adoption. The adoption of these Standards and IC Interpretations is not expected to have a material impact on the financial statements of the Group.

MFRS 9	Financial Instruments (a)
MFRS 15	Revenue from Contracts with Customers (a)
Clarifications to MFRS 15	Revenue from Contracts with Customers (a)
MFRS 16	Leases (c)
Amendments to MFRS 107	Disclosure Initiative (b)
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses (b)

(a) Effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

(b) Effective for annual periods beginning on or after January 1, 2017 with earlier application permitted.

(c) Effective for annual periods on or after 1 January 2019. Earlier application is permitted provided MFRS 15 is also applied.

2. Audit Report of Preceding Annual Financial Statements

The auditors' report on the preceding annual financial statements was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

4. Unusual Material Event

There was no unusual material event during the quarter.

5. Material Changes In Estimates

There were no changes in estimates which materially affect the current interim period.

6. Changes in Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period.

7. Dividend Paid

A Single Tier Final Dividend of 0.4 sen per share for the year ended 31 December 2015 amounting to RM 972,000 has been paid by the Company on 8 July 2016 to depositors registered in the Record of Depositors on 9 June 2016.

8. Segmental Reporting

No segmental analysis is prepared as the Group is primarily operating in the manufacture of wires and cables for harnessing and electronic devices.

9. Valuations of Property, Plant and Equipment

Not applicable as the Group did not revalue its property, plant and equipment during the current financial period.

10. Material Subsequent Events

There were no material subsequent events.

11. Changes in the Composition of The Group

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

12. Contingent Liabilities and Contingent Assets

The Company had received a letter (dated 12th January 2016) of claim from Royal Malaysian Customs (RMC) under Section 17(1) Customs Act and Section 30(1) under Sales Tax Act 1972 for failing to declare the trade value correctly, results in the short payment of Import Duty amounting to RM 6,487,728.58 and Sales Tax of RM 2,501,581.43 respectively. The Company had on 25th January 2016 issued a letter requesting for the basis of their computation of the above import duties and sales tax under paid. To date, the Company have not received any reply from RMC.

The Company had a preliminary discussion with a few consultants on this matter and they mentioned that since we have not received any reply from RMC, it is premature to come to a conclusion on quantification of reliably estimates of the amount to be paid, as such no provision to be made on this.

The Company's top management had a meeting with RMC officers on 3 March 2016 on this matter and up to this date the Company have not received any feedback from the RMC officers.

13. Capital Commitments

There were no commitment for the purchase of property, plant and equipment as at 30th September 2016.

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QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

ADDITIONAL INFORMATION REQUIRED BY BM LISTING REQUIREMENTS

14. Review of Performance

For the quarter under review, total Group revenue for the nine month period ended 30 September 2016 decreased by 20% (or RM 5.40 million) from RM 26.91 million to RM 21.51 million due to decrease in sales order from our existing customers.

The Group making an operational loss of RM 292,000 before the contribution from the associated company which makes up the Group profit of RM 2.14 million as compared to RM 1.59 million for the same quarter of preceding year.

15. Comparison with Immediate Preceding Quarter's Result

On a quarter to quarter basis, the Group posted a profit after tax of RM932,000 as compared to a profit after tax of RM 966,000 for the immediate preceding quarter.

16. Prospects For The Financial Year

Barring any unforeseen circumstances, the prospect of the Group is expected to improve. However, the management is cautiously optimistic on prospect of the performance.

17. Profit Forecast or Guarantee

The Group has not given any profit forecast nor guarantee in respect of any corporate proposals.

18. Taxation

Taxation comprises the following :-

	Individual Quarter 30.09.16 RM ' 000	Individual Quarter 30.09.15 RM ' 000	Cumulative Quarter	
			30.09.16 RM ' 000	30.09.15 RM ' 000
Taxation charge	-	-	-	(46)
	-	-	-	(46)

19. Corporate Proposals

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

20. Borrowings and Debts Securities

There was no Group borrowings and Debts Securities at the end of the reporting period.

21. Changes in Material Litigation

There was no material litigation pending on the date of this announcement.

22. Dividend

No dividend was proposed and declared by the Company in the current quarter under review.

23. Earnings Per Share (EPS)

(a) Basic EPS

	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
Profit attributable to shareholder (RM '000)	932	206	2,140	1,591
Weighted average number of ordinary shares ('000)	243,000	243,000	243,000	243,000
Basic EPS (sen)	0.38	0.08	0.88	0.65
(b) Fully Diluted EPS				
Not applicable.	-	-	-	-

24. Realised and Unrealised Profits

	As At End Of Current Quarter 30.09.2015 RM '000	As At End Of Previous Financial Year 31.12.2015 RM '000
Total retained profit / (accumulated losses) of the Company and its subsidiary		
- Realised	(21,989)	(21,697)
- Unrealised	1,601	1,603
	<u>(20,388)</u>	<u>(20,094)</u>
Total share of retained profit / (accumulated losses) from associated company:		
- Realised	8,461	7,892
- Unrealised	(75)	63
	<u>8,386</u>	<u>7,955</u>
	<u>(12,002)</u>	<u>(12,139)</u>
Less : Consolidation adjustments	23,836	22,805
Total Group retained profit as per consolidated accounts	<u>11,834</u>	<u>10,666</u>

25. Profit for the Period

	(Unaudited)		(Unaudited)	
	Third Quarter Ended 30.09.16 RM ' 000	30.09.15 RM ' 000	Cumulative Quarter Ended 30.09.16 RM ' 000	30.09.15 RM ' 000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	70	24	195	53
Rental income	110	43	263	129
Depreciation and amortisation	(185)	(182)	(556)	(558)
Net foreign exchange gain/(loss)	4	79	21	118

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

26. Authorization for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors' on 23rd November 2016.