

SUPERCOMNET TECHNOLOGIES BERHAD
(Company No. : 199001005958 (197527-H))
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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 2019.

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 2019.

New MFRS adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that are issued by the Malaysian Accounting Standards Board (MASB) during the financial year.

Title	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 MFRS References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 9, MFRS 137 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020

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 equity securities during the quarter under review.

7. Dividend Paid

There was no dividend paid during the quarter under review.

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. Significant Event

On January 30, 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organization ("WHO"). Subsequently, on March 11, 2020, WHO characterised the COVID-19 outbreak as a pandemic.

On March 18, 2020, the federal government of Malaysia has implemented Movement Control Order ("MCO") with restrictions on business operation as a preventive measure for the COVID-19 pandemic.

There is no major impact to the Group in terms of its ability to operate during the MCO because the Group has obtained approval from Ministry of International Trade and Industry ("MITI") to operate during the MCO period. This approval from MITI allowed the Group to operate with a headcount of 220 employees with effect from March 18, 2020 to March 31, 2020, a headcount of 273 employees with effect from April 1, 2020 to April 14, 2020, a headcount of 356 employees with effect from April 15, 2020 to April 28, 2020 and at full headcount from April 29, 2020 onwards.

The Group has taken steps to protect the employees, with particular measures in place for those working in manufacturing sites and distribution facilities. However, uncertainty resulting from the COVID-19 pandemic could have an adverse impact on the manufacturing operations, supply chain and distribution systems, which could impact the ability to produce and distribute the products and the ability of third parties on which the Group relies to fulfill their obligations to the Group, and could increase the expenses. The Group anticipates an increase in revenue for the financial year ending December 31, 2020. The improvement will be driven by higher demand from its medical devices which will be contributed by its subsidiary, Supercomal Medical Products Sdn. Bhd.

In mitigating the risk of disruption to its supply chain during this pandemic, the Group has also implemented several plans such as safety buffer stocks system and sourcing of materials from alternative supply sources.

Overall, the implementation of the MCO and the COVID-19 pandemic have not resulted in any material impact to the Group's business and operations, it has also not negatively impacted the liquidity position. The Group expects to continue to generate cash flows to meet the short-term liquidity needs. The Group has also not observed any material impairments of the assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

The Group will continue to monitor the impact of COVID-19, but at the date of this report it is too early to determine the full impact this virus may have on the global financial markets, the overall economy and on the Group's operational and financial performance as it will depend on future developments, including the duration and spread of the outbreak and related restrictions, all of which are highly uncertain and cannot be predicted.

12. Changes in the Composition of The Group

The Group had two subsidiaries at the reporting date.

13. Contingent Liabilities and Contingent Assets

There was no Contingent liabilities / assets during the financial period under review.

14. Capital Commitments

There were no commitment for the purchase of property, plant and equipment as at 31st March 2020.

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ADDITIONAL INFORMATION REQUIRED BY BM LISTING REQUIREMENTS

15. Review of Performance

	First Quarter Ended		Variance %	Cumulative Quarter Ended	
	31.03.2020 RM ' 000	31.03.2019 RM ' 000		31.03.2020 RM ' 000	31.03.2019 RM ' 000
Revenue	28,148	24,971	12.72	28,148	24,971
Operating Profit/(loss)	5,494	5,054	8.70	5,494	5,054
<i>Profit/(loss) before Interest and Tax</i>	5,494	5,054	8.70	5,494	5,054
<i>Profit/(loss) before Tax</i>	5,494	5,042	8.96	5,494	5,042
<i>Profit After Tax</i>	4,097	3,747	9.34	4,097	3,747
<i>Profit Attributable to Ordinary Equity Holders of the Parent</i>	4,097	3,747		4,097	3,747

For the period under review, Group revenue has been increased by 12.72% (or RM3.18 million) from RM 24.98 million to RM 28.15 million due to increasing sales from existing customers of subsidiaries.

The profit after tax increased by 9.34 % (or RM 0.35 million) from RM 3.75 million due to contribution from unrealised gain on foreign exchange. The Supercomal Medical Products (SMP) contributed 87% of the group profit.

16. Comparison with Immediate Preceding Quarter's Result

	Current Qtr 31.03.2020	Immediate preceding Quarter RM ' 000	Variance %
	RM ' 000		
Revenue	28,148	32,396	(13.11)
Operating Profit/(loss)	5,494	4,919	11.68
<i>Profit Before Interest and Tax</i>	5,494	4,919	11.68
<i>Profit Before Tax</i>	5,494	4,919	11.68
<i>Profit After Tax</i>	4,097	4,560	(10.16)
<i>Profit Attributable to Ordinary Equity Holders of the Parent</i>	4,097	4,560	(10.16)

For the first quarter under review, the Group Revenue decreased by 13.11 % (or RM4.25 million) from RM 32.40 million to RM 28.15 million as compared to immediate preceding quarter. The drop in the revenue are due to seasonal factor of demand and also slow down in demand of automotive cable compounded by 2 weeks of Movement Control Order in March 2020.

17. 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.

18. Profit Forecast or Guarantee

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

19. Taxation

Taxation comprises the following :-

	Individual Quarter 31.03.2020	Individual Quarter 31.03.2019	Cumulative Quarter	
	RM ' 000	RM ' 000	31.03.2020 RM ' 000	31.03.2019 RM ' 000
Taxation charge	(1,397)	(1,295)	(1,397)	(1,295)
	(1,397)	(1,295)	(1,397)	(1,295)

20. Corporate Proposals

There was no corporate proposals exercised during the period ended 31st March 2020.

21. Borrowings and Debts Securities

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

22. Changes in Material Litigation

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

23. Dividend

There was no dividend paid during the financial quarter under review.

24. Earnings Per Share (EPS)

(a) Basic EPS

	Individual Quarter		Cumulative Quarter	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to shareholder (RM '000)	4,097	3,747	4,097	3,747
Weighted average number of ordinary shares ('000)	643,000	643,000	643,000	643,000
Basic EPS (sen)	0.64	0.58	0.64	0.58

(b) Fully Diluted EPS

	Individual Quarter		Cumulative Quarter	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to shareholder (RM '000)	4,097	3,747	4,097	3,747
Weighted average number of ordinary shares ('000)	643,000	643,000	643,000	643,000
Warrant shares deemed to be issued for no consideration	23,230	-	23,230	-
	666,230	643,000	666,230	643,000
Diluted EPS (sen)	0.61	0.58	0.61	0.58

25. Profit for the Period

	(Unaudited) First Quarter Ended		(Unaudited) Cumulative Quarter Ended	
	31.03.2020 RM ' 000	31.03.2019 RM ' 000	31.03.2020 RM ' 000	31.03.2019 RM ' 000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	152	118	152	118
Rental income	12	29	12	29
Depreciation and amortisation	(1,422)	(1,373)	(1,422)	(1,373)
Net foreign exchange gain /(loss)	694	(118)	694	(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. Authorisation 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 June 2020.