

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

QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 Dat
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 139 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 during the financial period under review.

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11. Significant Event

There is no significant event during the financial period under review.

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 30th June 2020.

15. Review of Performance

	Second Quarter Ended		Variance	Cumulative Quarter Ended		Variance
	30.06.2020	30.06.2019		30.06.2020	30.06.2019	
	RM ' 000	RM ' 000	%	RM ' 000	RM ' 000	%
Revenue	24,161	30,573	(20.97)	52,309	55,544	(5.82)
Operating Profit/(loss)	8,145	6,862	18.70	13,639	11,916	14.46
Profit/(loss)before Interest and Tax	8,145	6,862	18.70	13,639	11,916	14.46
Profit/(loss)before Tax	8,145	6,853	18.85	13,639	11,895	14.66
Profit After Tax	5,952	5,327	11.73	10,049	9,074	10.74
Profit Attributable to Ordinary Equity Holders of the Parent	5,952	5,327		10,049	9,074	

For the quarter under review, the group's revenue has reduced by 21% or RM 6.412 million, from RM 30.573 million (2nd quarter ended June 2019) to RM 24.161 million (current quarter ended June 2020), mainly due to the drop in sales of automotive cables as a result of production stoppage during the movement control order (MCO) imposed by the government from 18th March 2020 to 3rd May 2020. As a result, the cumulative revenue recorded during the Second quarter has reduced by 5.82% (RM 3.23 million) from RM 55.54 million (June 2019) to RM 52.31 million (June 2020).

The drop in revenue recorded during the quarter was somewhat mitigated by the increase in sales generated by Supercomal Medical Products Sdn Bhd.(SMP) as the medical devices production was not affected by the MCO due to the critical nature of the products.

In view that the Group's profitability is primarily driven by the medical cables and devices division, the Group continues to generate an increased profitability from RM 5.327 million in June 2019, to RM 5.952 million in June 2020, despite the reduction in the cumulative revenue. Concurrently, the Group has recorded an increase in cumulative Profit After Tax of RM 10.049 million (as compared to the cumulative Profit After Tax of RM 9.074 million during the corresponding quarter in 2019).

16. Comparison with Immediate Preceding Quarter's Result

	Current Qtr	Immediate preceding Quarter		Variance
	30.06.2020	RM ' 000	RM ' 000	
	RM ' 000		%	
Revenue	24,161	28,148	(14.16)	
Operating Profit/(loss)	8,145	5,494	48.25	
Profit Before Interest and Tax	8,145	5,494	48.25	
Profit Before Tax	8,145	5,494	48.25	
Profit After Tax	5,952	4,097	45.28	
Profit Attributable to Ordinary Equity Holders of the Parent	5,952	4,097	45.28	

As compared to the immediate preceding quarter, the Group's revenue has decreased by 14.16% (or RM 3.99 million) from RM 28.15 million (March 2020) to RM 24.16 million (June 2020), the drop in the revenue was due to the reasons as disclosed in note 15 above.

In view that the Group has recorded its main bulk of revenue from the medical cables and devices division during the quarter under review, a higher profit margin has translated into an increased profitability of RM 1.855 million from RM 4.097 million (March 2020) to RM 5.952 million (June, 2020).

17. Prospects For The Financial Year

Despite the current challenging market environment, the Group remains optimistic on its business prospect for the remaining year, barring any unforeseen manpower constraint and/ or interruptions of the supply of critical raw

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	Individual	Cumulative	Cumulative
	Quarter	Quarter	Quarter	Quarter
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Taxation charge	(2,193)	(1,526)	(3,590)	(2,821)
	(2,193)	(1,526)	(3,590)	(2,821)

20. Corporate Proposals

There was no corporate proposals exercised during the period ended 30th June 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

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

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24. Earnings Per Share (EPS)

(a) Basic EPS

	Individual Quarter		Cumulative Quarter	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit attributable to shareholder (RM '000)	5,952	5,327	10,049	9,074
Weighted average number of ordinary shares ('000)	643,000	643,000	643,000	643,000
Basic EPS (sen)	0.93	0.83	1.56	1.41

(b) Fully Diluted EPS

	Individual Quarter		Cumulative Quarter	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit attributable to shareholder (RM '000)	5,952	5,327	10,049	9,074
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)	0.89	0.83	1.51	1.41

25. Profit for the Period

	(Unaudited)		(Unaudited)	
	Second Quarter Ended 30.06.2020	Second Quarter Ended 30.06.2019	Cumulative Quarter Ended 30.06.2020	Cumulative Quarter Ended 30.06.2019
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	136	255	288	373
Rental income	-	-	12	29
Depreciation and amortisation	(1,445)	(1,372)	(2,867)	(2,745)
Net foreign exchange gain /(loss)	483	365	1,177	247

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Securities Act 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 25th August 2020.