

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

QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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 2020.

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 2020.

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 16 Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139 , MFRS 7,MFRS 4, and MFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021

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 quarter under review except the issuance of 37,500,000 ordinary shares at an issue price of RM 0.65 per share on each warrant exercised.

7. Dividend Paid

There was no dividend paid during the quarter under review.

8. Segmental Reporting

The Group's principal activities include manufacturing and sub-assembly of wires and cables for the medical devices, electrical appliances, consumer electronics and automotive markets.

The Group started to manufacture and assemble cables used to connect various medical devices through its wholly-owned subsidiary, Supercomal Medical Products Sdn. Bhd (SMP) since April 16, 2018. Since FY2020, the medical segment had overtaken the non-medical segment as the main contribution to the Group's revenue.

For the quarter under review, the medical segment continues to be the driver of growth for the Group with a revenue contribution of 69% as compared to 77% in the last corresponding period.

Meanwhile, the industrial segment has also seen a higher revenue contribution at 26%, compared to 17% in the last corresponding period.

Revenue contribution for the automotive segment stands at 5%, compared to 6% in the last corresponding period.

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

The Full Movement Control Order (FMCO) was implemented nationwide starting from 1st June due to resurgence of Covid-19 cases.Under FMCO,only sector classified under essential services are allowed to operate at 60% workforce.On 27th June 2021, the Government announced a National Recovery Plan (NRP) to facilitate the reopening of the economy subject to fulfilment of certain conditions.

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11. Significant Event

Please refer to note 10 .

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 2021.

15. Review of Performance

	Second Quarter Ended			Cumulative Quarter Ended		
	30.06.2021	30.06.2020	Variance	30.06.2021	30.06.2020	Variance
	RM ' 000	RM ' 000	%	RM ' 000	RM ' 000	%
Revenue	32,753	24,161	35.56	70,320	52,309	34.43
Operating Profit/(loss)	6,816	8,145	(16.31)	13,505	13,639	(0.99)
<i>Profit/(loss) before Interest and Tax</i>	6,816	8,145	(16.31)	13,505	13,639	(0.99)
<i>Profit/(loss) before Tax</i>	6,816	8,145	(16.31)	13,505	13,639	(0.99)
<i>Profit After Tax</i>	5,410	5,952	(9.10)	10,294	10,049	2.44
<i>Profit Attributable to Ordinary Equity Holders of the Parent</i>	5,410	5,952		10,294	10,049	

For the quarter under review, the Group recorded an increased in revenue of RM 8.592 million (or 35.56%) from RM 24.161 million (Q2/20) to RM 32.753 million (Q2/21) due to increase order from existing customers .The profit after tax of the group has decreased by RM 0.542 million (or 9.10%) from RM 5.952 million to RM 5.410 million mainly due to lower profit margin.

16. Comparison with Immediate Preceding Quarter's Result

	Current Qtr	Immediate preceding Quarter	Variance
	30.06.2021		
	RM ' 000	RM ' 000	%
Revenue	32,753	37,567	(12.81)
Operating Profit/(loss)	6,816	6,690	1.89
<i>Profit Before Interest and Tax</i>	6,816	6,690	1.89
<i>Profit Before Tax</i>	6,816	6,690	1.89
<i>Profit After Tax</i>	5,410	4,885	10.76
<i>Profit Attributable to Ordinary Equity Holders of the Parent</i>	5,410	4,885	10.76

As the group are constrained by the utilisation of 60% manpower during Full Movement Control Order(FMCO) , the revenue has dropped by RM4.814 million (or 12.81 %) from RM 37.567 million (Q1/21) to RM 32.753 million (Q2/21) compared to the immediate preceding quarter. The profit after tax increased by RM 0.525 million (or 10.72%) from RM 4.885 million (Q1/21) to RM 5.410 million (Q2/21) due to cost saving measures taken during the quarter.

17. Prospects For The Financial Year

The Group kicked off the second half of the financial year positively, contributed by strong order from its medical segments.

The Group was affected by FMCO (MCO 3.0) due to the limiting of workforce to 60% from June to August. There was also a Covid-19 case detected in the factory which resulted in closure of the plants for 7 days in July 2021, which further affected production. With fully vaccination of employees on 26th August 2021, the Group will be applying to authority for approval of 80-100% workforce capacity.

Thus, barring any unforeseen circumstances, the Group expects the financial performance in the remaining financial year to be satisfactory.

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QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

NOTES TO THE INTERIM FINANCIAL REPORT

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 30.06.2021 RM ' 000	Individual Quarter 30.06.2020 RM ' 000	Cumulative Quarter 30.06.2021 RM ' 000	Cumulative Quarter 30.06.2020 RM ' 000
Taxation charge	(1,406)	(2,193)	(3,211)	(3,590)
	<u>(1,406)</u>	<u>(2,193)</u>	<u>(3,211)</u>	<u>(3,590)</u>

20. Corporate Proposals

There was no corporate proposals exercised during the period ended 30th June 2021.

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

The Board of Directors declared an Interim Single Tier Dividend of 1 Sen per ordinary share together with a Special Interim Single Tier Dividend of 0.5 Sen per ordinary share for the financial year ended December 31, 2020 in June 2021 which were subsequently paid on July 28, 2021.

24. Earnings Per Share (EPS)

(a) Basic EPS

	Individual Quarter		Cumulative Quarter	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to shareholder (RM '000)	5,410	5,952	10,294	10,049
Weighted average number of ordinary shares ('000)	722,477	643,000	722,477	643,000
Basic EPS (sen)	0.75	0.93	1.42	1.56

(b) Fully Diluted EPS

	Individual Quarter		Cumulative Quarter	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to shareholder (RM '000)	5,410	5,952	10,294	10,049
Weighted average number of ordinary shares ('000)	833,190	643,000	833,190	643,000
Warrant shares deemed to be issued for no consideration	110,713	-	110,713	-
	<u>943,903</u>	<u>643,000</u>	<u>943,903</u>	<u>643,000</u>
Diluted EPS (sen)	0.57	0.93	1.09	1.56

25. Profit for the Period

	(Unaudited) Second Quarter Ended 30.06.2021 RM ' 000	(Unaudited) 30.06.2020 RM ' 000	(Unaudited) Cumulative Quarter Ended 30.06.2021 RM ' 000	(Unaudited) 30.06.2020 RM ' 000
Profit for the period is arrived at after crediting/(charging) :				
Interest income	100	136	153	288
Rental income	7	-	14	12
Depreciation and amortisation	(1,720)	(2,867)	(3,339)	(2,867)
Gain / (Loss) on disposal of :-				
Property , plant and equipment	(31)	-	-	-
Property , plant and equipment written off	(1)	(10)	(3)	(10)
Net foreign exchange gain	245	483	907	1,177

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 25th May 2021