

BRITE-TECH BERHAD

Company no. 200101014455 (550212-U)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2019

	<----- Individual Quarter ----->		<----- Cumulative Quarters ----->	
	Current Quarter Ended 31.12.2019 (Unaudited) RM'000	Preceding Year Corresponding Quarter Ended 31.12.2018 (Unaudited) RM'000	Current Year-To-Date 31.12.2019 (Unaudited) RM'000	Preceding Year-To-Date 31.12.2018 (Audited) RM'000
Revenue	6,987	6,717	27,855	26,611
Operating expenses	(5,603)	(5,949)	(22,408)	(21,461)
Other operating income	1,229	205	1,956	763
Profit from operating activities	2,613	973	7,403	5,913
Finance income	113	93	443	267
Finance costs	(211)	(167)	(730)	(390)
Profit before tax	2,515	899	7,116	5,790
Taxation	59	(307)	(1,098)	(1,505)
Profit for the period	2,574	592	6,018	4,285
Other comprehensive income for the period, net of tax	2,295	3,092	2,295	3,092
Total comprehensive income for the period	4,869	3,684	8,313	7,377
Total comprehensive income for the period				
Owners of the Company	4,745	3,709	8,078	7,405
Non-controlling interests	124	(25)	235	(28)
	4,869	3,684	8,313	7,377
Number of shares in issue ('000)	252,000	252,000	252,000	252,000
Weighted average number of shares ('000)	252,000	252,000	252,000	252,000
Earnings per ordinary share attributable to owners of the Company (sen):				
- Basic	1.00	0.24	2.33	1.71
- Diluted	N/A	N/A	N/A	N/A

(The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	As at End of Current Year Quarter 31.12.2019 (Unaudited) RM'000	As at Preceding Financial Year End 31.12.2018 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	34,982	45,988
Investment properties	23,489	9,830
Deferred taxation	33	33
Goodwill on consolidation	641	641
Total Non-Current Assets	59,145	56,492
Current Assets		
Inventories	1,024	1,052
Trade and other receivables	15,649	8,806
Tax recoverable	138	393
Short-term investments	13,634	11,644
Cash and bank balances	3,626	2,828
Total Current Assets	34,071	24,723
TOTAL ASSETS	93,216	81,215
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	25,200	25,200
Reserves	36,790	32,744
	61,990	57,944
Non-controlling interests	877	842
Total Equity	62,867	58,786
Non-Current Liabilities		
Long term borrowings (secured)	16,092	14,449
Deferred taxation	3,017	3,195
	19,109	17,644
Current Liabilities		
Trade and other payables	8,728	3,024
Amount due to directors	-	6
Bank overdraft	100	99
Short term borrowings (secured)	2,026	1,518
Provision for taxation	386	138
	11,240	4,785
Total Liabilities	30,349	22,429
TOTAL EQUITY AND LIABILITIES	93,216	81,215
Net assets per share attributable to owners of the Company (RM)	0.25	0.23

(The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2019

	<----- Attributable to owners of the Company ----->			Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	<----- Non-distributable----->	<-Distributable ->				
	Share Capital RM'000	Revaluation Reserves RM'000	Retained Profits RM'000			
<u>12 Months Ended 31 December 2019 (Unaudited)</u>						
Balance as at 1 January 2019	25,200	14,987	17,757	57,944	842	58,786
Profit for the financial year	-	-	5,859	5,859	159	6,018
Other comprehensive income, net of tax	-	2,219	-	2,219	76	2,295
Total comprehensive income for the financial period	-	2,219	5,859	8,078	235	8,313
Dividend						
- By the Company	-	-	(4,032)	(4,032)	-	(4,032)
- By subsidiary to non-controlling interests	-	-	-	-	(200)	(200)
Balance as at 31 December 2019	25,200	17,206	19,584	61,990	877	62,867
<u>12 Months Ended 31 December 2018 (Audited)</u>						
Balance as at 1 January 2018	25,200	11,895	17,476	54,571	870	55,441
Profit for the financial year	-	-	4,313	4,313	(28)	4,285
Other comprehensive income, net of tax	-	3,092	-	3,092	-	3,092
Total comprehensive income for the financial period	-	3,092	4,313	7,405	(28)	7,377
Dividend	-	-	(4,032)	(4,032)	-	(4,032)
Balance as at 31 December 2018	25,200	14,987	17,757	57,944	842	58,786

(The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2019

	12 Months Period Ended 31.12.2019 (Unaudited) RM'000	12 Months Corresponding Period Ended 31.12.2018 (Audited) RM'000
Cash flows from operating activities		
Profit before taxation	7,116	5,790
Adjustments for:		
Amortisation of rental deposit	(14)	-
Depreciation on property, plant and equipment	1,580	1,314
Finance costs	730	390
Finance income	(443)	(267)
(Gain)/loss on fair value adjustment of investment properties	(1,058)	28
Impairment of goodwill	-	127
Impairment loss on receivables	326	189
Property, plant and equipment written off	-	10
Provision for slow-moving inventories	71	-
(Loss)/gain on disposal of property, plant and equipment	19	(24)
Unrealised loss on foreign exchange	-	13
Operating profit before working capital changes	<u>8,327</u>	<u>7,570</u>
Changes in working capital:		
Inventories	99	94
Trade & other receivables	(6,517)	(964)
Trade & other payables	5,718	122
Cash from operations	<u>7,627</u>	<u>6,822</u>
Interest received	443	267
Interest paid	(730)	(390)
Income tax refund	-	22
Income tax paid	(1,554)	(1,547)
Net cash from operating activities	<u>5,786</u>	<u>5,174</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(948)	(4,414)
Proceeds from disposal of property, plant and equipment	36	24
Net cash used in investing activities	<u>(912)</u>	<u>(4,390)</u>
Cash flows from financing activities		
Drawdown of loan and borrowings, net of repayment	2,151	7,028
Repayments to directors	(6)	(11)
Dividend paid to owners of the Company	(4,032)	(4,032)
Dividend paid to non-controlling interest	(200)	-
Net cash (used in)/from financing activities	<u>(2,087)</u>	<u>2,985</u>
Net changes in cash and cash equivalents	2,787	3,769
Cash and cash equivalent at beginning of period	<u>14,373</u>	<u>10,604</u>
Cash and cash equivalent at end of period	<u><u>17,160</u></u>	<u><u>14,373</u></u>
Cash and cash equivalents comprise the following:		
Short-term investments and fixed deposits	13,634	11,644
Cash and bank balances	3,626	2,828
Bank overdraft	(100)	(99)
Cash and cash equivalents at end of the period	<u><u>17,160</u></u>	<u><u>14,373</u></u>

(The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.)

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A1 Basis of preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The unaudited interim financial statements should be read in conjunction with the audited financial statement for the financial year ended 31 December 2018. The explanatory notes attached to 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 Group since the financial year ended 31 December 2018.

The accounting policies and presentation adopted for this unaudited interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2018, except as below:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015–2017 Cycle	

The adoption of these new MFRSs do not have any significant financial impact on the financial statements of the Group for the current quarter.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the year ended 31 December 2018 was not qualified.

A3 Comments About Seasonal or Cyclical Factors

The Group's principal business is not significantly affected by seasonality or cyclicity factors during the current quarter under review.

A4 Unusual Items Affecting Interim Financial Report

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A5 Dividends Paid

A first interim single-tier dividend on ordinary share of 0.80 sen per share amounting to RM2,016,000 (2018: RM2,016,000) in respect of the financial year ended 31 December 2019 has been paid by the Company on 26 September 2019 to shareholders whose names appear in the Register of Depositors at the close of business on 13 September 2019.

A6 Material Changes in Estimates Used

There were no significant changes in the nature and amount of estimates used in prior interim reporting period or prior financial years that have a material effect in the current quarter under review.

A7 Debt and Equity Securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter under review.

A8 Segmental Information

Segment revenue and segment results for the financial period ended 31 December 2019 by the respective operating segments are as follows:

<u>Financial Period Ended 31.12.2019</u>	Environmental products and services RM'000	System equipment and ancillary products RM'000	Investments RM'000	Inter- segment Eliminations RM'000	Group RM'000
REVENUE					
External revenue	24,348	3,507	-	-	27,855
Inter-segment revenue	254	20	1,700	(1,974)	-
Total revenue	<u>24,602</u>	<u>3,527</u>	<u>1,700</u>	<u>(1,974)</u>	<u>27,855</u>
RESULT					
Segment results (external)	8,597	580	(1,774)	-	7,403
Finance income	228	66	149	-	443
Finance costs	(655)	(75)	-	-	(730)
Profit before taxation	<u>8,170</u>	<u>571</u>	<u>(1,625)</u>	<u>-</u>	<u>7,116</u>
Taxation					(1,098)
Profit for the period					<u>6,018</u>
Non-controlling interests					(159)
Profit attributable to Owners of the Company					<u><u>5,859</u></u>

<u>Financial Period Ended 31.12.2018</u>	Environmental products and services RM'000	System equipment and ancillary products RM'000	Investments RM'000	Inter- segment Eliminations RM'000	Group RM'000
REVENUE					
External revenue	22,993	3,618	-	-	26,611
Inter-segment revenue	317	13	1,675	(2,005)	-
Total revenue	<u>23,310</u>	<u>3,631</u>	<u>1,675</u>	<u>(2,005)</u>	<u>26,611</u>
RESULT					
Segment results (external)	5,500	367	46	-	5,913
Finance income	127	49	91	-	267
Finance costs	(314)	(76)	-	-	(390)
Profit before taxation	<u>5,313</u>	<u>340</u>	<u>137</u>	<u>-</u>	<u>5,790</u>
Taxation					(1,505)
Profit for the period					<u>4,285</u>
Non-controlling interests					28
Profit attributable to Owners of the Company					<u><u>4,313</u></u>

A9 Valuations of Investment Properties

During the current quarter under review, the Group has carried out revaluation for its investment properties by Nasir, Sabaruddin & Associates Sdn Bhd, an external independent firm of professional valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia, to ascertain the current market value of the properties for accounting purposes based on the Comparison Method of Valuation.

A10 Material Subsequent Event

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A12 Derivatives

- (a) There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 31 December 2019; and
- (b) The Group has not entered into a type of derivatives not disclosed in the previous financial year or any of the previous quarters under the current financial year.

A13 Gains / Losses Arising from Fair Value Changes of Financial Liabilities

There were no material amount of gains or losses arising from fair value changes of its financial liabilities for the current and cumulative quarter.

A14 Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets arising since the last financial year ended on 31 December 2019.

A15 Capital Commitments

After having made all reasonable enquiries and save as disclosed below, as at the end of the financial year, the Board is not aware of any material commitment for capital expenditure incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results / position of the Group:

	31.12.2019 (Unaudited) RM'000
Capital expenditures not provided for in the financial statements	
- Approved and contracted for	4,530
- Approved but not contracted for	-

The above mentioned material commitments are expected to be funded through internally-generated fund and / or bank borrowings of the Group.

A16 Significant Related Party Transactions

The Group has the following inter companies transactions:

	Current Year Quarter 31.12.2019 RM'000	Cumulative Year To Date 31.12.2019 RM'000
Management fees	425	1,700
Rental	41	169
Revenue	62	274

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET**B1 Review of Performance for the Current Quarter and Financial Year-To-Date**

	----- Individual Quarter -----				<----- Cumulative Quarters ----->			
	Current Quarter Ended 31.12.2019 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2018 RM'000	Changes Amount RM'000	Changes %	Current Year-To-Date 31.12.2019 RM'000	Preceding Year-To-Date 31.12.2018 RM'000	Changes Amount RM'000	Changes %
Revenue	6,987	6,717	270	4.02	27,855	26,611	1,244	4.67
Operating Profit	2,613	973	1,640	168.55	7,403	5,913	1,490	25.20
Profit Before Tax	2,515	899	1,616	179.76	7,116	5,790	1,326	22.90
Profit After Tax	2,574	592	1,982	334.80	6,018	4,285	1,733	40.44
Profit Attributable to: Owners of the Company	2,526	617	1,909	309.40	5,859	4,313	1,546	35.85
Non-Controlling Interest	48	(25)	73	(292.00)	159	(28)	187	(667.86)

The Group's revenue for the current quarter ended 31 December 2019 showed an increase of 4.02% to RM6.987 million from RM6.717 million in the preceding corresponding year's quarter. The Group's profit before tax increased by 179.76% to RM2.515 million as against preceding corresponding year's quarter of RM0.899 million.

The Group's revenue for the current financial year-to-date ended 31 December 2019 showed an increase of 4.67% to RM27.855 million from RM26.611 million in the preceding corresponding year's financial year-to-date. The Group's profit before tax increased by 22.9% to RM7.116 million as against preceding corresponding financial year-to-date of RM5.790 million.

The increase in the Group's profit before tax for the current quarter and current financial year-to-date was mainly due to higher other operating income achieved.

Environmental products and services

This segment is the main contributor for the financial period ended 31 December 2019 as it comprised 87.41% of the total revenue.

For the financial period ended 31 December 2019, the revenue in environmental products and services increased by RM1.292 million or 5.54% to RM24.602 million as compared to RM23.310 million reported in the corresponding financial period ended 31 December 2018. The profit before tax for the financial period ended 31 December 2019 increased by RM2.857 million or 53.77% to RM8.170 million as compared to RM5.313 million reported in the corresponding financial period ended 31 December 2018.

System equipment and ancillary products

This segment comprised 12.59% of the total revenue for the financial period ended 31 December 2019.

For the financial period ended 31 December 2019, the revenue in system equipment and ancillary products decreased by RM0.104 million or 2.86% to RM3.527 million as compared to RM3.631 million reported in the corresponding financial period ended 31 December 2018. The profit before tax for the financial period ended 31 December 2019 increased by RM0.231 million or 67.94% to RM0.571 million as compared to RM0.340 million reported in the corresponding financial period ended 31 December 2018.

The results of the current quarter and financial year-to-date under review have not been affected by any transactions or events of a material or unusual nature.

B2 Variation of Results Against Immediate Preceding Quarter

	Current Year Quarter 31.12.2019 RM'000	Immediate Preceding Quarter 30.09.2019 RM'000	Changes Amount RM'000	Changes %
Revenue	6,987	7,313	(326)	(4.46)
Operating Profit	2,613	1,835	778	42.40
Profit Before Tax	2,515	1,753	762	43.47
Profit After Tax	2,574	1,337	1,237	92.52
Profit Attributable to: Owners of the Company	2,526	1,295	1,231	95.06
Non-Controlling Interest	48	42	6	14.29

For the current quarter under review, the Group recorded revenue of RM6.987 million, representing a decrease of 4.46% from the immediate preceding quarter's revenue of RM7.313 million. The Group's profit before tax for the current quarter increased by 43.47% to RM2.515 million as compared to the preceding quarter.

B3 Prospects for the Financial Year 2020

The Group will continue to focus on its existing business activities and concentrate on its core competencies while at the same time, improve its operational efficiency and cost management. The Group will continue to implement various cost saving measures and stringent cost control to counter the challenges ahead and to enhance the Group's competitiveness in the Group's industry.

The Group will continue to explore and assess other viable business and investment opportunities within the same or complementary sectors and also outside the Group's industry domain for opportunities which can bring financial stability to the Group.

Barring any unforeseen circumstances, the Board of Directors is of the opinion that the performance of the existing business of the Group is likely to remain satisfactory for the year ahead.

B4 Variance of Actual Profit from Forecast Profit

Not applicable as the Group did not issue any profit forecast or profit guarantee for the current quarter under review.

B5 Taxation

The Group's taxation for the current quarter and financial year-to-date were as follows:

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.12.2019 RM'000	Preceding Year Corresponding Quarter 31.12.2018 RM'000	Current Year-To-Date 31.12.2019 RM'000	Preceding Year-To-Date 31.12.2018 RM'000
Income and deferred tax				
-Current	(36)	347	1,121	1,585
-Over provision in prior year	(23)	(40)	(23)	(80)
	<u>(59)</u>	<u>307</u>	<u>1,098</u>	<u>1,505</u>

B6 Additional Notes to Condensed Consolidated Statements of Comprehensive Income

	Current Year Quarter 31.12.2019 (Unaudited) RM'000	Current Year-To-Date 31.12.2019 (Unaudited) RM'000
Other operating income:		
Rental income	250	612
Bad debts recovered	52	253
Operating expenses:		
Depreciation on property, plant and equipment	367	1,580
Impairment loss on trade and other receivables	326	326
Loss on disposal of property, plant and equipment	36	19
Provision for slow-moving inventories	71	71

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B7 Status of Corporate Proposals

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

B8 Borrowings

The Group's borrowings as at the current quarter are as follows:

	Current Year Quarter 31.12.2019 RM'000
Short term borrowings (Secured)	2,126
Long term borrowings (Secured)	16,092
Total	<u>18,218</u>

Bank overdraft of RM 0.1 million has been included as short term borrowings.

The Group has no unsecured borrowings in the current quarter under review.

The Group's borrowings are all denominated in Ringgit Malaysia.

B9 Changes in Material Litigation

The Company had on 13 February 2020 announced that its counsel attended the case management in the Court of Appeal ("the Court") on 12 February 2020 and the case management was conducted by the Deputy Registrar of the Court of Appeal.

The solicitors for the Appellant (Mr Chan Ah Kien) informed the Court that the Record of Appeal and Supplementary Record of Appeal have been filed and served on the Company and Brite-Tech Corporation Sdn. Bhd. The Company's counsel confirmed the same.

The Court subsequently directed as follows:–

- a) The Common Core Bundles are to be filed if the Record of Appeal exceeds more than five (5) volumes;
- b) Written submissions are to be filed two (2) weeks before the date of the hearing of the Appeal. In the event that the submissions exceed thirty (30) pages, parties are to file an executive summary of not more than five (5) pages; and
- c) The hearing of the Appeal is fixed on 1 October 2020.

B10 Earnings Per Share

The basic and diluted earnings per share (EPS) for the current quarter and financial year-to-date have been calculated as follows:

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.12.2019	Preceding Year Corresponding Quarter 31.12.2018	Current Year-To-Date 31.12.2019	Preceding Year-To-Date 31.12.2018
Profits attributable to owners of the Company (RM'000)	2,526	617	5,859	4,313
Weighted average number of shares in issue ('000)	252,000	252,000	252,000	252,000
Basic earnings per share (sen)	1.00	0.24	2.33	1.71
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The diluted EPS is not applicable as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

B11 Dividends Payable

The Board of Directors is proposing a final single tier dividend on ordinary share of 0.80 sen per share amounting to RM2,016,000 in respect of the financial year ended 31 December 2019 (2018: 0.80 sen per share), subject to approval by shareholders at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

Wong Maw Chuan (MIA 7413)
Wong Youn Kim (f) (MAICSA 7018778)
Lee Chin Wen (f) (MAICSA 7061168)
Company Secretaries
27 February 2020