

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2019⁽¹⁾

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|------|----------------------|------------------------------------|----------------------|------------------------------------|
| | | 31.03.2019 RM'000 | 31.03.2018 RM'000 (Restated) | 31.03.2019 RM'000 | 31.03.2018 RM'000 (Restated) |
| Revenue | A9 | 39,883 | 37,683 | 39,883 | 37,683 |
| Cost of sales ⁽³⁾ | | (30,794) | (29,086) | (30,794) | (29,086) |
| Gross profit | | 9,089 | 8,597 | 9,089 | 8,597 |
| Other income | | 1,476 | 969 | 1,476 | 969 |
| Marketing and distribution expenses ⁽³⁾ | | (1,517) | (1,043) | (1,517) | (1,043) |
| Administrative expenses | | (3,598) | (3,699) | (3,598) | (3,699) |
| Other operating expenses | | (2,360) | (1,889) | (2,360) | (1,889) |
| Profits from operation | | 3,090 | 2,935 | 3,090 | 2,935 |
| Finance costs | | (207) | (280) | (207) | (280) |
| Profit before tax | | 2,883 | 2,655 | 2,883 | 2,655 |
| Tax expense | B6 | (1,012) | (1,241) | (1,012) | (1,241) |
| Profit for the financial period | | 1,871 | 1,414 | 1,871 | 1,414 |
| Other comprehensive income, net of tax | | | | | |
| Foreign currency translation differences for foreign subsidiaries | | (18) | (293) | (18) | (293) |
| Total comprehensive income for the financial period | | 1,853 | 1,121 | 1,853 | 1,121 |
| Profit for the financial period attributable to: | | | | | |
| Owners of the Company | | 1,833 | 1,508 | 1,833 | 1,508 |
| Non-controlling interest | | 38 | (94) | 38 | (94) |
| Profit for the financial period | | 1,871 | 1,414 | 1,871 | 1,414 |
| Comprehensive income for the financial period attributable to: | | | | | |
| Owners of the Company | | 1,829 | 1,322 | 1,829 | 1,322 |
| Non-controlling interest | | 24 | (201) | 24 | (201) |
| Total comprehensive income for the financial period | | 1,853 | 1,121 | 1,853 | 1,121 |
| Earnings per share ("EPS") | | | | | |
| Basic (sen) ⁽²⁾ | B11 | 0.24 | 0.23 | 0.24 | 0.23 |
| Diluted (sen) ⁽²⁾ | B11 | 0.24 | 0.23 | 0.24 | 0.23 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2019⁽¹⁾ (cont'd)

Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) Diluted earnings per share of the Company for the individual quarter and year-to-date ended 31 March 2019 is equivalent to the basic earnings per share as the Company does not have convertible securities at the end of the reporting period.
- * *For illustration purposes, basic and diluted earnings per share as at 31 March 2018 (assuming number of shares in issue of 758,308,000) is RM0.20 for both individual quarter and year-to-date.*
- (3) In compliance with MFRS 15 Revenue from Contracts with Customers, certain marketing and distribution expenses which was incurred to fulfill the contracts with customers has been reclassified to cost of sales.

| | BEFORE ADOPTION OF MFRS 15 RM'000 | EFFECT OF ADOPTION OF MFRS 15 RM'000 | AFTER ADOPTION OF MFRS 15 RM'000 |
|---|--|---|---|
| <u>Individual and cumulative quarter ended</u> | | | |
| <u>31.03.2018</u> | | | |
| Cost of sales | 24,390 | 4,696 | 29,086 |
| Marketing and distribution expenses | <u>5,739</u> | <u>(4,696)</u> | <u>1,043</u> |

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019⁽¹⁾

| | UNAUDITED As at 31.03.2019 RM'000 | AUDITED As at 31.12.2018 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 11,401 | 11,076 |
| Right-of-use assets | 4,032 | - |
| Intangible assets | 5,748 | 5,617 |
| Other investments | 60 | 60 |
| Deferred tax assets | 349 | 476 |
| | <u>21,590</u> | <u>17,229</u> |
| Current assets | | |
| Inventories | 19,967 | 15,779 |
| Trade receivables | 34,827 | 47,147 |
| Other receivables | 2,785 | 2,507 |
| Tax recoverable | 596 | 649 |
| Short-term investment | 25,868 | 27,198 |
| Fixed deposits with financial institutions | 20,180 | 20,018 |
| Cash and bank balances | 27,526 | 22,938 |
| | <u>131,749</u> | <u>136,236</u> |
| Total assets | <u><u>153,339</u></u> | <u><u>153,465</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 61,180 | 61,180 |
| Legal reserve | 25 | 25 |
| Translation reserve | (1,202) | (1,198) |
| Merger deficit | (20,228) | (20,228) |
| Retained earnings | 49,842 | 48,009 |
| | <u>89,617</u> | <u>87,788</u> |
| Non-controlling interests | 2,157 | 2,133 |
| Total equity | <u>91,774</u> | <u>89,921</u> |

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019⁽¹⁾ (cont'd)

| | UNAUDITED As at 31.03.2019 RM'000 | AUDITED As at 31.12.2018 RM'000 |
|--|--|--|
| Non-current liabilities | | |
| Borrowings | 1,489 | 1,580 |
| Lease liabilities | 3,167 | - |
| Deferred tax liabilities | 173 | 272 |
| Provision for post-employment benefits | 659 | 621 |
| | <u>5,488</u> | <u>2,473</u> |
| Current liabilities | | |
| Trade payables | 23,901 | 32,585 |
| Other payables | 10,031 | 12,715 |
| Borrowings | 19,720 | 13,960 |
| Lease liabilities | 743 | - |
| Deferred income | 1,682 | 1,811 |
| | <u>56,077</u> | <u>61,071</u> |
| Total liabilities | <u>61,565</u> | <u>63,544</u> |
| Total equity and liabilities | <u>153,339</u> | <u>153,465</u> |
| Net assets per share attributable to owners of the Company (RM) | 0.12 | 0.12 |

Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2019⁽¹⁾

| | Attributable to owners of the Group | | | | | Total | Non-controlling interests | Total equity |
|---|-------------------------------------|----------------------------------|---------------|---------------------|---------------------------------|---------------|---------------------------|---------------|
| | Share capital | Non-distributable Merger deficit | Legal reserve | Translation reserve | Distributable Retained earnings | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2019 | 61,180 | (20,228) | 25 | (1,198) | 48,009 | 87,788 | 2,133 | 89,921 |
| Profit for the financial period | - | - | - | - | 1,833 | 1,833 | 38 | 1,871 |
| Other comprehensive income | | | | | | | | |
| - Foreign currency translation differences | - | - | - | (4) | - | (4) | (14) | (18) |
| Total comprehensive income for the financial period | - | - | - | (4) | 1,833 | 1,829 | 24 | 1,853 |
| At 31 March 2019 | <u>61,180</u> | <u>(20,228)</u> | <u>25</u> | <u>(1,202)</u> | <u>49,842</u> | <u>89,617</u> | <u>2,157</u> | <u>91,774</u> |
| At 1 January 2018 | 32,592 | (20,228) | - | (1,235) | 35,397 | 46,526 | 1,772 | 48,298 |
| Profit for the financial period | - | - | - | - | 1,508 | 1,508 | (94) | 1,414 |
| Other comprehensive income | | | | | | | | |
| - Foreign currency translation differences | - | - | - | (186) | - | (186) | (107) | (293) |
| Total comprehensive income for the financial period | - | - | - | (186) | 1,508 | 1,322 | (201) | 1,121 |
| Issuance of shares | 28,816 | - | - | - | - | 28,816 | - | 28,816 |
| At 31 March 2018 | <u>61,408</u> | <u>(20,228)</u> | <u>-</u> | <u>(1,421)</u> | <u>36,905</u> | <u>76,664</u> | <u>1,571</u> | <u>78,235</u> |

Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2019⁽¹⁾

| | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Profit before tax | 2,883 | 2,655 |
| Adjustments for: | | |
| Allowance for inventories | (864) | 221 |
| Amortisation of intangible assets | 30 | 36 |
| Depreciation of property, plant and equipment | 848 | 475 |
| Gain on disposal of property, plant and equipment | (140) | (712) |
| (Gain)/Loss on unrealised foreign exchange | (346) | 684 |
| Impairment loss on trade receivables | 73 | 309 |
| Interest expenses | 207 | 280 |
| Interest income | (399) | (209) |
| Inventories written off | 972 | - |
| Property, plant and equipment written off | 3 | - |
| Provision for post-employment benefits | 36 | 30 |
| Operating profit before working capital changes | 3,303 | 3,769 |
| Inventories | (4,296) | (230) |
| Receivables | 11,798 | 2,001 |
| Payables | (11,216) | (8,689) |
| Cash flows used in operations | (411) | (3,149) |
| Income tax paid | (931) | (1,109) |
| Interest paid | (136) | (203) |
| Net cash used in operating activities | (1,478) | (4,461) |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (1,071) | (1,372) |
| Increase in intangible assets | (161) | (108) |
| Interest received | 399 | 209 |
| Issuance of share capital | - | 28,816 |
| Placement of fixed deposits (pledged) | (143) | (158) |
| Proceeds from disposal of property, plant and equipment | 248 | 1,446 |
| Net cash (used in)/from investing activities | (728) | 28,833 |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2019⁽¹⁾ (cont'd)

| | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
|---|----------------------|----------------------|
| Cash flows from financing activities | | |
| Increase/(Decrease) in bank facilities | 2,693 | (1,537) |
| Interest paid | (71) | (77) |
| Payment of lease liabilities | (335) | - |
| Repayment of finance lease liabilities | (98) | (178) |
| Repayment of term loan | - | (2,457) |
| Net cash from/(used) in financing activities | <u>2,189</u> | <u>(4,249)</u> |
| Net (decrease)/increase in cash and cash equivalents | (17) | 20,123 |
| Effect of exchange rate changes in cash and cash equivalents | (16) | (326) |
| Cash and cash equivalents at beginning of the financial period | 51,297 | 14,837 |
| Cash and cash equivalents at end of the financial period | <u><u>51,264</u></u> | <u><u>34,634</u></u> |
| Cash and cash equivalents comprise the following: | | |
| Short-term investment | 25,868 | 7,309 |
| Fixed deposits with financial institutions (unpledged) | 2,255 | 14,016 |
| Cash and bank balances | 27,526 | 17,824 |
| Bank overdraft | (4,385) | (4,515) |
| | <u><u>51,264</u></u> | <u><u>34,634</u></u> |

Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018.

At the date of authorisation of these interim financial statements, the followings MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

Effective for financial period beginning on or after 1 January 2020

| | |
|-------------------------------------|---|
| Amendments to MFRS 2 | Share-Based Payment |
| Amendments to MFRS 3 | Business Combinations |
| Amendments to MFRS 6 | Exploration for and Evaluation of Mineral Resources |
| Amendments to MFRS 14 | Regulatory Deferral Accounts |
| Amendments to MFRS 101 | Presentation of Financial Statements |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| Amendments to MFRS 134 | Interim Financial Reporting |
| Amendments to MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| Amendments to MFRS 138 | Intangible Assets |
| Amendments to IC Interpretation 12 | Service Concession Arrangements |
| Amendments to IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |
| Amendments to IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine |
| Amendments to IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to IC Interpretation 132 | Intangible Assets-Web Site Costs |

Effective for financial period beginning on or after 1 January 2021

| | |
|---------|---------------------|
| MFRS 17 | Insurance Contracts |
|---------|---------------------|

Effective date to be announced

| | |
|------------------------------------|---|
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|------------------------------------|---|

The above pronouncements are either not relevant or do not have any material impact on the financial statements of the Group.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A2. Summary of Significant Accounting Policies (cont'd)

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2019. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group, except as follows:

MFRS 16 Leases

MFRS 16, which replaces MFRS 117 Leases and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group has elected to adopt the modified retrospective approach in which the right-of-use assets are recognised at the date of initial application (1 January 2019) at an amount equal to the lease liabilities, using the Group's current incremental borrowing rate. Therefore, there is no impact on equity at the date of initial application. Comparative figures are not restated.

The following presents the expected impact upon initial application of new MFRS Framework, MFRS 16 on the financial position of the Group.

| | 31.12.2018 RM'000 | EFFECT OF ADOPTION OF MFRS 16 RM'000 | 1.1.2019 RM'000 |
|--------------------------------|----------------------|---|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Right-of-use assets | - | 4,246 | 4,246 |
| Current assets | | | |
| Other receivables | 155 | - | 155 |
| EQUITY AND LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | - | 3,358 | 3,358 |
| Current liabilities | | | |
| Lease liabilities | - | 733 | 733 |
| Total Lease liabilities | - | 4,091 | 4,091 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A3. Auditors' report on preceding annual financial statements

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

A4. Seasonal or cyclical factors

The Group's business operations have not been affected by seasonal or cyclical factors.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and current year-to-date under review.

A6. Material changes in estimates

There was no material change in financial estimates that could materially affect the current financial quarter under review.

A7. Debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter under review.

A8. Dividend paid

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS")
134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segmental information

Results for individual and cumulative quarter ended 31.03.2019

| | Investment Holding RM'000 | Equipment RM'000 | Materials & Engineering Solutions RM'000 | Manufacturing RM'000 | Adjustments and Eliminations RM'000 | Consolidated RM'000 |
|-----------------------|---------------------------------|---------------------|---|-------------------------|--|------------------------|
| External revenue | - | 31,383 | 6,042 | 2,458 | - | 39,883 |
| Inter segment revenue | - | 8,417 | 15 | - | (8,432) | - |
| Total revenue | - | 39,800 | 6,057 | 2,458 | (8,432) | 39,883 |

Results

| | | | | | | |
|-------------------------------------|----|-------|-----|-------|-------|-------|
| Depreciation and amortisation | - | 692 | 46 | 125 | 15 | 878 |
| Other non-cash expenses/(income) | - | 267 | 11 | (58) | - | 220 |
| Segment profit/(loss) | 37 | 3,765 | 267 | (862) | (324) | 2,883 |

Results for individual and cumulative quarter ended 31.03.2018

| | Investment Holding RM'000 | Equipment RM'000 | Materials & Engineering Solutions RM'000 | Manufacturing RM'000 | Adjustments and Eliminations RM'000 | Consolidated RM'000 |
|-----------------------|---------------------------------|---------------------|---|-------------------------|--|------------------------|
| External revenue | - | 26,206 | 5,261 | 6,216 | - | 37,683 |
| Inter segment revenue | - | 9,826 | 7 | - | (9,833) | - |
| Total revenue | - | 36,030 | 5,270 | 6,216 | (9,833) | 37,683 |

Results

| | | | | | | |
|-------------------------------------|-------|-------|-----|-----|---|-------|
| Depreciation and amortisation | - | 387 | 22 | 102 | - | 511 |
| Other non-cash expenses/(income) | - | 487 | 59 | 14 | - | 560 |
| Segment Profit/(Loss) | (609) | 2,212 | 121 | 931 | - | 2,655 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segmental information (cont'd)

(a) Analysis of revenue by divisions

| | INDIVIDUAL QUARTER | | | | CUMULATIVE QUARTER | | | |
|---|--------------------|--------------|---------------|--------------|--------------------|--------------|---------------|--------------|
| | 31.03.2019 | | 31.03.2018 | | 31.03.2019 | | 31.03.2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Distribution Division | | | | | | | | |
| Product distribution | | | | | | | | |
| Equipment | 21,494 | 53.9 | 17,736 | 47.1 | 21,494 | 53.9 | 17,736 | 47.1 |
| Materials & Engineering Solutions | 5,178 | 13.0 | 4,564 | 12.1 | 5,178 | 13.0 | 4,564 | 12.1 |
| Services & supply of spare parts | | | | | | | | |
| Equipment | 9,889 | 24.8 | 8,470 | 22.5 | 9,889 | 24.8 | 8,470 | 22.5 |
| Materials & Engineering Solutions | 864 | 2.2 | 697 | 1.8 | 864 | 2.2 | 697 | 1.8 |
| Sub-total | 37,425 | 93.8 | 31,467 | 83.5 | 37,425 | 93.8 | 31,467 | 83.5 |
| Manufacturing Division | | | | | | | | |
| Manufacturing | 2,458 | 6.2 | 6,216 | 16.5 | 2,458 | 6.2 | 6,216 | 16.5 |
| Sub-total | 2,458 | 6.2 | 6,216 | 16.5 | 2,458 | 6.2 | 6,216 | 16.5 |
| Total | 39,883 | 100.0 | 37,683 | 100.0 | 39,883 | 100.0 | 37,683 | 100.0 |

(b) Analysis of revenue by geographical location

| | INDIVIDUAL QUARTER | | | | CUMULATIVE QUARTER | | | |
|-----------------------------------|--------------------|--------------|---------------|--------------|--------------------|--------------|---------------|--------------|
| | 31.03.2019 | | 31.03.2018 | | 31.03.2019 | | 31.03.2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Malaysia | 16,070 | 40.4 | 15,023 | 39.9 | 16,070 | 40.4 | 15,023 | 39.9 |
| ASEAN (excluding Malaysia) | | | | | | | | |
| Philippines | 6,665 | 16.7 | 4,146 | 11.0 | 6,665 | 16.7 | 4,146 | 11.0 |
| Thailand | 4,963 | 12.4 | 2,962 | 7.9 | 4,963 | 12.4 | 2,962 | 7.9 |
| Vietnam | 4,789 | 12.0 | 5,124 | 13.6 | 4,789 | 12.0 | 5,124 | 13.6 |
| Singapore | 3,234 | 8.1 | 3,526 | 9.3 | 3,234 | 8.1 | 3,526 | 9.3 |
| Indonesia | 2,659 | 6.7 | 5,163 | 13.7 | 2,659 | 6.7 | 5,163 | 13.7 |
| Others | 1,449 | 3.6 | 1,709 | 4.5 | 1,449 | 3.6 | 1,709 | 4.5 |
| China | 54 | 0.1 | 30 | 0.1 | 54 | 0.1 | 30 | 0.1 |
| Total | 39,883 | 100.0 | 37,683 | 100.0 | 39,883 | 100.0 | 37,683 | 100.0 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

There were no subsequent material events as at the date of this report.

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent assets or contingent liabilities

The Group has no contingent assets and contingent liabilities as at the date of this report.

A14. Capital commitments

**31.03.2019
RM'000
(Unaudited)**

Commitment not provided for in the financial statements is as follows:

Lease commitment

- not later than one year
- between two to five years

378

445

Total

823

A15. Related party transactions

There were no related party transactions during the current financial quarter under review.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

| | Current Quarter/ Cummulative Quarter Ended 31.03.2019 RM'000 | Corresponding Quarter/ Cummulative Quarter Ended 31.03.2018 RM'000 | Changes RM'000 | Changes % |
|-------------------|---|---|---------------------------|----------------------|
| Revenue | 39,883 | 37,683 | 2,200 | 5.8 |
| Profit before tax | 2,883 | 2,655 | 228 | 8.6 |

The Group recorded revenue of RM39.88 million for the current quarter under review against RM37.68 million in the corresponding quarter last year, representing an increase of 5.8%. The increase was mainly generated by distribution division which recorded an increase of RM5.96 million in revenue. The increase was partially offset by a drop in sales from the manufacturing division by RM3.76 million.

The increase in revenue for the distribution division was contributed by the increased deliveries of X-ray related equipment and Oil Analysis System. The decrease of revenue from the manufacturing division was mainly due to lesser deliveries of Automated Optical Inspection System and Automated Handling System as compared to the corresponding quarter last year.

The Group registered a profit before tax ("PBT") of RM2.88 million against PBT of RM2.66 million in the corresponding quarter last year, representing an increase of 8.6%. The higher PBT recorded was mainly due to overall higher revenue achieved for the current financial period under review.

B2. Comparison with preceding quarter's results and comments on material changes in PBT

| | Current Quarter 31.03.2019 RM'000 | Preceding Quarter 31.12.2018 RM'000 | Changes RM'000 | Changes % |
|-------------------|--|--|---------------------------|----------------------|
| Revenue | 39,883 | 59,196 | (19,313) | (32.6) |
| Profit before tax | 2,883 | 3,840 | (957) | (24.9) |

The Group achieved revenue and PBT of RM39.88 million and RM2.88 million respectively for the current financial quarter under review.

The decrease in revenue by RM19.31 million against the immediate preceding quarter was mainly due to the decrease in revenue from the distribution division and the manufacturing division of RM14.9 million and RM5.6 million respectively. The main cause was due to lesser deliveries this current quarter as most customers had rushed their orders to be delivered during the preceding quarter. PBT in the current quarter decreased from RM3.84 million to RM2.88 million in line with the decrease in revenue.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B3. Prospects and outlook

Despite a softer growth during first quarter ("Q1") of 2019, the Group achieved an improved Q1 result, compared to the corresponding period last year mainly due to the positive growth; especially from the electrical and electronics market segment. Nevertheless, the Group anticipates that the overall business conditions this year will continue to be challenging amidst global uncertainties due to the looming US-China trade war escalation. Although the general outlook especially for the semiconductor industry is somewhat tepid, we are cautiously optimistic that our performance for the remaining months will be satisfactory.

B4. Profit forecast and profit guarantee

The Group did not issue any profit forecast or profit guarantee during the financial quarter under review and the financial year-to-date.

B5. Status of corporate proposals

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report.

On 28 January 2019, the Company proposed to establish an employees' share option scheme ("Proposed ESOS") involving up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiaries. The Proposed ESOS involves the granting of ESOS options to the Executive Directors, Non-Executive Directors and employees of the Group who meet the criteria of eligibility and are employed by entities that are not dormant. The Proposed ESOS, when implemented, shall be in force for a period of 5 years from the effective date.

As at the date of this report, the Proposed ESOS is still subject to the approval of the shareholders at the extraordinary general meeting to be held on 25 June 2019.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B6. Income tax expenses

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| Current tax expense | 983 | 1,354 | 983 | 1,354 |
| Deferred tax expense | 29 | (113) | 29 | (113) |
| Total tax expense | 1,012 | 1,241 | 1,012 | 1,241 |
| Effective tax rate (%) | 35.1 | 46.7 | 35.1 | 46.7 |

Notes:-

- (1) The Group's effective tax rate was higher than the statutory income tax rate of 24% due to adjustment on certain expenses not deductible for tax purposes such as depreciation, amortisation of intangible assets, allowance for inventories and impairment losses on trade receivables.
- (2) Tax expenses is recognised based on management's best estimate.

B7. Utilisation of proceeds from the IPO

The gross proceeds arising from the IPO amounting to RM28.82 million was intended to be utilised in the following manner:-

| Purposes | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Balance RM'000 | Deviation RM'000 | Estimated timeframe for utilisation |
|---|-----------------------------------|---------------------------------|-------------------|---------------------|---|
| (i) Development of 3 key products | 4,850 | 1,555 | 3,295 | - | Within 24 months |
| (ii) General working capital requirements | 3,250 | 1,637 | 1,613 | - | Within 24 months |
| (iii) Repayment of bank borrowings | 7,000 | 7,000 | - | - | Within 3 months |
| (iv) Capital expenditure | 10,716 | 3,625 | 7,091 | - | Within 24 months |
| (v) Estimated listing expenses | 3,000 | 3,000 | - | - | Within 1 month |
| | 28,816 | 16,817 | 11,999 | - | |

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 8 February 2018.

As at the date of this report, save for approximately RM16.82 million that has been utilised for various purposes as disclosed above, the remaining IPO proceeds has not been utilised as at 31 March 2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B8. Group borrowings

| | UNAUDITED As at 31.03.2019 RM'000 | AUDITED As at 31.12.2018 RM'000 |
|---------------------------|--|--|
| Current: | | |
| Bank overdrafts | 4,385 | 1,074 |
| Bankers acceptance | 368 | 612 |
| Trust receipts | 13,862 | 10,886 |
| Revolving loan | 717 | 992 |
| Finance lease liabilities | 388 | 396 |
| | <u>19,720</u> | <u>13,960</u> |
| Non-current: | | |
| Finance lease liabilities | <u>1,489</u> | <u>1,580</u> |
| Total | | |
| Bank overdrafts | 4,385 | 1,074 |
| Bankers acceptance | 368 | 612 |
| Trust receipts | 13,862 | 10,886 |
| Revolving loan | 717 | 992 |
| Finance lease liabilities | 1,877 | 1,976 |
| | <u>21,209</u> | <u>15,540</u> |

The Group's borrowings were denominated in MYR, except for approximately RM9.84 million (JPY267.23 million), RM3.97 million (USD0.97 million) and RM0.05 million (EUR0.01 million) of the above borrowings were denominated in JPY, USD and EUR respectively.

B9. Material litigation

There were no material litigations pending on the date of this announcement.

B10. Dividend

On 11 April 2019, the Board has declared an Interim Single-Tier Dividend of 0.4 sen per ordinary share in respect of the financial year ending 31 December 2019. The interim dividend was paid on 24 May 2019.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B11. Earnings per share ("EPS")

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|------------|--------------------|------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Profit for the period attributable to owners of the Company (RM'000) | 1,833 | 1,508 | 1,833 | 1,508 |
| Weighted average number of shares ('000) | 758,308 | 652,145 | 758,308 | 652,145 |
| Basic EPS (sen) | 0.24 | 0.23 | 0.24 | 0.23 |
| Diluted EPS (sen) ⁽¹⁾ | 0.24 | 0.23 | 0.24 | 0.23 |

Notes:-

- (1) Diluted earnings per share of the Company for the individual quarter and year-to-date ended 31 March 2019 is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019(cont'd)

B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)

B12. Notes to the Statements of Comprehensive Income

Profit before taxation is arrived at after charging/(crediting):-

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| Allowance/(Reversal) for inventories | (864) | 221 | (864) | 221 |
| Amortisation of intangible assets | 30 | 36 | 30 | 36 |
| Depreciation of property, plant and equipment | 848 | 475 | 848 | 475 |
| Gain on disposal of property, plant and equipment | (140) | (712) | (140) | (712) |
| (Gain)/Loss on foreign exchange | | | | |
| - realised | 807 | 153 | 807 | 153 |
| - unrealised | (346) | 684 | (346) | 684 |
| Impairment loss on trade receivables | 73 | 309 | 73 | 309 |
| Interest expenses | 207 | 261 | 207 | 280 |
| Interest income | (399) | (209) | (399) | (209) |
| Inventories written off | 972 | - | 972 | - |
| Property, plant and equipment written off | 3 | - | 3 | - |
| Provision for post-employment benefits | 36 | 30 | 36 | 30 |
| Rental of premises and motor vehicles | 152 | 304 | 152 | 304 |

Save as disclosed above, other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

BY ORDER OF THE BOARD

Andrea Huong Jia Mei
Company Secretary
27 May 2019