

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019<sup>(1)</sup>

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.06.2019 RM'000	30.06.2018 RM'000 (Restated)	30.06.2019 RM'000	30.06.2018 RM'000 (Restated)
Revenue	A9	40,510	46,501	80,393	84,184
Cost of sales <sup>(3)</sup>		(32,453)	(33,890)	(63,247)	(62,976)
<b>Gross profit</b>		8,057	12,611	17,146	21,208
Other income		182	1,168	1,658	2,137
Marketing and distribution expenses <sup>(3)</sup>		(2,356)	(2,765)	(3,873)	(3,808)
Administrative expenses		(4,063)	(3,460)	(7,661)	(7,159)
Other operating expenses		(2,616)	(508)	(4,976)	(2,397)
<b>(Loss)/Profits from operation</b>		(796)	7,046	2,294	9,981
Finance costs		(224)	(263)	(431)	(543)
<b>(Loss)/Profit before tax</b>		(1,020)	6,783	1,863	9,438
Tax expense	B6	(542)	(1,493)	(1,554)	(2,734)
<b>(Loss)/Profit for the financial period</b>		(1,562)	5,290	309	6,704
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign subsidiaries		343	14	325	(279)
<b>Total comprehensive income/ (loss) for the financial period</b>		(1,219)	5,304	634	6,425
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		(1,528)	5,099	305	6,607
Non-controlling interest		(34)	191	4	97
<b>(Loss)/Profit for the financial period</b>		(1,562)	5,290	309	6,704
<b>Comprehensive income for the financial period attributable to:</b>					
Owners of the Company		(1,249)	5,108	580	6,430
Non-controlling interest		30	196	54	(5)
<b>Total comprehensive income/ (loss) for the financial period</b>		(1,219)	5,304	634	6,425
<b>Earnings/(Loss) per share ("EPS")</b>					
Basic (sen) <sup>(2)</sup>	B11	(0.20)	0.67	0.04	0.94
Diluted (sen) <sup>(2)</sup>	B11	(0.20)	0.67	0.04	0.94

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019<sup>(1)</sup> (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 30 June 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 30 June 2018 (assuming number of shares in issue of 758,308,000) is RM0.67 and RM0.87 for individual quarter and year-to-date respectively.*
- (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.

	<b>BEFORE ADOPTION OF MFRS 15 RM'000</b>	<b>EFFECT OF ADOPTION OF MFRS 15 RM'000</b>	<b>AFTER ADOPTION OF MFRS 15 RM'000</b>
<b><u>Individual quarter ended 30.06.2018</u></b>			
Cost of sales	28,530	5,360	33,890
Marketing and distribution expenses	8,125	(5,360)	2,765
	<u>8,125</u>	<u>(5,360)</u>	<u>2,765</u>
<b><u>Cumulative quarter ended 30.06.2018</u></b>			
Cost of sales	52,920	10,056	62,976
Marketing and distribution expenses	13,864	(10,056)	3,808
	<u>13,864</u>	<u>(10,056)</u>	<u>3,808</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019<sup>(1)</sup>

	UNAUDITED As at 30.06.2019 RM'000	AUDITED As at 31.12.2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	11,650	11,076
Right-of-use assets	4,505	-
Intangible assets	5,852	5,617
Other investments	60	60
Deferred tax assets	321	476
	<u>22,388</u>	<u>17,229</u>
<b>Current assets</b>		
Inventories	21,517	15,779
Trade receivables	31,986	47,147
Other receivables	2,947	2,507
Tax recoverable	991	649
Short-term investment	22,245	27,198
Fixed deposits with financial institutions	20,354	20,018
Cash and bank balances	24,082	22,938
	<u>124,122</u>	<u>136,236</u>
<b>Total assets</b>	<u><u>146,510</u></u>	<u><u>153,465</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	61,180	61,180
Legal reserve	25	25
Translation reserve	(923)	(1,198)
Merger deficit	(20,228)	(20,228)
Retained earnings	45,281	48,009
	<u>85,335</u>	<u>87,788</u>
Non-controlling interests	1,938	2,133
<b>Total equity</b>	<u><u>87,273</u></u>	<u><u>89,921</u></u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019<sup>(1)</sup> (cont'd)

	UNAUDITED As at 30.06.2019 RM'000	AUDITED As at 31.12.2018 RM'000
<b>Non-current liabilities</b>		
Borrowings	1,405	1,580
Lease liabilities	3,429	-
Deferred tax liabilities	152	272
Provision for post-employment benefits	712	621
	<u>5,698</u>	<u>2,473</u>
<b>Current liabilities</b>		
Trade payables	22,564	32,585
Other payables	10,067	12,715
Borrowings	18,168	13,960
Lease liabilities	988	-
Deferred income	1,752	1,811
	<u>53,539</u>	<u>61,071</u>
<b>Total liabilities</b>	<u>59,237</u>	<u>63,544</u>
<b>Total equity and liabilities</b>	<u>146,510</u>	<u>153,465</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	0.11	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 SECOND QUARTER ENDED 30 JUNE 2019<sup>(1)</sup>

	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			
<b>At 1 January 2019</b>	61,180	(20,228)	25	(1,198)	48,009	87,788	2,133	89,921
Profit for the financial period	-	-	-	-	305	305	4	309
<b>Other comprehensive income</b>								
- Foreign currency translation differences	-	-	-	275	-	275	50	325
Total comprehensive income for the financial period	-	-	-	275	305	580	54	634
<b>Contributions by and distribution to owners of the Company:</b>								
Dividends	-	-	-	-	(3,033)	(3,033)	(249)	(3,282)
<b>At 30 June 2019</b>	<b>61,180</b>	<b>(20,228)</b>	<b>25</b>	<b>(923)</b>	<b>45,281</b>	<b>85,335</b>	<b>1,938</b>	<b>87,273</b>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2019<sup>(1)</sup> (cont'd)

	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			
<b>Balance as at 31 December 2017, as previously reported</b>	32,592	(20,228)	-	(1,235)	35,397	46,526	1,772	48,298
Adjustment from adoption of MFRS 15	-	-	-	-	(1,439)	(1,439)	(183)	(1,622)
Restated as at 1 January 2018	32,592	(20,228)	-	(1,235)	33,958	45,087	1,589	46,676
Profit for the financial period	-	-	-	-	6,607	6,607	97	6,704
<b>Other comprehensive income</b>								
- Foreign currency translation differences	-	-	-	(177)	-	(177)	(102)	(279)
Total comprehensive income for the financial period	-	-	-	(177)	6,607	6,430	(5)	6,425
Issuance of shares	28,816	-	-	-	-	28,816	-	28,816
<b>At 30 June 2018</b>	<b>61,408</b>	<b>(20,228)</b>	<b>-</b>	<b>(1,412)</b>	<b>40,565</b>	<b>80,333</b>	<b>1,584</b>	<b>81,917</b>

**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 SECOND QUARTER ENDED 30 JUNE 2019<sup>(1)</sup>

	30.06.2019 RM'000	30.06.2018 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	1,863	9,438
Adjustments for:		
Allowance for inventories	-	250
Amortisation of intangible assets	60	71
Depreciation	1,719	970
Gain on disposal of property, plant and equipment	(276)	(845)
(Gain)/Loss on unrealised foreign exchange	(149)	314
Impairment loss on trade receivables	1,940	249
Interest expenses	431	543
Interest income	(782)	(525)
Inventories written off	973	-
Property, plant and equipment written off	3	-
Provision for post-employment benefits	72	58
Reversal of allowance for inventories	(528)	-
<b>Operating profit before working capital changes</b>	<u>5,326</u>	<u>10,523</u>
Inventories	(6,183)	(1,023)
Receivables	13,188	(386)
Payables	<u>(12,947)</u>	<u>(10,808)</u>
<b>Cash flows used in operations</b>	(616)	(1,694)
Income tax refund	37	9
Income tax paid	(1,899)	(1,823)
Interest paid	<u>(285)</u>	<u>(452)</u>
<b>Net cash used in operating activities</b>	<u>(2,763)</u>	<u>(3,960)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(2,097)	(2,446)
Increase in intangible assets	(295)	(570)
Interest received	782	525
Issuance of share capital	-	28,816
Placement of fixed deposits (pledged)	(297)	(555)
Proceeds from disposal of property, plant and equipment	556	1,627
<b>Net cash (used in)/from investing activities</b>	<u>(1,351)</u>	<u>27,397</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2019<sup>(1)</sup> (cont'd)

	30.06.2019 RM'000	30.06.2018 RM'000
<b>Cash flows from financing activities</b>		
Dividend paid	(3,282)	-
Increase in bank facilities	315	465
Interest paid	(146)	(91)
Payment of lease liabilities	(567)	-
Repayment of finance lease liabilities	(197)	(333)
Repayment of term loan	-	(2,457)
<b>Net cash used in financing activities</b>	<u>(3,877)</u>	<u>(2,416)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(7,991)	21,021
Effect of exchange rate changes in cash and cash equivalents	343	(312)
Cash and cash equivalents at beginning of the financial period	51,297	14,837
<b>Cash and cash equivalents at end of the financial period</b>	<u>43,649</u>	<u>35,546</u>
<b>Cash and cash equivalents comprise the following:</b>		
Short-term investment	22,245	10,111
Fixed deposits with financial institutions (unpledged)	2,274	10,632
Cash and bank balances	24,082	19,420
Bank overdraft	(4,952)	(4,617)
	<u>43,649</u>	<u>35,546</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 SECOND QUARTER ENDED 30 JUNE 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
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**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
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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 SECOND QUARTER ENDED 30 JUNE 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
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	-	4,246	4,246
<b>Current assets</b>			
Other receivables	155	-	155
<b>EQUITY AND LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	-	3,358	3,358
<b>Current liabilities</b>			
Lease liabilities	-	733	733
<b>Total Lease liabilities</b>	-	4,091	4,091

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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**

On 11 April 2019, the Board declared an Interim Single-Tier Dividend of 0.4 sen per ordinary share for the financial year ending 31 December 2019 amounting to RM3,033,232 which was paid on 24 May 2019.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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 quarter ended 30.06.2019**

	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	-	33,187	5,624	1,699	-	40,510
Inter segment revenue	-	12,180	-	-	(12,180)	-
Total revenue	-	45,366	5,624	1,699	(12,180)	40,510

**Results**

Depreciation and amortisation	-	369	40	111	(26)	494
Other non-cash expenses/(income)	-	207	(11)	2,044	-	2,240
Segment profit/(loss)	3,251	2,390	116	(2,871)	(3,906)	(1,020)

**Results for individual quarter ended 30.06.2018**

	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	-	27,113	5,361	14,027	-	46,501
Inter segment revenue	-	12,797	45	-	(12,842)	-
Total revenue	-	39,910	5,406	14,027	(12,842)	46,501

**Results**

Depreciation and amortisation	-	399	31	104	(4)	530
Other non-cash expenses/(income)	-	(43)	(3)	43	-	(3)
Segment profit/(loss)	(62)	3,566	114	3,424	(259)	6,783

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (cont'd)

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

A9. Segmental information (cont'd)

**Results for cumulative quarter ended 30.06.2019**

	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	-	64,569	11,667	4,157	-	80,393
Inter segment revenue	-	20,596	15	-	(20,611)	-
Total revenue	-	85,166	11,682	4,157	(20,611)	80,393

**Results**

Depreciation and amortisation	-	1,061	86	236	(11)	1,372
Other non-cash expenses/(income)	-	474	-	1,986	-	2,460
Segment profit/(loss)	3,288	6,155	383	(3,733)	(4,230)	1,863

**Results for cumulative quarter ended 30.06.2018**

	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	-	53,319	10,622	20,243	-	84,184
Inter segment revenue	-	22,623	52	-	(22,675)	-
Total revenue	-	75,942	10,674	20,243	(22,675)	84,184

**Results**

Depreciation and amortisation	-	786	53	206	(4)	1,041
Other non-cash expenses/(income)	-	444	56	57	-	557
Segment profit/(loss)	(671)	5,778	235	4,355	(259)	9,438

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (cont'd)

**B. 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			
	30.06.2019		30.06.2018		30.06.2019		30.06.2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution Division</b>								
<b>Product distribution</b>								
Equipment	24,720	61.0	17,493	37.6	46,214	57.5	35,229	41.8
Materials & Engineering Solutions	4,702	11.6	4,523	9.7	9,880	12.3	9,087	10.8
<b>Services &amp; supply of spare parts</b>								
Equipment	8,466	20.9	9,620	20.7	18,355	22.8	18,090	21.5
Materials & Engineering Solutions	923	2.3	838	1.8	1,787	2.2	1,535	1.8
<b>Sub-total</b>	<b>38,811</b>	<b>95.8</b>	<b>32,474</b>	<b>69.8</b>	<b>76,236</b>	<b>94.8</b>	<b>63,941</b>	<b>76.0</b>
<b>Manufacturing Division</b>								
Manufacturing	1,699	4.2	14,027	30.2	4,157	5.2	20,243	24.0
<b>Sub-total</b>	<b>1,699</b>	<b>4.2</b>	<b>14,027</b>	<b>30.2</b>	<b>4,157</b>	<b>5.2</b>	<b>20,243</b>	<b>24.0</b>
<b>Total</b>	<b>40,510</b>	<b>100.0</b>	<b>46,501</b>	<b>100.0</b>	<b>80,393</b>	<b>100.0</b>	<b>84,184</b>	<b>100.0</b>

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	30.06.2019		30.06.2018		30.06.2019		30.06.2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	12,061	29.8	7,415	16.0	28,131	35.0	22,438	26.7
<b>ASEAN (excluding Malaysia)</b>								
Philippines	4,600	11.4	15,681	33.7	11,265	14.0	19,827	23.6
Thailand	6,137	15.1	6,996	15.1	11,100	13.8	9,958	11.8
Vietnam	5,883	14.5	4,652	10.0	10,672	13.2	9,776	11.6
Singapore	7,130	17.6	3,488	7.5	10,364	12.9	7,014	8.2
Indonesia	3,359	8.3	2,205	4.7	6,018	7.5	7,368	8.8
Others	625	1.5	4,656	10.0	2,074	2.6	6,365	7.6
China	715	1.8	1,408	3.0	769	1.0	1,438	1.7
<b>Total</b>	<b>40,510</b>	<b>100.0</b>	<b>46,501</b>	<b>100.0</b>	<b>80,393</b>	<b>100.0</b>	<b>84,184</b>	<b>100.0</b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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**

**30.06.2019  
RM'000  
(Unaudited)**

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

**Capital expenditure commitment**

- authorised and contracted for	564
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**Lease commitment**

- not later than one year	229
- between two to five years	33

<b>Total</b>	<b>826</b>
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**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 SECOND QUARTER ENDED 30 JUNE 2019 (cont'd)

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

**B1. Review of performance**

**(i) Results for current quarter**

	INDIVIDUAL QUARTER		Changes RM'000	Changes %
	30.06.2019 RM'000	30.06.2018 RM'000		
Revenue	40,510	46,501	(5,991)	(12.9)
(Loss)/Profit before tax	(1,020)	6,783	(7,803)	(115.0)

The Group recorded revenue of RM40.51 million for the current quarter under review against RM46.50 million in the corresponding quarter last year, representing a decrease of 12.9%. The decrease was mainly due to a drop in sales from the manufacturing division by RM12.33 million notwithstanding an increase in sales from distribution division by RM6.34 million.

The decrease in revenue for the manufacturing division was mainly due to less deliveries of Automated Optical Inspection System and Automated Handling System as well as some delayed deliveries of equipment at the customers' request. The manufacturing division was affected by the overall slowdown in the semiconductor industry worldwide as our manufactured products are primarily used by semiconductor companies. The increase in revenue for the distribution division was mainly contributed by the increased deliveries of Inspection, Test and Measurement System as compared to the corresponding quarter last year.

The Group registered a loss before tax of RM1.02 million against profit before tax of RM6.78 million in the corresponding quarter last year. Loss before tax was mainly from lower sales from manufacturing division, different product mix from distribution division which consists of higher sales volume of product with lower margin. The Group also recognised impairment on one of its trade receivables amounting to RM1.8 million as the customer had delayed payment to the Group beyond its credit terms. Nonetheless the Group is still following up closely to recover this debt.

**(ii) Results for financial year-to-date**

	CUMULATIVE QUARTER		Changes RM'000	Changes %
	30.06.2019 RM'000	30.06.2018 RM'000		
Revenue	80,393	84,184	(3,791)	(4.5)
Profit before tax	1,863	9,438	(7,575)	(80.3)

The Group recorded revenue of RM80.39 million for the current cumulative quarter ended 30 June 2019, a marginal decrease of 4.5% as compared to cumulative quarter last year. The decrease was mainly due to a drop in sales from the manufacturing division by RM16.09 million notwithstanding an increase in sales from distribution division by RM12.30 million.

The decrease in revenue for the manufacturing division was mainly due to less deliveries of Automated Optical Inspection System and Automated Handling System as well as some delayed deliveries of equipment at the customers' request. The increase in revenue for the distribution division was mainly contributed by the increased deliveries of Inspection, Test and Measurement System and Analytical Instruments as compared to the cumulative quarter last year.



NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (cont'd)

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

**B1. Review of performance (cont'd)**

**(ii) Results for financial year-to-date (cont'd)**

The profit before tax decreased by RM7.58 million as compared to the cumulative quarter last year, mainly from lower sales from manufacturing division, different product mix from distribution division which consists of higher sales volume of product with lower margin. The Group also recognised impairment on one of its trade receivables amounting to RM1.8 million as the customer had delayed payment to the Group beyond its credit terms. Nonetheless the Group is still following up closely to recover this debt.

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

	<b>Current Quarter 30.06.2019 RM'000</b>	<b>Preceding Quarter 31.03.2019 RM'000</b>	<b>Changes RM'000</b>	<b>Changes %</b>
Revenue	40,510	39,883	627	1.6
(Loss)/Profit before tax	<u>(1,020)</u>	<u>2,883</u>	<u>(3,903)</u>	<u>(135.4)</u>

The Group recorded revenue of RM40.51 million for the current quarter under review against RM39.88 million in the corresponding quarter last year, representing an increase of 1.6%. The increase in revenue by RM0.63 million against the immediate preceding quarter was mainly due to the increase in revenue from the distribution division by RM1.39 million. However the increase was partially offset by a drop in sales from the manufacturing division by RM0.76 million.

The Group registered a loss before tax of RM1.02 million against profit before tax of RM2.88 million in the immediate preceding quarter mainly due to the impairment loss on trade receivables recorded.

**B3. Prospects and outlook**

The Board remains cautiously optimistic for 2019 despite the overall challenging business conditions amidst global uncertainties. The Group will continue to focus on market expansion activities in China and Europe to promote its manufacturing products.

**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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (cont'd)

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

**B5. Status of corporate proposals (cont'd)**

On 4 April 2019, Bursa Malaysia Securities Berhad had approved the listing of and quotation for the new Shares to be issued pursuant to the Company's ESOS Scheme. The Proposed ESOS has been approved by the shareholders at the extraordinary general meeting held on 25 June 2019 and the effective date of the ESOS scheme is on 1 July 2019.

**B6. Income tax expenses**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Current tax expense	524	1,511	1,507	2,865
Deferred tax expense	18	(18)	47	(131)
Total tax expense	542	1,493	1,554	2,734

**Notes:-**

- (1) The Group's effective tax rate was higher than the statutory income tax rate of 24% due to certain deferred tax asset not recognised and 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	Actual	Balance	Deviation	Estimated
	Utilisation	Utilisation			
	RM'000	RM'000	RM'000	RM'000	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	2,082	1,168	-	Within 24 months
(iii) Repayment of bank borrowings	7,000	7,000	-	-	Within 3 months
(iv) Capital expenditure	10,716	4,581	6,135	-	Within 24 months
(v) Estimated listing expenses	3,000	3,000	-	-	Within 1 month
	28,816	18,218	10,598	-	

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 RM18.22 million that has been utilised for various purposes as disclosed above, the remaining IPO proceeds has not been utilised as at 30 June 2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (cont'd)

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

**B8. Group borrowings**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current:</b>		
Bank overdrafts	4,952	1,074
Bankers acceptance	888	612
Trust receipts	11,555	10,886
Revolving loan	400	992
Finance lease liabilities	373	396
	<u>18,168</u>	<u>13,960</u>
<b>Non-current:</b>		
Finance lease liabilities	<u>1,405</u>	<u>1,580</u>
<b>Total</b>		
Bank overdrafts	4,952	1,074
Bankers acceptance	888	612
Trust receipts	11,555	10,886
Revolving loan	400	992
Finance lease liabilities	1,778	1,976
	<u>19,573</u>	<u>15,540</u>

The Group's borrowings were denominated in MYR, except for approximately RM4.91 million (USD1.19 million), RM4.18 million (JPY108.93 million) and RM2.46 million (GBP0.47million) of the above borrowings were denominated in JPY, USD and GBP respectively.

**B9. Material litigation**

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

**B10. Dividend**

The Board of Directors does not recommend any dividend for the current financial quarter under review.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Profit for the period attributable to owners of the Company (RM'000)	(1,528)	5,099	305	6,607
Weighted average number of shares ('000)	758,308	758,308	758,308	705,520
Basic EPS (sen)	(0.20)	0.67	0.04	0.94
Diluted EPS (sen) <sup>(1)</sup>	(0.20)	0.67	0.04	0.94

**Notes:-**

- (1) Diluted earnings per share of the Company for the individual quarter and year-to-date ended 30 June 2019 is equivalent to the basic earnings per share as the Company does not have any outstanding convertible securities at the end of the reporting period.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Allowance for inventories	-	29	-	250
Amortisation of intangible assets	30	35	60	71
Depreciation	871	495	1,719	970
Gain on disposal of property, plant and equipment	(136)	(133)	(276)	(845)
(Gain)/Loss on foreign exchange				
- realised	(343)	(330)	463	(177)
- unrealised	197	(370)	(149)	314
Impairment loss on trade receivables	1,867	(60)	1,940	249
Interest expenses	224	263	431	543
Interest income	(383)	(316)	(782)	(525)
Inventories written off	1	-	973	-
Property, plant and equipment written off	-	-	3	-
Provision for post-employment benefits	36	28	72	58
Rental of premises and motor vehicles	97	374	249	678
Reversal of allowance for inventories	336	-	(528)	-

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 Huang Jia Mei  
Company Secretary  
26 August 2019