



EITA RESOURCES BERHAD
(Company No.: 199601026396 (398748-T))

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	30.09.2021	30.09.2020	Changes		30.09.2021	30.09.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	89,429	78,556	10,873	13.8%	302,305	284,220	18,085	6.4%
Results from operating activities	7,903	6,866	1,037	15.1%	28,694	27,177	1,517	5.6%
Finance costs	(493)	(737)	244	33.1%	(2,077)	(2,354)	277	11.8%
Finance income	106	82	24	29.3%	215	361	(146)	(40.4%)
Net finance costs	(387)	(655)	268	40.9%	(1,862)	(1,993)	131	6.6%
Share of (loss) / profit of equity-accounted joint venture, net of tax	(7)	180	(187)	(103.9%)	75	45	30	66.7%
Profit before tax	7,509	6,391	1,118	17.5%	26,907	25,229	1,678	6.7%
Tax expense	(1,061)	(2,057)	996	48.4%	(6,881)	(6,908)	27	0.4%
Profit for the period	6,448	4,334	2,114	48.8%	20,026	18,321	1,705	9.3%



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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(The figures have not been audited)

	Individual Financial				Cumulative Financial			
	Quarter Ended		Changes		Quarter Ended		Changes	
	30.09.2021	30.09.2020	RM'000	%	30.09.2021	30.09.2020	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Other comprehensive income, net of tax								
Foreign currency translation differences								
for foreign operations	(34)	(114)	80	70.2%	154	10	144	1,440.0%
Cash flow hedge	(947)	862	(1,809)	(209.9%)	558	2,305	(1,747)	(75.8%)
Total other comprehensive income for the period	(981)	748	(1,729)	(231.1%)	712	2,315	(1,603)	(69.2%)
Total comprehensive income for the period	5,467	5,082	385	7.6%	20,738	20,636	102	0.5%
Profit attributable to:								
Owners of the Company	5,848	4,232	1,616	38.2%	19,888	17,294	2,594	15.0%
Non-controlling interests	600	102	498	488.2%	138	1,027	(889)	(86.6%)
	6,448	4,334	2,114	48.8%	20,026	18,321	1,705	9.3%



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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	30.09.2021	30.09.2020	Changes		30.09.2021	30.09.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total comprehensive income attributable to:								
Owners of the Company	4,871	4,991	(120)	(2.4%)	20,585	19,608	977	5.0%
Non-controlling interests	596	91	505	554.9%	153	1,028	(875)	(85.1%)
	<u>5,467</u>	<u>5,082</u>	385	7.6%	<u>20,738</u>	<u>20,636</u>	102	0.5%
Earnings per share:								
- Basic (sen)	<u>2.25</u>	<u>1.63*</u>	0.62	38.0%	<u>7.65</u>	<u>6.65*</u>	1.00	15.0%
- Diluted (sen)	<u>2.15</u>	<u>1.45*</u>	0.70	48.3%	<u>7.13</u>	<u>5.91*</u>	1.22	20.6%

Note:

* For comparative purpose, the basic earnings per share ("EPS") and diluted EPS for the individual quarter and year to date ended 30 September 2020 had been adjusted to reflect the bonus issue of 1 new ordinary share for every 1 existing ordinary share held and bonus issue of 1 free warrant for every 3 ordinary shares held which was completed on 2 February 2021 and 10 February 2021 respectively.

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended		Changes	
	30.09.2021	31.06.2021	RM'000	%
	RM'000	RM'000		
Revenue	89,249	66,359	22,890	34.5%
Results from operating activities	7,903	6,518	1,385	21.2%
Finance costs	(493)	(534)	41	7.7%
Finance income	106	45	61	135.6%
Net finance costs	(387)	(489)	102	20.9%
Share of (loss) /profit of equity-accounted joint venture, net of tax	(7)	29	(36)	(124.1%)
Profit before tax	7,509	6,058	1,451	24.0%
Tax expense	(1,061)	(2,227)	1,166	52.4%
Profit for the period	6,448	3,831	2,617	68.3%
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(34)	11	(45)	(409.1%)
Cash flow hedge	(947)	236	(1,183)	(501.3%)
Total other comprehensive income for the period	(981)	247	(1,228)	(497.2%)
Total comprehensive income for the period	5,467	4,078	1,389	34.1%
Profit attributable to:				
Owners of the Company	5,848	4,012	1,836	45.8%
Non-controlling interests	600	(181)	781	431.5%
	6,448	3,831	2,617	68.3%

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.09.2021	30.06.2021	Changes	
	RM'000	RM'000	RM'000	%
Total comprehensive income				
attributable to:				
Owners of the Company	4,871	4,258	613	14.4%
Non-controlling interests	596	(180)	776	431.1%
	<u>5,467</u>	<u>4,078</u>	1,389	34.1%
Earnings per share:				
- Basic (sen)	<u>2.25</u>	<u>1.54</u>	0.71	46.1%
- Diluted (sen)	<u>2.15</u>	<u>1.42</u>	0.73	51.4%

(The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	30.09.2021 RM'000 (Unaudited)	30.09.2020 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		42,730	36,448
Right-of-use assets		7,829	10,263
Intangible assets		784	1,232
Investment properties		8,024	6,564
Investment in joint venture		1,768	1,693
Other investments		10	10
Deferred tax assets		5,143	4,372
Total non-current assets		66,288	60,582
Current assets			
Inventories		43,018	38,925
Contract assets		90,216	58,756
Trade and other receivables		57,246	64,585
Current tax assets		1,857	2,324
Deposits and prepayments		7,492	6,117
Derivative financial assets		1,091	3
Cash and cash equivalents		62,000	71,753
Total current assets		262,920	242,463
TOTAL ASSETS		329,208	303,045
EQUITY AND LIABILITIES			
Equity			
Share capital		69,305	69,302
Reserves		128,767	115,973
Total equity attributable to owners of the Company		198,072	185,275
Non-controlling interests		3,828	3,675
TOTAL EQUITY		201,900	188,950

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

EQUITY AND LIABILITIES (continued)	Note	30.09.2021 RM'000 (Unaudited)	30.09.2020 RM'000 (Audited)
Non-current liabilities			
Loans and borrowings	B7	14,715	15,518
Lease liabilities		1,781	3,245
Deferred tax liabilities		1,121	395
Total non-current liabilities		17,617	19,158
Current liabilities			
Loans and borrowings	B7	23,212	15,072
Lease liabilities		1,912	2,136
Contract liabilities		5,469	16,540
Provision for warranties		280	326
Current tax payable		1,783	605
Trade and other payables		76,973	59,780
Derivative financial liabilities		62	478
Total current liabilities		109,691	94,937
TOTAL LIABILITIES		127,308	114,095
TOTAL EQUITY AND LIABILITIES		329,208	303,045
Net assets per share attributable to equity holders of the Company (RM)		0.76	0.71*

Note:

* For comparative purpose, the net assets per share attributable to the equity holders of the Company as at 30 September 2020 has been adjusted to reflect the bonus issue of 1 new ordinary share for every 1 existing ordinary share held which was completed on 2 February 2021.

(The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >					Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000			
<u>Year Ended 30 September 2021</u>								
At 1 October 2020	69,302	(5)	948	(595)	115,625	185,275	3,675	188,950
Foreign currency translation differences for foreign operation	-	-	139	-	-	139	15	154
Cash flow hedge	-	-	-	558	-	558	-	558
Profit for the year	-	-	-	-	19,888	19,888	138	20,026
Total comprehensive income for the year	-	-	139	558	19,888	20,585	153	20,738
Dividend to owners of the Company	-	-	-	-	(7,800)	(7,800)	-	(7,800)
Dividend to non-controlling interest	-	-	-	-	-	-	-	-
Own shares sold	-	5	-	-	4	9	-	9
Share options exercised	3	-	-	-	-	3	-	3
Total transactions with owners of the Company	3	5	-	-	(7,796)	(7,788)	-	(7,788)
At 30 September 2021	69,305	-	1,087	(37)	127,717	198,072	3,828	201,900

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(The figures have not been audited)

	< ----- Attributable to owners of the Company ----- >					Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000			
<u>Year Ended 30 September 2020</u>								
At 1 October 2019	69,302	(5)	939	(2,900)	106,131	173,467	2,748	176,215
Foreign currency translation differences for foreign operation	-	-	9	-	-	9	1	10
Cash flow hedge	-	-	-	2,305	-	2,305	-	2,305
Profit for the year	-	-	-	-	17,294	17,294	1,027	18,321
Total comprehensive income for the year	-	-	9	2,305	17,294	19,608	1,028	20,636
<i>Distribution to owners of the Company</i>								
Dividend to owners of the Company	-	-	-	-	(7,800)	(7,800)	-	(7,800)
Dividend to non-controlling interest	-	-	-	-	-	-	(101)	(101)
Total transaction with owners of the Company					(7,800)	(7,800)	(101)	(7,901)
At 30 September 2020	69,302	(5)	948	(595)	115,625	185,275	3,675	188,950

(The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	12 Months Year Ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,907	25,229
Adjustments for:		
Amortisation of investment properties	110	3
Amortisation of development costs	47	47
Reversal of foreseeable losses	(963)	(2,090)
Provision of warranties-net	9	17
Depreciation of property, plant and equipment	2,525	2,359
Depreciation of right-of-use assets	2,026	2,088
(Gain) / Loss on disposal of property, plant and equipment	(118)	87
Gain on modification of right-of-use assets	(47)	-
Fair value (gain) / loss on forward exchange contracts - net	(1,509)	108
Property, plant and equipment written off	22	1
Finance costs	2,077	2,354
Finance income	(215)	(361)
Share of loss of equity-accounted joint venture, net of tax	(75)	(45)
Unrealised foreign exchange (gain) / loss	(126)	235
	<hr/>	<hr/>
Operating profit before changes in working capital	30,670	30,032
Changes in working capital:		
Inventories	(4,074)	2,935
Trade and other receivables, deposits and prepayments	(24,243)	5,562
Trade and other payables	7,103	(12,042)
	<hr/>	<hr/>
Cash generated from operations	9,456	26,487
Income taxes paid	(5,453)	(6,166)
Interest paid	(307)	(255)
Interest received	215	241
	<hr/>	<hr/>
Net cash generated from operating activities	3,911	20,307
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	131	11
Purchase of property, plant and equipment	(7,817)	-
Acquisition of intangible assets	(80)	(6,267)
Acquisition of investment properties	(1,570)	(370)
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Net cash used in investing activities	(9,336)	(6,626)
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EITA RESOURCES BERHAD
(Company No.: 199601026396 (398748-T))

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	12 Months Year Ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owners of the company	(7,800)	(7,901)
Proceeds from loans and borrowings, net	6,605	1,522
Repayment of lease liabilities, net	(1,384)	(2,258)
Proceeds from share options exercised	3	-
Proceeds from sale of treasury shares	9	-
Interest paid	(1,770)	(2,098)
Net cash used in from financing activities	(4,337)	(10,735)
Net (decrease) / increase in cash and cash equivalents	(9,762)	2,946
Foreign exchange differences on cash held	108	(19)
Cash and cash equivalents at beginning of the financial year	71,654	68,727
Cash and cash equivalents at end of the financial year	62,000	71,654
Cash and cash equivalents included in the statements of cash flows comprise:		
Deposits	3,000	5,000
Cash and bank balances	51,782	50,192
Liquid investments	7,218	16,561
Bank overdrafts	-	(99)
	62,000	71,654

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to these interim financial statements.)

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”)

A1. Basis of Preparation

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards 134 (“MFRS 134”) : Interim Financial Reporting, International Financial Reporting Standards 34 : Interim Financial Reporting, the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia, and should be read in conjunction with the audited financial statements for the financial year ended 30 September 2020.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) and have been adopted by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The adoption of the abovementioned accounting standards and amendments does not have any material impact on the financial statements of the Group.

A2. Auditors’ Report on Preceding Annual Financial Statements

There was no qualification in the audit report of the preceding annual financial statements.

A3. Seasonality or Cyclical Factors

Save for certain business activities which are project based, our Group does not experience any material seasonality.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the current financial quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5. Nature and Amount of Changes in Estimates

There were no material changes in estimates during the financial quarter under review.

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A6. Debts and Securities

Details of treasury shares held:

	No. of Shares	Amount RM
Balance as at 1 October 2020	4,000	5,050
Movement during the period	4,000	5,050
Balance as at 30 September 2021	-	-

On 4 January 2021, the Company disposed 4,000 treasury shares at RM2.18 per share totaling RM8,720.

A7. Dividends Paid and Distributed

On 20 May 2021, the Board of Directors has approved and declared a first interim dividend of 1.5 sen per ordinary share, amounting to RM3.9 million in respect of the financial year ended 30 September 2021. The dividend was paid to the shareholders of the Company on 9 July 2021.

A8. Segmental Information

Segmental information in respect of the Group’s business activities for the financial year to date ended 30 September 2021.

	Revenue RM’000	Profit before Tax RM’000
Marketing and Distribution	73,797	7,754
Manufacturing	113,235	6,828
Services	36,137	11,345
High Voltage System	79,136	980
Reportable segments	<u>302,305</u>	<u>26,907</u>

A9. Subsequent Material Event

There was no material event subsequent to the end of the current financial quarter that has not been reflected in the financial statements.

A10. Changes in the Composition of the Group

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

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A11. Capital Commitments

The Group’s outstanding capital commitments as at 30 September 2021 not provided for in the financial statements are as follows:

Balance purchase consideration for the acquisition of property, plant and equipment	RM’000 <u>6,375</u>
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A12. Changes in Contingent Liabilities

Corporate guarantee given by the Company to secure banking facilities granted to subsidiaries:

At 1 October 2020	RM’000 381,721
Increased in borrowing facilities	117,700
At 30 September 2021	<u>499,421</u>

Performance guarantee given by subsidiaries for performance of contracts issued to third parties:

At 1 October 2020	RM’000 38,727
Addition / (Upliftment)	(10,865)
At 30 September 2021	<u>27,862</u>

A13. Significant Related Party Transactions

The Group has the following significant transactions with the related parties during the financial quarter under review:

Company	Relationship
Boilermech Sdn Bhd (“BM”)	A company in which a director is the brother of the Non-Independent Non-Executive Director and substantial shareholder, Mr. Chia Seong Pow.
CTL Automation Sdn Bhd (“CTL”)	A company in which two (2) of the directors and substantial shareholders are the brother and sister-in-law of the Executive Director, Mr. Lim Joo Swee.
Platinum Victory Property Sdn Bhd (“PVP”)	A company in which a director and substantial shareholder is the brother-in-law of the Executive Director, Mr. Lee Peng Sian.
QL Foods Sdn Bhd (“QLF”)	A company in which a director and substantial shareholder is also the Non-Independent Non-Executive Director of EITA.

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”)
(continued)**

A13. Significant Related Party Transactions (Cont’d)

QL Figo (Johor) Sdn Bhd (“QLFJ”)	A company in which a director and substantial shareholder is also the Non-Independent Non-Executive Director of EITA.
Sigriner Automation (MFG) Sdn Bhd (“Sigriner”)	A 50% joint venture company of EITA-Schneider (Mfg) Sdn Bhd (“ESM”) in which two (2) of the directors are the Executive Directors of EITA, the holding company of ESM.
Tenaga Semesta (M) Sdn Bhd (“TS”)	A company in which a director and substantial shareholder is the brother of the Group Managing Director and substantial shareholder, Mr. Fu Wing Hong.

	Cumulative Financial Quarter Ended	
	30.09.2021	30.09.2020
	RM’000	RM’000
<u>Boilermech Sdn Bhd</u>		
- Sales of electrical equipment	1,416	734
<u>CTL Automation Sdn Bhd</u>		
- Repairs and purchase of elevators parts	(874)	(695)
- Supply, install, testing and commissioning of electrical work and equipment	(4)	(4)
- Sales of electrical equipment	46	98
<u>Platinum Victory Property Sdn Bhd</u>		
- Sales of power equipment	400	-
<u>QL Foods Sdn Bhd</u>		
- Sales of electrical equipment	212	360
<u>QL Figo (Johor) Sdn Bhd</u>		
- Sales of electrical items	1,965	4,585
<u>Sigriner Automation (MFG) Sdn Bhd</u>		
- Provision of management services and rental	256	161
- Sales of elevator parts	138	11
- Purchase of elevator controllers	(5,804)	(4,233)
<u>Tenaga Semesta (M) Sdn Bhd</u>		
- Sales of power equipment	232	241
- Purchase of electrical equipment	(8)	-
- Purchase of mechanical and engineering works	(360)	-

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B)

B1. Review of Performance for the Current Financial Quarter and Financial Year To-Date

	Individual Financial Quarter Ended		%	Cumulative Financial Quarter Ended		%
	30.09.2021 RM'000	30.09.2020 RM'000		change	30.09.2021 RM'000	
Revenue						
Marketing and Distribution	17,529	18,665	(6.1%)	73,797	72,219	2.2%
Manufacturing	26,899	30,962	(13.1%)	113,235	104,991	7.9%
Services	8,115	9,632	(15.7%)	36,137	34,671	4.2%
High Voltage System	36,886	19,307	91.0%	79,136	72,339	9.4%
Total	89,429	78,556	13.8%	302,305	284,220	6.4%
Profit before Tax ("PBT") / (Loss) before Tax ("LBT")						
Marketing and Distribution	1,711	1,417	20.7%	7,754	4,864	59.4%
Manufacturing	1,128	1,947	(42.1%)	6,828	5,234	30.5%
Services	2,709	2,666	1.6%	11,345	11,633	(2.5%)
High Voltage System	1,961	361	443.2%	980	3,498	(72.0%)
Total	7,509	6,391	17.5%	26,907	25,229	6.7%

The Group's revenue for the current quarter increased by RM10.9 million or 13.8% as compared to the preceding year corresponding quarter mainly due to higher revenue from the High Voltage System segment.

Cumulatively, the Group's revenue increased by RM18.1 million or 6.4% as compared to the preceding corresponding period mainly due to higher revenue from all four (4) of the Group's business segments.

The Group's PBT for the current quarter increased by RM1.1 million or 17.5% mainly due to the higher PBT recorded for the Marketing and Distribution, Services and High Voltage System segments.

Cumulatively, the Group's PBT increased by RM1.7 million or 6.7% in tandem with the higher revenue.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS
(APPENDIX 9B) (continued)**

B1. Review of Performance for the Current Financial Quarter and Financial Year To-Date (Cont'd)

(i) Marketing and Distribution Segment

The Group's revenue for the current quarter decreased by RM1.1 million or 6.1% mainly due to lower sales from the Control business and extra-low voltage ("ELV") components. The lower sales from the Control business and ELV were partially mitigated by higher sales from the Power business.

The Group's cumulative revenue increased by RM1.6 million or 2.2% mainly due to the higher sales from the Control business, which was partially mitigated by the lower sales from the Power business.

The Group's PBT for the current quarter increased by RM0.3 million or 20.7% despite the lower revenues mainly due to sales of better margin products from different product mix and lower distribution cost.

The Group's cumulative PBT increased by RM2.9 million or 59.4% was mainly due to the increase in revenues, lower distribution costs and administrative cost, as well as reversal of provision for stock losses during the financial year ended 30 September 2021.

(ii) Manufacturing Segment

The Group's revenue for the current quarter decreased by RM4.1 million or 13.1% was mainly due the lower sales from elevator projects and busducts.

The Group's cumulative revenue increased by RM8.2 million or 7.9% was mainly contributed by the increase in revenue from the sale of busduct.

The Group's PBT for the current quarter decreased by RM0.8 million or 42.1% mainly due to the lower revenue during the current quarter. This was partially mitigated by the higher realised gains on foreign exchange.

The Group's cumulative PBT increased by RM1.6 million or 30.5% mainly due to higher revenue, higher realised gain on foreign exchange, higher fair value gain on derivatives and reversal of allowance for doubtful debts due to collection from debtors.

(iii) Service Segment

The Group's revenue for the current quarter decreased by RM1.5 million or 15.7% mainly due to no revenue was recorded for the electrical and security systems project ("ELV project") as the ELV Project was completed in the first half of the current financial year.

The Group's cumulative revenue increased by RM1.5 million or 4.2% mainly due to higher maintenance contract revenue.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS
(APPENDIX 9B) (continued)**

B1. Review of Performance for the Current Financial Quarter and Financial Year To-Date (Cont'd)

The Group's PBT for the current quarter amounting to RM2.7 million is relatively stable as compared to the preceding year corresponding quarter despite the lower revenue. This was due to better margins achieved from the service and maintenance contracts.

The Group's cumulative PBT decreased by RM0.3 million or 2.5% despite higher revenue mainly due to higher administrative and distribution expenses.

(iv) High Voltage System Segment

The Group's revenue for the current quarter increased by RM17.6 million or 91.0% mainly due to higher execution of Transmission Sub-Station projects.

The Group's cumulative revenue increased by RM6.8 million or 9.4% mainly due to the same reason as mentioned above.

The Group's PBT for the current quarter increased by RM1.6 million or 443.2% was in tandem with the execution of Transmission Sub-Station projects.

The Group's cumulative PBT decreased by RM2.5 million or 72.0% despite the higher cumulative revenue mainly due to the lower margins generated from the Transmission Sub-Station projects.

B2. Review of Current Financial Quarter Performance against Preceding Quarter

	Individual Financial Quarter Ended		% change
	30.09.2021 RM'000	30.06.2021 RM'000	
Revenue			
Marketing and Distribution	17,529	18,412	(4.8%)
Manufacturing	26,899	28,057	(4.1%)
Services	8,115	9,100	(10.8%)
High Voltage System	36,886	10,790	241.9%
Total	89,429	66,359	34.8%
Profit before Tax ("PBT")			
Marketing and Distribution	1,711	1,044	63.9%
Manufacturing	1,128	2,655	(57.5%)
Services	2,709	2,540	6.7%
High Voltage System	1,961	(181)	1,183.4%
Total	7,509	6,058	24.0%

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS
(APPENDIX 9B) (continued)**

B2. Review of Current Financial Quarter Performance against Preceding Quarter (Cont'd)

The Group's revenue for the current quarter increased by RM23.1 million or 34.8% against the preceding quarter mainly due to higher revenue from the High Voltage System segment. However, this is mitigated by lower revenue from the Marketing and Distribution, Manufacturing and Services segments.

The Group's PBT for the current quarter increased by RM1.5 million or 24.0% against the preceding quarter in line with the increase in the Group's revenue.

(i) Marketing and Distribution Segment

The Group's revenue for the current quarter decreased by RM0.9 million or 4.8% mainly due to lower sales from the Control and ELV business. The lower sales were mitigated by the higher sales from the Power business.

The Group's PBT for the current quarter increased by RM0.7 million or 63.9% despite lower revenue mainly due to lower distribution and administrative costs incurred during the current quarter and reversal of provision for stock loss.

(ii) Manufacturing Segment

The Group's revenue for the current quarter decreased by RM1.2 million or 4.1% mainly due to lower sales from Busduct and Ballast.

The Group's PBT for the current quarter decreased by RM1.5 million or 57.5% in line with the lower revenue.

(iii) Services Segment

The Group's revenue for the current quarter decreased by RM1.0 million or 10.8% mainly due to lower maintenance sales.

The Group's PBT for the current quarter increased by RM0.2 million or 6.7% despite the lower revenue was due to better margins achieved from the service and maintenance contracts.

(iv) High Voltage System Segment

The Group's revenue for the current quarter increased by RM26.1 million or 241.9% mainly due to higher execution of Transmission Sub-Station projects.

The Group recorded a PBT of RM1.9 million for the current quarter as compared to a loss before tax of RM0.2 million in the preceding quarter, representing an increase of RM2.1 million or 1,183.4%. This is in line with the higher revenue from the execution of Transmission Sub-Station projects.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS
(APPENDIX 9B) (continued)**

B3. Commentary on Prospects

As most states in Malaysia have transitioned to Phase 4 of the National Recovery Phase, the reopening of project sites and lifting of interstate travel restrictions augurs well for the economic recovery. The Group expects demand to gradually improve in the coming months and will navigate the challenging market conditions by adapting to the new market environment.

While the performance of the Group has been relatively resilient in the past, the Board of Directors (“the Board”) expects the challenging market conditions to continue to impact the general business environment of the Group for the current financial year. As such, the Group remains cautious and will continue its effort to drive its performance improvements along the recovery of the economic environment. With the current order book and ongoing projects in hand, barring any unforeseen circumstances, the Board expects the Group to achieve satisfactory results for the financial quarter ending 31 December 2021.

B4. Profit Forecast

No profit forecast has been issued by the Group previously in any public document.

B5. Tax Expense

	Individual Financial Quarter Ended 30.09.2021 RM'000	Cumulative Financial Quarter Ended 30.09.2021 RM'000
Current tax expense		
- current period	2,477	7,038
- prior period	73	63
	2,550	7,101
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	(422)	376
- prior period	(1,067)	(596)
	(1,489)	(220)
Total current tax recognised in profit or loss	1,061	6,881
Share of tax of equity-accounted joint venture	(2)	26
Total tax expense	1,059	6,907

The effective tax rate of the Group for the cumulative financial quarter under review is 26% which is higher than the statutory tax rate of 24%. The higher effective tax rate was mainly due to non-deductible expenses.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS
(APPENDIX 9B) (continued)**

B6. Status of Corporate Proposals Announced

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

B7. Group Borrowings

The Group's borrowings are as follows:

	As at 30.09.2021		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	723	169	892
Term Loan	13,992	2,388	16,380
Unsecured			
Banker's acceptance	-	13,405	13,405
Revolving credit	-	7,250	7,250
	14,715	23,212	37,927

	As at 30.09.2020		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	50	11	61
Term Loan	15,468	1,252	16,720
Unsecured			
Banker's acceptance	-	13,710	13,710
Bank overdrafts	-	99	99
	15,518	15,072	30,590

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B8. Change in Material Litigations

There were no outstanding material litigations as at the date of this report.

B9. Proposed Dividend

On 25 November 2021, the Board has declared and approved the payment of a second interim single-tier dividend of 1.5 sen per ordinary share (2020: 3.0 sen per ordinary share*) in respect of the financial year ending 30 September 2021.

The dividend will be paid on 12 January 2022 to shareholders registered in the Record of Depositors as at 16 December 2021. With this payment of second interim dividend, the total payment of dividends by the Company for the financial year ended 30 September 2021 amounts to 3.0 sen per ordinary share.

Note:

* *Prior to any adjustment to reflect the bonus issue of 1 new ordinary share for every 1 existing ordinary share held which was completed on 2 February 2021.*

B10. Earnings per Ordinary Share

(a) Basic earnings per ordinary share (“EPS”)

The calculation of EPS was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the financial period.

	Individual Financial		Year-to-date	
	Quarter Ended		Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit for the period attributable to owners (RM'000)	5,848	4,232	19,888	17,294
Weighted average number of ordinary shares in issue ('000)	260,004	259,996	260,001	259,996
Basic EPS (sen)	2.25	1.63*	7.65	6.65*

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS
(APPENDIX 9B) (continued)**

B10. Earnings per Ordinary Share (continued)

(b) Diluted earnings per ordinary share (“DEPS”)

The calculation of DEPS was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares that would have been in issue upon full exercise of the warrants, adjusted for the number of such shares that have been exercised.

	Individual Financial Quarter Ended		Year-to-date Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit for the period attributable to owners (RM'000)	<u>5,848</u>	<u>4,232</u>	<u>19,888</u>	<u>17,294</u>
Weighted average number of ordinary shares in issue ('000)*(basic)	260,004	259,996	260,001	259,996
Effect of dilution of share options ('000)	<u>12,221</u>	<u>32,596</u>	<u>18,759</u>	<u>32,596</u>
Weighted average number of ordinary shares in issue ('000)*(diluted)	272,225	292,592	278,760	292,592
Diluted EPS (sen)	<u>2.15</u>	<u>1.45*</u>	<u>7.13</u>	<u>5.91*</u>

Note:

* For comparative purpose, the basic EPS and DEPS for individual quarter and year to date ended 30 September 2020 had been adjusted to reflect the bonus issue of 1 new ordinary share for every 1 existing ordinary shares held and bonus issue of 1 free warrant for every 3 ordinary shares held which was completed on 2 February 2021 and 10 February 2021 respectively.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS
(APPENDIX 9B) (continued)**

B11. Financial Instruments

Outstanding derivatives as at 30 September 2021 are as follow:

Type of derivatives	Contract / Notional Value RM'000	Fair Value RM'000
Less than 1 year:		
Forward exchange contract	79,920	1,029

There are no changes to policies related to financial instruments since the last financial year.

B12. Notes to Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Individual Financial Quarter Ended		Year-to-date Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit for the period is arrived after charging / (crediting):				
Interest expense on lease liability	40	134	192	218
Depreciation and amortisation	686	779	2,682	2,409
Depreciation for right-of-use assets	504	473	2,026	2,088
Reversal of allowance for doubtful debts	(843)	(2,027)	(1,700)	(1,473)
Bad debts written off	536	-	1,398	-
Inventories written down to net realisable value	168	(336)	333	1,928
(Gain) / Loss on disposal of property, plant and equipment	(112)	1	(118)	87
Property, plant and equipment written off	-	-	22	1
Foreign exchange (gain) / loss, net	(1,030)	940	(2,049)	720
Reversal of foreseeable loss	(627)	(1,007)	(963)	(2,090)
Fair value (gain) / loss on forward exchange contracts, net	(254)	697	(1,509)	108
Provision for / (Reversal of) warranties-net	4	(11)	9	17

B13. Authority for Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Directors dated 25 November 2021.