



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

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

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			
	30.06.2022	30.06.2021	Changes		30.06.2022	30.06.2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	<u>79,678</u>	<u>66,359</u>	13,319	20.1%	<u>284,680</u>	<u>212,876</u>	71,804	33.7%
Results from operating activities	6,154	6,518	(364)	(5.6%)	24,173	20,792	3,381	16.3%
Finance costs	(465)	(534)	69	12.9%	(1,956)	(1,584)	(372)	(23.5%)
Finance income	92	45	47	104.4%	246	108	138	127.8%
Net finance costs	(373)	(489)	116	23.7%	(1,710)	(1,476)	(234)	(15.9%)
Share of (loss) / profit of equity-accounted joint venture, net of tax	<u>(95)</u>	<u>29</u>	(124)	(427.6%)	<u>(127)</u>	<u>82</u>	(209)	(254.9%)
Profit before tax	<u>5,686</u>	<u>6,058</u>	(372)	(6.1%)	<u>22,336</u>	<u>19,398</u>	<u>2,938</u>	<u>15.1%</u>
Tax expense	<u>(820)</u>	<u>(2,227)</u>	1,407	63.2%	<u>(5,287)</u>	<u>(5,821)</u>	534	9.2%
Profit for the period	<u>4,866</u>	<u>3,831</u>	1,035	27.0%	<u>17,049</u>	<u>13,577</u>	<u>3,472</u>	<u>25.6%</u>



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(The figures have not been audited)

	Individual Financial Quarter Ended				Cumulative Financial Quarter Ended			
	30.06.2022	30.06.2021	Changes		30.06.2022	30.06.2021	Changes	
	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	224	11	213	1,936.4%	323	187	136	72.7%
Cash flow hedge	-	236	(236)	(100.0%)	6	1,506	(1,500)	(99.6%)
Total other comprehensive income for the period	224	247	(23)	(9.3%)	329	1,693	(1,364)	(80.6%)
Total comprehensive income for the period	5,090	4,078	1,012	24.8%	17,378	15,270	2,108	13.8%
Profit attributable to:								
Owners of the Company	5,023	4,012	1,011	25.2%	15,944	14,039	1,905	13.6%
Non-controlling interests	(157)	(181)	24	13.3%	1,105	(462)	1,567	339.2%
	4,866	3,831	1,035	27.0%	17,049	13,577	3,472	25.6%



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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			
	30.06.2022	30.06.2021	Changes		30.06.2022	30.06.2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total comprehensive income attributable to:								
Owners of the Company	5,225	4,258	967	22.7%	16,241	15,714	527	3.4%
Non-controlling interests	(135)	(180)	45	25.0%	1,137	(444)	1,581	356.1%
	<u>5,090</u>	<u>4,078</u>	1,012	24.8%	<u>17,378</u>	<u>15,270</u>	2,108	13.8%
Earnings per share:								
- Basic (sen)	<u>1.93</u>	<u>1.54</u>	0.39	25.3%	<u>6.13</u>	<u>5.40</u>	0.73	13.5%
- Diluted (sen)	<u>1.85</u>	<u>1.42</u>	0.43	30.3%	<u>5.79</u>	<u>4.97</u>	0.82	16.5%

(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 2021 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.06.2022	31.03.2022	RM'000	%
Revenue	<u>79,678</u>	<u>84,292</u>	(4,614)	(5.5%)
Results from operating activities	6,154	5,924	230	3.9%
Finance costs	(465)	(696)	231	33.2%
Finance income	92	89	3	3.4%
Net finance costs	(373)	(607)	234	38.6%
Share of (loss) / profit of equity-accounted joint venture, net of tax	<u>(95)</u>	<u>6</u>	(101)	(1,683.3%)
Profit before tax	5,686	5,323	363	6.8%
Tax expense	<u>(820)</u>	<u>(1,543)</u>	723	46.9%
Profit for the period	<u>4,866</u>	<u>3,780</u>	1,086	28.7%
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	224	72	152	211.1%
Cash flow hedge	<u>-</u>	<u>(39)</u>	39	100.0%
Total other comprehensive income for the period	<u>224</u>	<u>33</u>	191	578.8%
Total comprehensive income for the period	<u>5,090</u>	<u>3,813</u>	1,277	33.5%
Profit attributable to:				
Owners of the Company	5,023	3,496	1,527	43.7%
Non-controlling interests	<u>(157)</u>	<u>284</u>	(441)	(155.3%)
	<u>4,866</u>	<u>3,780</u>	1,086	28.7%

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

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

(The figures have not been audited)

	Individual Financial			
	Quarter Ended			
	30.06.2022	31.03.2022	RM'000	%
	RM'000	RM'000	RM'000	
Total comprehensive income attributable to:				
Owners of the Company	5,225	3,522	1,703	48.4%
Non-controlling interests	(135)	291	(426)	(146.4%)
	<u>5,090</u>	<u>3,813</u>	1,277	33.5%
Earnings per share:				
- Basic (sen)	<u>1.93</u>	<u>1.34</u>	0.59	44.0%
- Diluted (sen)	<u>1.85</u>	<u>1.28</u>	0.57	44.5%

(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 2021 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	30.06.2022 RM'000 (Unaudited)	30.09.2021 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		44,424	42,113
Right-of-use assets		8,583	9,551
Intangible assets		412	784
Investment properties		8,336	8,024
Investment in joint venture		1,642	1,768
Other investments		10	10
Deferred tax assets		5,109	5,142
Total non-current assets		68,516	67,392
Current assets			
Inventories		42,898	43,018
Contract assets		78,965	85,182
Trade and other receivables		57,715	57,166
Current tax assets		2,317	1,857
Deposits and prepayments		9,007	9,331
Derivative financial assets		128	1,209
Other investments		1,024	1,043
Cash and cash equivalents		75,780	60,957
Total current assets		267,834	259,763
TOTAL ASSETS		336,350	327,155
EQUITY AND LIABILITIES			
Equity			
Share capital		69,381	69,305
Reserves		141,107	128,766
Total equity attributable to owners of the Company		210,488	198,071
Non-controlling interests		4,837	3,828
TOTAL EQUITY		215,325	201,899

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

EQUITY AND LIABILITIES (continued)	Note	30.06.2022 RM'000 (Unaudited)	30.09.2021 RM'000 (Audited)
Non-current liabilities			
Loans and borrowings	B7	13,398	14,715
Lease liabilities		2,500	2,917
Deferred tax liabilities		1,358	1,121
Total non-current liabilities		17,256	18,753
Current liabilities			
Loans and borrowings	B7	26,493	23,572
Lease liabilities		1,869	1,880
Provision for warranties		404	280
Trade and other payables		57,674	68,259
Contract liabilities		15,326	10,549
Current tax payable		1,969	1,783
Derivative financial liabilities		34	180
Total current liabilities		103,769	106,503
TOTAL LIABILITIES		121,025	125,256
TOTAL EQUITY AND LIABILITIES		336,350	327,155
Net assets per share attributable to equity holders of the Company (RM)		0.81	0.76

(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 2021 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

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	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000			
<u>Period Ended 30 June 2022</u>							
At 1 October 2021	69,305	1,087	(37)	127,716	198,071	3,828	201,899
Foreign currency translation differences for foreign operation	-	291	-	-	291	32	323
Cash flow hedge	-	-	6	-	6	-	6
Profit for the period	-	-	-	15,944	15,944	1,105	17,049
Total comprehensive income for the period	-	291	6	15,944	16,241	1,137	17,378
Dividend to owners of the Company	-	-	-	(3,900)	(3,900)	-	(3,900)
Dividend to non-controlling interests	-	-	-	-	-	(128)	(128)
Share options exercised	76	-	-	-	76	-	76
Total transactions with owners of the Company	76	-	-	(3,900)	(3,824)	(128)	(3,952)
At 30 June 2022	69,381	1,378	(31)	139,760	210,488	4,837	215,325

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

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
	< ----- Non-Distributable ----- >			Distributable				
<u>Period Ended 30 June 2021</u>	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000			
At 1 October 2020	69,302	(5)	948	(595)	115,625	185,275	3,675	188,950
Foreign currency translation differences for foreign operation	-	-	169	-	-	169	18	187
Cash flow hedge	-	-	-	1,506	-	1,506	-	1,506
Profit for the year	-	-	-	-	14,039	14,039	(462)	13,577
Total comprehensive income for the year	-	-	169	1,506	14,039	15,714	(444)	15,270
Dividend to owners of the Company	-	-	-	-	(3,900)	(3,900)	-	(3,900)
Own shares sold	-	5	-	-	4	9	-	9
Share options exercised	3	-	-	-	-	3	-	3
Total transactions with owners of the Company	3	5	-	-	(3,896)	(3,888)	-	(3,888)
At 30 June 2021	69,305	-	1,117	911	125,768	197,101	3,231	200,332

(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 2021 and the accompanying explanatory notes attached to these interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	9 Months Period Ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,336	19,398
Adjustments for:		
Amortisation of development costs	45	34
Amortisation of investment properties	87	139
Bad debts written off	86	862
Depreciation of property, plant and equipment	2,218	1,856
Depreciation of right-of-use assets	1,555	1,522
Fair value loss / (gain) on forward exchange contracts - net	1,054	(1,256)
Finance costs	1,956	1,585
Finance income	(246)	(108)
Gain on disposal of property, plant and equipment	(307)	(3)
Property, plant and equipment written off	11	22
Provision of warranties-net	206	5
Reversal of foreseeable losses	(374)	(336)
Share of loss / (gain) of equity-accounted joint venture, net of tax	127	(82)
Unrealised foreign exchange loss / (gain)	81	(117)
	<hr/>	<hr/>
Operating profit before changes in working capital	28,835	23,521
Changes in working capital:		
Inventories	159	(2,641)
Trade and other receivables, deposits and prepayments	9,779	139
Trade and other payables	(8,994)	(22,815)
	<hr/>	<hr/>
Cash generated from / (used in) operations	29,779	(1,796)
Income taxes paid	(5,306)	(3,009)
Interest paid	(249)	(257)
Interest received	246	108
	<hr/>	<hr/>
Net cash generated from / (used in) operating activities	24,470	(4,954)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	307	-
Purchase of property, plant and equipment	(3,919)	(5,639)
Acquisition of intangible assets	(33)	(48)
Acquisition of investment properties	(399)	(1,501)
	<hr/>	<hr/>
Net cash used in investing activities	(4,044)	(7,188)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	9 Months Period Ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(128)	-
Dividend paid to owners of the company	(3,900)	(3,900)
Proceeds from loans and borrowings, net	990	15,678
Repayment of lease liabilities, net	(1,627)	(1,695)
Proceeds from share options exercised	77	3
Proceeds from sale of treasury shares	-	9
Interest paid	(1,706)	(1,327)
	<hr/>	<hr/>
Net cash (used in) / generated from financing activities	(6,294)	8,768
	<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents	14,132	(3,374)
Foreign exchange differences on cash held	403	98
Cash and cash equivalents at beginning of the financial year	60,957	71,654
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	75,492	68,378
	<hr/>	<hr/>
Cash and cash equivalents included in the statements of cash flows comprise:		
Deposits	-	3,000
Cash and bank balances	64,973	58,391
Liquid investments	10,807	7,183
Bank overdrafts	(288)	(196)
	<hr/>	<hr/>
	75,492	68,378
	<hr/>	<hr/>

(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 2021 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 2021.

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 2021

- Amendments to MFRS 9, *Financial Instruments*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to MFRS 7, *Financial Instruments: Disclosures*
- Amendments to MFRS 4, *Insurance Contracts*
- Amendments to MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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. Dividends Paid and Distributed

On 25 May 2022, the Board of Directors (“Board”) has declared a first interim dividend of 1.75 sen per ordinary share in respect of the financial year ending 30 September 2022, which was paid on 7 July 2022.

A7. Segmental Information

Segmental information in respect of the Group’s business activities for the financial year to date ended 30 June 2022.

	Revenue RM’000	Profit / (Loss) before Tax RM’000
Marketing and Distribution	66,886	8,744
Manufacturing	75,354	(2,063)
Services	33,412	11,991
High Voltage System	109,028	3,664
Reportable segments	284,680	22,336

A8. 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.

A9. Changes in the Composition of the Group

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

A10. Capital Commitments

The Group’s outstanding capital commitments as at 30 June 2022 not provided for in the financial statements are as follows:

Balance purchase consideration for the acquisition of property, plant and equipment	RM’000 1,764
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A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A11. Changes in Contingent Liabilities

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

	RM’000
At 1 October 2021	499,421
Increase in borrowing facilities	23,388
At 30 June 2022	<u>522,809</u>

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

	RM’000
At 1 October 2021	37,162
Addition / (Upliftment)	6,145
At 30 June 2022	<u>43,307</u>

A12. 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	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	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 Sdn Bhd	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	A company in which a director and substantial shareholder is also the Non-Independent Non-Executive Director of EITA.
QL Figo (Johor) Sdn Bhd	A company in which a director and substantial shareholder is also the Non-Independent Non-Executive Director of EITA.
Sigriner Automation (MFG) Sdn Bhd	A 50% joint venture company of EITA-Schneider (Mfg) Sdn Bhd in which two (2) of the directors are the Executive Directors of EITA, the holding company of ESM.
Tenaga Semesta (M) Sdn Bhd	A company in which a director and substantial shareholder is the brother of the Group Managing Director and substantial shareholder, Mr. Fu Wing Hoong.

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

A12. Significant Related Party Transactions (continued)

	Cumulative Financial Quarter Ended	
	30.06.2022 RM’000	30.06.2021 RM’000
<u>Boilermech Sdn Bhd</u>		
- Sales of electrical equipment	761	1,301
<u>CTL Automation Sdn Bhd</u>		
- Sales of electrical equipment	25	51
- Supply, install, testing and commissioning of electrical work and equipment	(1)	(1)
- Repairs and purchase of elevators parts	(611)	(918)
<u>Platinum Victory Sdn Bhd</u>		
- Supply, install, testing and commissioning of electrical work and equipment	-	400
<u>QL Foods Sdn Bhd</u>		
- Sales of electrical equipment	256	212
<u>QL Figo (Johor) Sdn Bhd</u>		
- Sales of electrical equipment	108	1,965
<u>Sigriner Automation (MFG) Sdn Bhd</u>		
- Provision of management services and rental	207	187
- Sales of elevator parts	299	130
- Sales of robotics	101	-
- Purchase of elevator controllers	(3,712)	(4,993)
<u>Tenaga Semesta (M) Sdn Bhd</u>		
- Sales of power equipment	-	232
- Purchase of mechanical and engineering works	(2)	(360)
- Purchase of electrical equipment	-	(17)

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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		%
	30.06.2022 RM'000	30.06.2021 RM'000		30.06.2022 RM'000	30.06.2021 RM'000	
Revenue						
Marketing and Distribution	27,023	18,412	46.8%	66,886	56,268	18.9%
Manufacturing	24,592	28,057	(12.3%)	75,354	86,336	(12.7%)
Services	11,050	9,100	21.4%	33,412	28,022	19.2%
High Voltage System	17,013	10,790	57.7%	109,028	42,250	158.1%
Total	79,678	66,359	20.1%	284,680	212,876	33.7%
Profit / (Loss) before Tax						
Marketing and Distribution	4,269	1,044	308.9%	8,744	6,043	44.7%
Manufacturing	(2,196)	2,655	(182.7%)	(2,063)	5,700	(136.2%)
Services	4,096	2,540	61.3%	11,991	8,636	38.8%
High Voltage System	(483)	(181)	(166.9%)	3,664	(981)	473.5%
Total	5,686	6,058	(6.1%)	22,336	19,398	15.1%

The Group's revenue for the current quarter increased by RM13.3 million or 20.1% as compared to the preceding year corresponding quarter mainly due to higher revenues from the High Voltage System, Marketing and Distribution and Services segments but partly offset by the lower sales of the Manufacturing segment.

Cumulatively, the Group's revenue increased by RM71.8 million or 33.7% as compared to the preceding corresponding period mainly due to higher revenues from the High Voltage System, Marketing and Distribution and Services segments but partly offset by the lower sales of the Manufacturing segment.

The Group's profit before tax ("PBT") for the current quarter decreased by RM0.4 million or 6.1% mainly due to loss before tax ("LBT") of the Manufacturing and High Voltage System segments but partly offset by higher PBT from the Marketing and Distribution and Services segments.

Cumulatively, the Group's PBT increased by RM2.9 million or 15.1% mainly due to higher PBT from the Marketing and Distribution, Services and High Voltage System segments but partly offset by the LBT of the Manufacturing segment.

**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 Marketing and Distribution segment's revenue for the current quarter increased by RM8.6 million or 46.8% mainly due to higher sales from the Power and Control business.

The cumulative revenue for the Marketing and Distribution segment increased by RM10.6 million or 18.9% mainly due to the higher sales from the Power and Control business.

The Marketing and Distribution segment's PBT for the current quarter increased by RM3.2 million or 308.9% mainly due to higher revenues and reversal of provision for stock loss during the current quarter.

The cumulative PBT for the Marketing and Distribution segment increased by RM2.7 million or 44.7% mainly due to higher revenues, higher reversal of allowance for doubtful debts and higher reversal of provision of stock loss and higher gains on disposal of fixed assets. However, these were partially mitigated by the higher administrative expenses.

(ii) Manufacturing Segment

The Manufacturing segment's revenue for the current quarter decreased by RM3.5 million or 12.3% mainly due to the lower sales from elevator projects and Ballast business but partially offset by higher sales from the Busduct business.

The cumulative revenue for the Manufacturing segment decreased by RM11.0 million or 12.7% due to the lower sales from elevator projects, Ballast business and the Busduct business.

The Manufacturing segment recorded LBT of RM2.2 million for the current quarter mainly due to lower revenues, higher fair value loss on derivative and higher administrative and distribution expenses.

The Manufacturing segment recorded cumulative LBT of RM2.1 million mainly due to the lower revenues, higher fair value loss on derivative, higher distribution expenses and stocks written off. However, these were partially mitigated by the higher gains on realised foreign exchange, higher scrap sales.

(iii) Service Segment

The Service segment's revenue for the current quarter increased by RM2.0 million or 21.4% mainly due to higher service maintenance contract revenue.

The cumulative revenue for the Service segment increased by RM5.4 million or 19.2% mainly due to higher service maintenance contract revenue.

The Service segment's PBT for the current quarter increased by RM1.6 million or 61.3% mainly due to higher revenues during the current quarter. However, this was partially mitigated by the higher administrative expenses.

The cumulative PBT for the Service segment increased by RM3.4 million or 38.8% mainly due to higher revenues. However, this was partially mitigated by the higher administrative expenses.

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)

(iv) High Voltage System Segment

The High Voltage System segment's revenue for the current quarter increased by RM6.2 million or 57.7% mainly due to higher execution of Transmission Sub-Station projects.

The cumulative revenue for the High Voltage System segment increased by RM66.8 million or 158.1% was due to the same reason mentioned above.

The High Voltage System segment's LBT for the current quarter increased by RM0.3 million or 166.9% despite the higher revenues was mainly due to the execution of projects with lower margins and higher administrative expenses during the current quarter.

The High Voltage System segment recorded cumulative PBT of RM3.7 million mainly due to the higher revenues but partly offset by higher administrative and finance expenses.

B2. Review of Current Financial Quarter Performance against Preceding Quarter

	Individual Financial Quarter Ended		% change
	30.06.2022 RM'000	31.03.2022 RM'000	
Revenue			
Marketing and Distribution	27,023	19,656	37.5%
Manufacturing	24,592	24,603	*
Services	11,050	11,408	(3.1%)
High Voltage System	17,013	28,625	(40.6%)
Total	79,678	84,292	(5.5%)
Profit / (Loss) before Tax			
Marketing and Distribution	4,269	2,115	101.8%
Manufacturing	(2,196)	(1,078)	(103.7%)
Services	4,096	3,718	10.2%
High Voltage System	(483)	568	(185.0%)
Total	5,686	5,323	6.8%

Note:

* Less than 0.1%

The Group's revenue for the current quarter decreased by RM4.6 million or 5.5% against the preceding quarter mainly due to lower revenues from the High Voltage System and Service segments but partly offset by higher sales in Marketing and Distribution segment.

The Group's PBT for the current quarter increased by RM0.4 million or 6.8% against the preceding quarter mainly due to higher PBT from the Marketing and Distribution and Services segments but partly offset by higher LBT in the Manufacturing segment and LBT recorded in the High Voltage System segment.

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

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

(i) Marketing and Distribution Segment

The Marketing and Distribution segment's revenue for the current quarter increased by RM7.4 million or 37.5% mainly due to higher demand for Power and Control business.

The Marketing and Distribution segment's PBT for the current quarter increased by RM2.2 million or 101.8% mainly due to the higher revenues but partly offset by higher administrative expenses.

(ii) Manufacturing Segment

The Manufacturing segment's revenue decreased marginally mainly due to the lower sales from elevator projects business but was offset by higher sales from Busduct and Ballast business.

The Manufacturing segment's LBT for the current quarter increased by RM1.1 million or 103.7% mainly due to higher administrative and distribution costs and lower gain on realised foreign exchange during the current quarter.

(iii) Services Segment

The Service segment's revenue for the current quarter decreased by RM0.4 million or 3.1% mainly due to lower service maintenance contract revenue.

The Service segment's PBT for the current quarter increased by RM0.4 million or 10.2% despite lower revenues was mainly due to lower administrative expenses incurred during the current quarter.

(iv) High Voltage System Segment

The High Voltage System segment's revenue for the current quarter decreased by RM11.6 million or 40.6% mainly due to lower execution of Transmission Sub-Station projects.

The High Voltage System segment recorded LBT of RM0.5 million in the current quarter mainly due to the lower revenues as a result of lower execution of Transmission Sub-Station projects.

B3. Commentary on Prospects

The Malaysian economy grew by 8.9% in the second quarter of 2022 and it is expected to improve post-transition to the endemic phase of the Covid-19 pandemic. However, several macro headwinds and uncertainties, such as inflationary pressure on operational cost, the prospect of raising interest rates and supply chain disruption due to China's strict pandemic control measures, may affect the economic recovery and the Group's businesses. In addition, the weakening of the Ringgit against other currencies such as the USD may also impact the Group's financial performance.

The Group will navigate through this challenging period with the current order book and ongoing projects in hand, working closely with its suppliers and customers, taking the necessary steps to mitigate these risks as much as possible and improving operational efficiency.

Premised on the above and barring any unforeseen circumstances, the Board is cautiously optimistic of the Group's financial performance for the current financial year ending 30 September 2022.

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

B4. Profit Forecast

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

B5. Tax Expense

	Individual Financial Quarter Ended 30.06.2022 RM'000	Cumulative Financial Quarter Ended 30.06.2022 RM'000
Current tax expense		
- current period	1,311	5,714
- prior period	(663)	(695)
	648	5,019
Deferred tax expense		
Origination and reversal of temporary differences		
- current period	26	91
- prior period	146	177
	172	268
Total current tax recognised in profit or loss	820	5,287
Share of tax of equity-accounted joint venture	35	28
Total tax expense	855	5,315

The effective tax rate of the Group for the cumulative financial quarter under review is 24% which is similar to the statutory tax rate of 24%.

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced as at the date of this report.

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

B7. Group Borrowings

The Group's borrowings are as follows:

	As at 30.06.2022		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Finance lease liabilities	1,244	334	1,578
Term loan	12,154	2,440	14,594
Unsecured			
Banker's acceptance	-	11,231	11,231
Bank overdrafts	-	288	288
Revolving credit	-	12,200	12,200
	13,398	26,493	39,891

	As at 30.06.2021		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Term Loan	14,712	2,254	16,966
Unsecured			
Banker's acceptance	-	20,292	20,292
Bank overdrafts	-	196	196
Revolving credit	-	8,850	8,850
	14,712	31,592	46,304

**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

No dividend has been declared or recommended for payment by the Company for the current financial quarter.

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 Quarter Ended		Year-to-date Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit for the period attributable to owners (RM'000)	<u>5,023</u>	<u>4,012</u>	<u>15,944</u>	<u>14,039</u>
Weighted average number of ordinary shares in issue ('000)	260,113	260,004	260,016	260,001
Basic EPS (sen)	<u>1.93</u>	<u>1.54</u>	<u>6.13</u>	<u>5.40</u>

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit for the period attributable to owners (RM'000)	<u>5,023</u>	<u>4,012</u>	<u>15,944</u>	<u>14,039</u>
Weighted average number of ordinary shares in issue ('000)*(basic)	260,113	260,004	260,016	260,001
Effect of dilution of share options ('000)	<u>11,754</u>	<u>22,255</u>	<u>15,292</u>	<u>22,255</u>
Weighted average number of ordinary shares in issue ('000)*(diluted)	271,867	282,259	275,308	282,256
Diluted EPS (sen)	<u>1.85</u>	<u>1.42</u>	<u>5.79</u>	<u>4.97</u>

B11. Financial Instruments

Outstanding derivatives as at 30 June 2022 are as follow:

Type of derivatives	Contract / Notional Value RM'000	Fair Value RM'000
Less than 1 year: Forward exchange contract	<u>64,443</u>	<u>94</u>

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

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

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

	Individual Financial Quarter Ended		Year-to-date Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Profit for the period is arrived after charging / (crediting):				
Bad debts written off	3	188	86	862
Depreciation and amortisation	825	644	2,350	2,029
Depreciation for right-of-use assets	523	495	1,555	1,522
Fair value loss /(gain) on forward exchange contracts, net	517	(320)	1,054	(1,256)
Foreign exchange gain, net	(645)	(9)	(2,860)	(117)
Gain on disposal of property, plant and equipment	(202)	-	(307)	(3)
Interest expense on lease liabilities	42	36	128	119
Inventories written down to net realisable value	194	888	871	165
Property, plant and equipment written off	8	-	11	22
Provision / (Reversal) of foreseeable loss	96	51	(374)	(336)
Provision for warranties-net	28	4	206	5
Reversal of allowance for impairment loss on trade receivables	(155)	(856)	(927)	(609)

B13. Authority for Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Directors dated 22 August 2022.