



Mi TECHNOVATION BERHAD
(FORMERLY KNOWN AS MI EQUIPMENT HOLDINGS BERHAD)
(Company No. 1235827 – D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2018

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2018	31-Dec-2017 ⁽²⁾	31-Dec-2018	31-Dec-2017
	RM '000	RM '000	RM '000	RM '000
Revenue	31,056	N/A	160,390	173,322
Cost of sales	(17,021)	N/A	(86,027)	(79,988)
Gross profit	14,035	N/A	74,363	93,334
Other operating income	1,120	N/A	6,417	693
Sales and marketing expenses	(2,100)	N/A	(12,572)	(6,507)
General and administrative expenses	(5,800)	N/A	(23,377)	(26,739)
Profit from operation	7,255	N/A	44,831	60,781
Finance costs	(87)	N/A	(301)	-
Profit before taxation	7,168	N/A	44,530	60,781
Taxation	12	N/A	(158)	(1,477)
Profit for the period, attributable to owners of the parent	7,180	N/A	44,372	59,304
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	14	N/A	(78)	(85)
Total comprehensive income, attributable to owners of the parent	7,194	N/A	44,294	59,219
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽³⁾	1.44	N/A	10.15	33.45

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to the interim financial report.
 - (2) No comparative figures for the corresponding quarter of the preceding year are presented as this is the fourth interim financial report on the consolidated results for the period ended 31 December 2018 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
 - (3) Based on weighted average number of ordinary shares outstanding during the period / year under review.
- NA Not applicable

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 31-Dec-2018 RM'000	Audited As at 31-Dec-2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	57,602	26,957
Deferred tax assets	4	2
Other non-current asset	41	-
Total non-current assets	<u>57,647</u>	<u>26,959</u>
Current assets		
Inventories	45,143	36,434
Trade and other receivables	77,004	40,523
Current tax asset	61	78
Cash and bank balances	203,405	52,634
Total current assets	<u>325,613</u>	<u>129,669</u>
TOTAL ASSETS	<u>383,260</u>	<u>156,628</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	252,615	65,803
Reserves	78,246	58,952
TOTAL EQUITY	<u>330,861</u>	<u>124,755</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	-	57
Term loan - secured	4,370	-
Provision	2,558	3,773
Total non-current liabilities	<u>6,928</u>	<u>3,830</u>
Current liabilities		
Trade and other payables	40,098	25,105
Term loan - secured	2,383	-
Provision	2,975	2,685
Current tax liability	15	253
Total current liabilities	<u>45,471</u>	<u>28,043</u>
TOTAL LIABILITIES	<u>52,399</u>	<u>31,873</u>
TOTAL EQUITY AND LIABILITIES	<u>383,260</u>	<u>156,628</u>
Net asset per share	<u>0.66</u>	<u>0.34</u>

Note:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Changes in Equity ⁽¹⁾

	← Non-distributable			→ Distributable		Total equity RM'000
	Share capital RM'000	Legal reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2018	65,803	6	291	(63,557)	122,212	124,755
Issuance of shares	186,812	-	-	-	-	186,812
Profit of the financial year	-	-	-	-	44,372	44,372
Transfer to legal reserve	-	36	-	-	(36)	-
Other comprehensive loss, net of tax	-	-	(78)	-	-	(78)
Dividends paid	-	-	-	-	(25,000)	(25,000)
Balance as at 31 December 2018	<u>252,615</u>	<u>42</u>	<u>213</u>	<u>(63,557)</u>	<u>141,548</u>	<u>330,861</u>
Balance as at 1 January 2017	2,250	6	376	(4)	66,408	69,036
Profit of the financial year	-	-	-	-	59,304	59,304
Other comprehensive loss, net of tax	-	-	(85)	-	-	(85)
Acquisition of subsidiaries in business combination under common control	63,553	-	-	(63,553)	-	-
Dividends paid	-	-	-	-	(3,500)	(3,500)
Balance as at 31 December 2017	<u>65,803</u>	<u>6</u>	<u>291</u>	<u>(63,557)</u>	<u>122,212</u>	<u>124,755</u>

Note:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	12 months ended 31-Dec-2018 RM '000	12 months ended 31-Dec-2017 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	44,530	60,781
Adjustments for:		
Depreciation of property, plant and equipment	2,225	2,022
Provision for warranty replacement cost	2,892	3,296
Provision for technical support fees	-	1,902
Reversal of provision for warranty replacement cost	(1,982)	(4,987)
Interest expense	301	-
Interest income	(3,612)	(672)
Gain on disposal of property, plant and equipment	23	-
Property, plant and equipment written off	79	5,602
Unrealised (gain)/loss on foreign exchange	(2,085)	2,511
Operating profit before changes in working capital	<u>42,371</u>	<u>70,455</u>
Increase in inventories	(8,709)	(12,898)
Increase in trade and other receivables	(34,665)	(27,084)
Increase in trade and other payables	14,862	12,543
Warranty paid	(1,835)	(470)
Cash generated from operations	<u>12,024</u>	<u>42,546</u>
Interest paid	(301)	-
Tax refunded	-	1
Tax paid	(437)	(1,436)
Net cash from operating activities	<u>11,286</u>	<u>41,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,612	672
Proceeds from disposal of property, plant and equipment	347	-
Purchase of property, plant and equipment	(33,319)	(31,414)
Net cash used in investing activities	<u>(29,360)</u>	<u>(30,742)</u>

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾ (Cont'd)

	12 months ended 31-Dec-2018 RM '000	12 months ended 31-Dec-2017 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from term loan	6,293	-
Dividends paid	(25,000)	(3,500)
Proceeds from issuance of shares	186,812	-
Placement of deposits pledged to licensed bank	(2,064)	(2,097)
Withdrawal of deposits pledged to licensed bank	2,052	2,084
Withdrawal of deposits with a licensed bank	-	10,000
Net cash from financing activities	168,093	6,487
Net increase in cash and cash equivalents	150,019	16,856
Effect of foreign exchange rates changes	702	(461)
Cash and cash equivalents at beginning of financial year	50,582	34,187
Cash and cash equivalents at end of financial year	201,303	50,582
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	201,303	49,708
Deposits with a licensed bank	2,102	2,926
	203,405	52,634
Less: Deposits pledged to a licensed bank	(2,102)	(2,052)
	201,303	50,582
Reconciliation of liabilities arising from financing activities:		
<u>Term loan - secured</u>		
As at 01-Jan-2018	-	-
Cash flows:		
Drawdown of term loan	8,454	-
Repayment of term loan	(2,161)	-
Non-cash flows:		
Effect of foreign exchange	460	-
As at 31-Dec-2018	6,753	-

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to the interim financial report.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“Listing Requirements”).

This is the fourth interim financial report on the Company’s consolidated results for the fourth quarter ended 31 December 2018 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the corresponding period of preceding year.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

a) New MFRSs adopted during the financial year

On 1 January 2018, the Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2018.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (Cont'd)

A2. Significant Accounting Policies (Cont'd)

b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021

The Group is in the process of assessing the impact of implementing these Standards and Amendments. The Group does not expect adoption of the above Standards to have a significant impact on the financial statements.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2017.

A4. Seasonal or Cyclical Factors

The business operation of the Group is subject to the cyclical trend of the global semiconductor and electronics industry.

A5. Material Unusual Items

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter and financial year under review.

A7. Debt and Equity Securities

Save for the public issue of 134,428,000 new ordinary shares pursuant to the Company's listing and quotation on the Main Market of Bursa Malaysia on 20 June 2018, there were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial year under review.

A8. Dividends Paid

Dividends paid during the financial year ended 31 December 2018 were as follows :

- a) First single-tier interim dividend of 3.0 sen per ordinary share amounting to RM15 million for the financial year ended 31 December 2018 was paid on 30 August 2018.
- b) Second single-tier interim dividend of 2.0 sen per ordinary share amounting to RM10 million for the financial year ended 31 December 2018 was paid on 21 December 2018.

A9. Segmental Reporting

The Group is principally involved in design, development, manufacture and sale of wafer level chip scale packaging ("WLCSP") sorting machines with inspection and testing capabilities for the semiconductor industry. The Group is also involved in the provision of maintenance services and technical support for these machines, as well as the sale of related spare parts and components.

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. As the operating segment on spare parts and services do not meet any of the quantitative thresholds pursuant to paragraph 13 of MFRS 8 *Operating Segments*, thus, are not considered as reportable segments. As such, segment information is not reported and disclosed separately.

A10. Material Events Subsequent to the end of the Quarter

There were no material events subsequent to the end of the current quarter and financial year under review that have not been reflected in the interim financial report.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A11. Changes in the Composition of the Group

On 20 September 2018, the Company has incorporated a new wholly-owned subsidiary, Mi Autobotics Sdn Bhd (“MIASB”), with an issued and paid-up share capital of RM2.00. The purpose of incorporating MIASB is to undertake the business of research and development, engineering, manufacturing and assembly of smart and highly mechatronics industry robots and advanced factory automation equipment and machineries.

On 28 January 2019, the Company announced the incorporation of a new wholly-owned subsidiary, Mi Sales & Services (S) Pte. Ltd. (“MI-SS”) via its wholly-owned subsidiary, Mi International Pte. Ltd., with an issued and paid-up share capital of SGD2.00. The purpose of incorporating MI-SS is to set-up a platform to undertake sales and services activities in Singapore. Mi International Pte. Ltd. will be the holding company to all overseas subsidiaries.

Save for the above, there were no other changes in the composition of the Group during the current quarter and financial year under review that have not been reflected in the interim financial report.

A12. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

A13. Material Capital Commitment

Save as disclosed below, as at 31 December 2018, the Group does not have any material capital commitment:

	RM'000
Material capital expenditure in respect of the construction of the Bayan Lepas factory and the Batu Kawan factory	
- Approved but not contracted for	88,849
- Contracted but not provided for	32,926
	121,775

A14. Significant Related Party Transactions

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

A15. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group’s financial liabilities for the current quarter and financial year under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

	INDIVIDUAL QUARTER 3 months ended		Changes RM'000 %		CUMULATIVE QUARTER 12 months ended		Changes RM'000 %	
	31-12-2018 RM'000	31-Dec-2017 RM'000			31-12-2018 RM'000	31-Dec-2017 RM'000		
Revenue	31,056	N/A	N/A	N/A	160,390	173,322	(12,932)	-7%
Profit before taxation	7,168	N/A	N/A	N/A	44,530	60,781	(16,251)	-27%

Comparison with the corresponding quarter in the previous financial year

The Group achieved revenue and profit before taxation ("PBT") of RM31.06 million and RM7.17 million respectively during the current quarter under review. No comparative figures for the corresponding quarter of preceding year are presented as this is the fourth interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

Comparison with preceding financial year

The Group recorded a total revenue of RM160.39 million and PBT of RM44.53 million for current financial year ended 31 December 2018, representing a drop of 7% and 27% respectively as compared to the previous financial year ended 31 December 2017. Higher revenue and PBT generated in the preceding year mainly due to the impact of sale of 14 units leased machines upon termination of the lease agreements. These machines had been substantially depreciated which resulted in a lower cost of sales and higher gross profit margin.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B2. Comparison with Immediate Preceding Quarter

	INDIVIDUAL QUARTER		Changes	
	3 months ended			
	31-12-2018	30-Sep-2018	RM'000	%
Revenue	31,056	41,563	(10,507)	-25%
Profit before taxation	7,168	14,047	(6,879)	-49%
PBT Margin	23%	34%		

The Group's revenue for the current quarter was RM31.06 million, representing a decrease of 25% as compared to RM41.56 million generated in the preceding quarter. The decrease was mainly due to lower sales recorded, in particular the customers from South East Asia region.

Profit before tax of the Group for the current quarter was RM7.17 million, compared to the preceding quarter of RM14.05 million. The 49% decrease in PBT was mainly due to the decrease in revenue and strengthening of Ringgit Malaysia against US Dollar resulted in lesser foreign exchange gain recorded in the current quarter.

The cyclical nature of the semiconductor industry affects the operating results of semiconductor equipment manufacturers. It is the industry norm that business volumes in the fourth quarter tend to be softer.

B3. Prospects for the Financial Year Ending 31 December 2019

The Board foresees softer customers demand during first half of year 2019 due to slowdown in semiconductor sector and the geographical trade tensions remain a major risk. The uncertain investment direction and timing of capex planning from our key customers will lower the Group's top and bottom-line as compared to first half of year 2018. However, the Board anticipates the overall demands will improve in second half of year 2019, especially from new customers and for our new products.

In summary, 2019 will be a challenging year for the Group but the Board is confident that the Group should be able to achieve results on par with that for year 2018, if not better. The Group will continue to focus on technology development and product innovation, along with extensive market expansion activities to build stronger customer relationship so as to grow our business further in the new financial year.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B4. Profit Forecast

The Group did not provide any revenue or profit forecast in any public document.

B5. Taxation

The Group's taxation together with the comparison between the effective and statutory tax rates for the current quarter and financial year under review are set out below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2018	31-Dec-2017 ⁽¹⁾	31-Dec-2018	31-Dec-2017
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	33	N/A	135	376
Deferred Tax (RM'000)	(59)	N/A	(59)	56
Withholding Tax (RM'000)	14	N/A	82	1,045
Total (RM'000)	(12)	N/A	158	1,477
Effective Tax Rate (%)	(0.17)	N/A	0.35	2.43
Statutory tax rate (%)	24.00	N/A	24.00	24.00

Notes:

- (1) No comparative figures for the corresponding quarter of preceding year are presented as this is the fourth interim financial report on the consolidated results announced by the Group in compliance with the Listing Requirements.
NA Not applicable

The effective tax rate of the Group for the current quarter and year-to-date is lower than the statutory tax rate of 24%. This was mainly due to tax incentive enjoyed by its wholly-owned subsidiary, Mi Equipment (M) Sdn Bhd.

Mi Equipment (M) Sdn Bhd is entitled to pioneer status incentives under the Promotion of Investments Act, 1986 (Amendment) for the design, development and manufacturing of vision inspection and taping equipment and related components for semiconductor and solar industries and the profit derived from these activities is exempted from tax for a total relief period of five (5) years from the manufacturing date, i.e. from 18 January 2014 to 17 January 2019 subject to a further renewal of another five (5) years.

Application for pioneer status renewal and extension for second 5-year period had been submitted to Malaysian Investment Development Authority ("MIDA") on 19 November 2018. MIDA had subsequently reverted with request for further information pertaining to the next 5-year period prior to processing our application.

While compiling the additional information required and awaiting MIDA's approval for second 5-year pioneer period, the Company will ensure the pioneer conditions are strictly complied with so as not to jeopardize the pioneer status.

Part B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B5. Taxation (cont'd)

Further, Mi Equipment (M) Sdn Bhd has submitted application for pioneer status incentives for its new product series. Approval-in-principle has been granted by MIDA via its letter dated 21 September 2018 for the design, development and manufacturing of die bonding systems and related modules for semiconductor industry. The profit derived from these activities is exempted from tax for a total relief period of ten (10) years from the manufacturing date.

The Company is required to submit application for pioneer status certificate to MIDA within twenty-four (24) months of the approval date, from which the manufacturing date will be determined thereafter. The application has yet to be submitted as at the date of this report.

B6. Status of Corporate Proposals

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

- a) On 20 June 2018, the Company's entire issued and paid-up share capital of 500,000,000 ordinary shares were listed on the Main Market of Bursa Malaysia;
- b) On 14 November 2018, the Company proposed to seek the authority from its shareholders to purchase its own ordinary shares of up to five percent (5%) of its total number of issued shares ("Proposed Share Buy-Back");
- c) On 14 November 2018, the Company proposed to change the Company's name from Mi Equipment Holdings Berhad to Mi Technovation Berhad ("Proposed Change of Name"). The proposed change of name is to better reflect the corporate identity of the Company and to align its name with the Company's business plan and direction for the Group;
- d) On 26 December 2018, the two corporate proposals announced on 14 November 2018 had been approved by the shareholders at the Extraordinary General Meeting.
- e) On 27 December 2018, Notice of Change of Name had been issued by the Companies of Commission of Malaysia and the Company's securities had been listed under the new name with effect from 7 January 2019.

Part B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B7. Utilization of Proceeds from the Public Issue

The gross proceeds from the Public Issue of approximately RM190.89 million was intended to be utilized in the following manner:

No.	Details of utilisation	Estimated utilisation timeframe upon Listing	Amount RM'000	Actual utilisation RM'000	Percentage utilised %
1)	Construction of new factory cum office in Bayan Lepas, Penang	Within 12 months	65,000	18,225	28%
2)	Construction of new factory cum office in Batu Kawan, Penang	Within 30 months	75,000	-	0%
3)	R&D	Within 24 months	6,000	-	0%
4)	Working capital	Within 36 months	36,788	508	1%
5)	Estimated listing expenses	Within 1 month	8,100	8,100	100%
	Total		190,888	26,833	

The utilization of gross proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 May 2018.

B8. Group Borrowings and Debt Securities

The detail of the Group's borrowings are as follows:

	Unaudited	
	As at 31-Dec-2018 RM '000	As at 31-Dec-2017 RM '000
Term Loan (Secured)		
Short term portion	2,383	-
Long term portion	4,370	-
Total	6,753	-

All the Group's borrowings are denominated in US Dollar ("USD").

The USD Term Loan was drawn down to partly replenish the Group's internally generated funds used to finance the purchase of the Bayan Lepas factory land (including the building which was subsequently demolished).

Part B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B9. Material Litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

B10. Dividend Declared

No dividend was declared for the current quarter ended 31 December 2018.

B11. Earnings Per Share (“EPS”)

The basic and diluted EPS for the current quarter and financial year is computed as below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2018	31-Dec-2017 ⁽¹⁾	31-Dec-2018	31-Dec-2017
	RM '000	RM '000	RM '000	RM '000
Profit after tax attributable to the owners of the Company (RM'000)	7,180	N/A	44,372	59,304
Weighted average number of ordinary shares in issue ('000)	500,000	N/A	437,021	177,314
Basic EPS (sen) ⁽²⁾	1.44	N/A	10.15	33.45
Diluted EPS (sen) ⁽³⁾	1.44	N/A	10.15	33.45

Notes:

- (1) No comparative figures for the corresponding quarter of preceding year are presented as this is the fourth interim financial report on the consolidated results announced by the Group in compliance with the Listing Requirements.
- (2) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period under review.
- (3) Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.

NA Not Applicable

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B12. Profit Before Tax

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2018	31-Dec-2017 ⁽¹⁾	31-Dec-2018	31-Dec-2017
	RM '000	RM '000	RM '000	RM '000
Interest income	(1,542)	N/A	(3,612)	(672)
Interest expense	87	N/A	301	-
Depreciation of property, plant and equipment	545	N/A	2,225	2,022
Realised (gain)/loss on foreign exchange	(1,164)	N/A	(568)	2,862
Unrealised loss/(gain) on foreign exchange	1,014	N/A	(2,085)	2,511

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

Notes:

- (1) No comparative figures for the corresponding quarter of preceding year are presented as this is the fourth interim financial report on the consolidated results announced by the Group in compliance with the Listing Requirements.

NA Not Applicable

BY ORDER OF THE BOARD
25 February 2019