



Mi TECHNOVATION BERHAD
(FORMERLY KNOWN AS MI EQUIPMENT HOLDINGS BERHAD)
(Company No. 201701021661(1235827-D))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2019

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
	RM '000	RM '000	RM '000	RM '000
Revenue	47,303	41,563	122,920	129,334
Cost of sales	(23,236)	(21,771)	(61,097)	(69,006)
Gross profit	24,067	19,792	61,823	60,328
Other operating income	2,241	2,428	5,011	5,297
Sales and marketing expenses	(1,647)	(3,716)	(5,132)	(10,472)
General and administrative expenses	(7,064)	(4,374)	(19,695)	(17,577)
Profit from operation	17,597	14,130	42,007	37,576
Finance costs	(50)	(83)	(181)	(214)
Profit before tax	17,547	14,047	41,826	37,362
Tax expense	(132)	(53)	(165)	(170)
Profit for the financial period, attributable to owners of the parent	17,415	13,994	41,661	37,192
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	30	(17)	25	(92)
Total comprehensive income, attributable to owners of the parent	17,445	13,977	41,686	37,100
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽²⁾	3.50	2.80	8.35	8.94

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on weighted average number of ordinary shares outstanding during the period under review.

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 30-Sep-2019 RM'000	Audited As at 31-Dec-2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	107,370	57,591
Intangible asset	808	-
Deferred tax assets	4	4
Total non-current assets	<u>108,182</u>	<u>57,595</u>
Current assets		
Inventories	45,660	43,354
Trade and other receivables	87,132	74,479
Current tax asset	145	87
Short term funds	136,836	183,606
Cash and bank balances	37,259	19,799
Total current assets	<u>307,032</u>	<u>321,325</u>
TOTAL ASSETS	<u>415,214</u>	<u>378,920</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	252,615	252,615
Treasury shares	(3,488)	-
Reserves	114,940	78,234
TOTAL EQUITY	<u>364,067</u>	<u>330,849</u>
LIABILITIES		
Non-current liabilities		
Term loan - secured	2,348	4,370
Provisions	1,003	2,558
Total non-current liabilities	<u>3,351</u>	<u>6,928</u>
Current liabilities		
Trade and other payables	44,266	35,769
Term loan - secured	2,493	2,383
Provisions	1,032	2,975
Current tax liability	5	16
Total current liabilities	<u>47,796</u>	<u>41,143</u>
TOTAL LIABILITIES	<u>51,147</u>	<u>48,071</u>
TOTAL EQUITY AND LIABILITIES	<u>415,214</u>	<u>378,920</u>
Net asset per share (RM)	<u>0.73</u>	<u>0.66</u>

Note:

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

Unaudited Condensed Consolidated Statement of Changes in Equity ⁽¹⁾

	← Non-distributable			→ Distributable		Total equity RM'000	
	Share capital RM'000	Treasury shares 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 2019	252,615	-	42	224	(63,557)	141,525	330,849
Profit of the financial period	-	-	-	-	-	41,661	41,661
Other comprehensive income, net of tax	-	-	-	25	-	-	25
Dividend	-	-	-	-	-	(4,980)	(4,980)
Own shares acquired	-	(3,488)	-	-	-	-	(3,488)
Balance as at 30 September 2019	252,615	(3,488)	42	249	(63,557)	178,206	364,067
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 period	-	-	-	-	-	37,192	37,192
Other comprehensive loss, net of tax	-	-	-	(92)	-	-	(92)
Dividend	-	-	-	-	-	(15,000)	(15,000)
Balance as at 30 September 2018	252,615	-	6	199	(63,557)	144,404	333,667

Note:

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

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	9 months ended 30-Sep-2019 RM '000	9 months ended 30-Sep-2018 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	41,826	37,362
Adjustments for:		
Amortisation of intangible asset	3	-
Depreciation of property, plant and equipment	2,603	1,680
Provision for warranty replacement cost	1,010	2,355
Reversal of provision for warranty replacement cost	(4,295)	(1,390)
Interest expense	181	214
Interest income	(3,308)	(2,070)
Gain on disposal of property, plant and equipment	(120)	(4)
Property, plant and equipment written off	8	79
Unrealised gain on foreign exchange	(1,275)	(3,099)
Inventories written off	750	-
Operating profit before changes in working capital	<u>37,383</u>	<u>35,127</u>
Increase in inventories	(3,056)	(8,455)
Increase in trade and other receivables	(12,270)	(31,961)
Increase in trade and other payables	8,568	5,555
Warranty paid	(213)	(1,706)
Cash generated from/(used in) operations	<u>30,412</u>	<u>(1,440)</u>
Tax paid	(234)	(391)
Net cash from/(used in) operating activities	<u>30,178</u>	<u>(1,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,298	2,070
Acquisition of intangible asset	(811)	-
Placement of deposits with licensed bank	(11,787)	-
Purchase of property, plant and equipment	(52,574)	(18,386)
Proceeds from disposal of property, plant and equipment	277	98
Net cash used in investing activities	<u>(61,597)</u>	<u>(16,218)</u>

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

	9 months ended 30-Sep-2019 RM '000	9 months ended 30-Sep-2018 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4,980)	(15,000)
Interest paid	(181)	(214)
Repayment of term loan	(1,991)	(1,492)
Drawdown of term loan	-	8,454
Placement of deposits pledged to licensed bank	-	(2,059)
Proceeds from issuance of shares	-	186,812
Withdrawal of deposits pledged to licensed bank	-	2,052
Repurchase of treasury shares	(3,488)	-
Net cash (used in)/from financing activities	<u>(10,640)</u>	<u>178,553</u>
Net (decrease)/increase in cash and cash equivalents	(42,059)	160,504
Effect of foreign exchange rates changes	925	611
Cash and cash equivalents at beginning of financial period	201,303	50,582
Cash and cash equivalents at end of financial period	<u><u>160,169</u></u>	<u><u>211,697</u></u>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	23,333	23,362
Short term fund	136,836	188,335
Deposits with licensed bank	<u>13,926</u>	<u>2,097</u>
	174,095	213,794
Less: Deposits pledged to a licensed bank	(2,139)	(2,097)
Less: Deposits with licensed bank	<u>(11,787)</u>	<u>-</u>
	<u><u>160,169</u></u>	<u><u>211,697</u></u>

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES :

	Term loan - secured	
	30-Sep-2019 RM '000	30-Sep-2018 RM '000
As at 01-Jan	6,753	-
Cash flows:		
Drawdown of term loan	-	8,454
Repayment of term loan	(1,991)	(1,492)
Non-cash flows:		
Effect of foreign exchange	79	450
As at 30-Sept	<u><u>4,841</u></u>	<u><u>7,412</u></u>

Notes:

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

A2. 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 2018, 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 2019, the Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2019.

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</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
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

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 2020

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group.

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MRFS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

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 under review.

A6. Material Changes in Estimates

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

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

A7. Debt and Equity Securities

There were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter under review except for the repurchase of treasury shares in the previous quarter. The details of shares held as treasury shares for the period ended 30 September 2019 were as follows:

	Number of Treasury Shares ('000)	Total Cost Consideration RM'000
Balance as at 1 July 2019	2,000	3,488
Repurchased during the quarter	-	-
Balance as at 30 September 2019	2,000	3,488

The repurchase transactions were financed by internally generated funds. Subsequent to the second quarter ended 30 June 2019, there was no additional purchase of treasury shares.

A8. Dividends Paid

A first single-tier interim dividend of 1.0 sen per ordinary shares amounting to RM4.98 million for the financial year ending 31 December 2019 was paid on 12 July 2019.

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

Saved as disclosed in Note B6 “Status of Corporate Proposals”, there were no material events subsequent to the end of the current quarter under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter 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)

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 30 September 2019, the Group does not have any material capital commitment:

	RM'000
Material capital expenditure in respect of the construction of the Batu Kawan factory	
- Approved but not contracted for	10,961
- Contracted but not provided for	16,435
	27,396

A14. Significant Related Party Transactions

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

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

B1. Review of Performance

	INDIVIDUAL QUARTER 3 months ended		Changes		CUMULATIVE QUARTER 9 months ended		Changes	
	30-Sep-2019	30-Sep-2018			30-Sep-2019	30-Sep-2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	47,303	41,563	5,740	14%	122,920	129,334	(6,414)	-5%
Profit before tax	17,547	14,047	3,500	25%	41,826	37,362	4,464	12%

Comparison with the corresponding quarter in the previous financial year

The Group's revenue for the current quarter closed at RM47.30 million or 14% increase year-on-year. This was mainly due to stronger demand from our customers in North East Asia region as a result of the growth in capital investment from certain OSATs in the advanced/wafer level packaging segment.

The Group's profit before tax ("PBT") for the current quarter was RM17.55 million or 25% increase from RM14.05 million recorded in the similar quarter of the preceding year. The better performance was due to manufacturing efficiencies and a change in geographical sales mix resulting in lower commission payable to external sales agents in the quarter under review, despite increase in general and administrative expenses due to higher depreciation and maintenance cost of Bayan Lepas factory and impact of foreign exchange movement.

Comparison with preceding financial period

The year-to-date revenue and PBT was RM122.92 million and RM41.83 million respectively, i.e. a 5% drop in revenue but 12% increase in PBT. The decline in revenue was a result of continuing slowdown in semiconductor industry during first half of the current year whereas the PBT increase was due to operations efficiencies and change in geographical sales mix resulting in lower commission payable to external sales agent, despite increase in general and administrative expenses which was mainly due to headcount increase.

B2. Comparison with Immediate Preceding Quarter

	INDIVIDUAL QUARTER 3 months ended		Changes	
	30-Sep-2019	30-Jun-2019		
	RM'000	RM'000	RM'000	%
Revenue	47,303	46,134	1,169	3%
Profit before tax	17,547	17,384	163	1%
PBT Margin	37%	38%		

The Group posted a revenue of RM47.30 million and PBT of RM17.55 million for the current quarter under review, compared to RM46.13 million and RM17.38 million for the immediate preceding quarter. Both revenue and PBT have slightly increased by 3% and 1% respectively due to higher sales and impact from foreign exchange gains.

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

B3. Prospects for the Financial Year Ending 31 December 2019

Activities have improved in second half of 2019, led by new players and products in the advanced packaging segment such as wafer level packaging (“WLP”). Although it is widely reported that the semiconductor industry in general is experiencing slowdown in 2019, but capital investment from certain OSATs in the advanced /WLP segment is still growing, and this augurs well for us. Our order visibility is currently around 2 months, which is considered healthy.

We will see momentum increase when 5G is being rolled-out and this will be the game changer which requires new assembly and packaging processes, leading to better prospects for semiconductor equipment makers. Ultimately, higher performance gadgets will require more advanced technology and higher density of semiconductor content, which is supported by advanced level packaging equipment manufacturers such as Mi Equipment.

For our semiconductor division under Mi Equipment, we are also continuously adding new clients and introducing our new series to existing clients. We have doubled the production output as compared to last year in our new Bayan Lepas plant. With Mi Autobotics, we can now widen our client base to other sectors such as manufacturing which requires Industrial 4.0 enabled automation or robotics solutions. These solutions will be much needed in regions where skilled labour is scarce or demands higher wages. Furthermore, Mi Components will produce products targeting the consumer market directly, further broadening our customer base beyond the semiconductor industry.

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 period under review are set out below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	108	33	126	102
Deferred Tax (RM'000)	-	-	-	-
Withholding Tax (RM'000)	24	20	39	68
Total (RM'000)	132	53	165	170
Effective Tax Rate (%)	0.75	0.38	0.39	0.46
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate of the Group for the current financial period 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.

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

B5. Taxation (cont'd)

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. The profit derived from these activities is exempted from tax for a total relief period of five (5) years 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 a second 5-year period had been submitted to Malaysian Investment Development Authority (“MIDA”) on 19 November 2018. Additional information pertaining to the next 5-year period requested by MIDA subsequently had been furnished in mid May 2019.

While 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.

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

On 8 October 2019, the Company proposed to undertake the following:

- i. Bonus issue of up to 250,000,000 new ordinary shares in Mi Technovation Berhad (“Company”) on the basis of one bonus share for every two existing Company’s shares held on an entitlement date to be determined and announced later; and
- ii. Establishment of an employees’ share grant scheme of up to ten percent of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme for the eligible executive Directors and employees of the Company and its subsidiary companies.

The listing application in relation to the above proposals has been submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 16 October 2019. Bursa Securities had vide its letter dated 23 October 2019, resolved to approve the proposals. Extraordinary General Meeting has been held on 20 November 2019 and shareholders’ approval was obtained for the proposals.

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

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	65,000	100%
2)	Construction of new factory cum office in Batu Kawan, Penang	Within 30 months	30,000	3,222	11%
3)	Set up of new engineering centres in Taiwan, China & Korea	Within 30 months (i.e. until 10 March 2022)	45,000	-	0%
4)	R&D	Within 24 months	6,000	1,500	25%
5)	Working capital	Within 36 months	36,788	18,036	49%
6)	Estimated listing expenses	Within 1 month	8,100	8,100	100%
	Total		190,888	95,858	50%

The utilization of gross proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 May 2018 as well as the announcement on Variation and Extension of Timeframe of the Utilization of Proceeds from the Initial Public Offering dated 11 September 2019.

B8. Group Borrowings and Debt Securities

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

	Unaudited	
	As at 30-Sep-2019 RM '000	As at 30-Sep-2018 RM '000
Term Loan (Secured)		
Short term portion	2,493	1,647
Long term portion	2,348	5,765
Total	4,841	7,412

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 30 September 2019.

B11. Earnings Per Share (“EPS”)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
	RM '000	RM '000	RM '000	RM '000
Profit after tax attributable to the owners of the Company (RM'000)	17,415	13,994	41,661	37,192
Weighted average number of ordinary shares in issue ('000)	498,000	500,000	499,006	415,798
Basic EPS (sen) ⁽¹⁾	3.50	2.80	8.35	8.94
Diluted EPS (sen) ⁽²⁾	3.50	2.80	8.35	8.94

Notes:

- (1) 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.
- (2) 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.

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		9 months ended	
	30-Sep-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
	RM '000	RM '000	RM '000	RM '000
Interest income	(1,051)	(1,741)	(3,308)	(2,070)
Interest expense	50	83	181	214
Depreciation of property, plant and equipment	1,277	579	2,603	1,680
Realised loss/(gain) on foreign exchange	266	(1,411)	167	596
Unrealised gain on foreign exchange	(1,498)	(563)	(1,275)	(3,099)

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

BY ORDER OF THE BOARD
21 November 2019