



Mi TECHNOVATION BERHAD

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
31 MARCH 2020

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
	RM '000	RM '000	RM '000	RM '000
Revenue	35,243	29,483	35,243	29,483
Cost of sales	(21,096)	(15,420)	(21,096)	(15,420)
Gross profit	14,147	14,063	14,147	14,063
Other operating income	8,290	1,399	8,290	1,399
Sales and marketing expenses	(1,208)	(1,932)	(1,208)	(1,932)
General and administrative expenses	(10,857)	(6,572)	(10,857)	(6,572)
Profit from operations	10,372	6,958	10,372	6,958
Finance costs	(37)	(63)	(37)	(63)
Profit before tax	10,335	6,895	10,335	6,895
Tax expense	(152)	(25)	(152)	(25)
Profit for the financial period	10,183	6,870	10,183	6,870
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	131	(2)	131	(2)
Total comprehensive income	10,314	6,868	10,314	6,868
Profit attributable to:				
Owners of the parent	10,298	6,870	10,298	6,870
Non-controlling interests	(115)	-	(115)	-
	10,183	6,870	10,183	6,870
Total comprehensive income attributable to:				
Owners of the parent	10,424	6,868	10,424	6,868
Non-controlling interests	(110)	-	(110)	-
	10,314	6,868	10,314	6,868
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽²⁾	1.37	0.92	1.37	0.92

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 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on weighted average number of ordinary shares outstanding during the financial period under review after deducting for treasury shares.

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 31-Mar-2020 RM'000	Audited As at 31-Dec-2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	107,103	90,873
Right-of-use assets	23,893	24,070
Intangible assets	2,839	2,885
Deferred tax assets	52	50
Total non-current assets	<u>133,887</u>	<u>117,878</u>
Current assets		
Inventories	65,721	48,661
Trade and other receivables	81,740	100,560
Current tax assets	70	66
Short term funds ⁽²⁾	101,173	92,981
Cash and bank balances	37,422	69,977
Total current assets	<u>286,126</u>	<u>312,245</u>
TOTAL ASSETS	<u>420,013</u>	<u>430,123</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	252,615	252,615
Treasury shares	(5,247)	(5,247)
Reserves	120,448	132,399
	<u>367,816</u>	<u>379,767</u>
Non-controlling interests	128	-
TOTAL EQUITY	<u>367,944</u>	<u>379,767</u>

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾ (Cont'd)

	Unaudited As at 31-Mar-2020 RM'000	Audited As at 31-Dec-2019 RM'000
LIABILITIES		
Non-current liabilities		
Borrowing	958	1,585
Provisions	460	523
Other payable	228	228
Lease Liabilities	95	124
Total non-current liabilities	<u>1,741</u>	<u>2,460</u>
Current liabilities		
Trade and other payables	45,337	43,185
Borrowing	2,652	2,493
Provisions	1,667	1,785
Lease Liabilities	177	202
Current tax liabilities	495	231
Total current liabilities	<u>50,328</u>	<u>47,896</u>
TOTAL LIABILITIES	<u>52,069</u>	<u>50,356</u>
TOTAL EQUITY AND LIABILITIES	<u>420,013</u>	<u>430,123</u>
Net asset per share (RM)	<u>0.49</u>	<u>0.51</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 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Short term funds comprise the following:

	31-Mar-2020 RM'000	31-Dec-2019 RM'000
Short term funds		
Money market funds	57,173	81,446
Bond Funds	44,000	11,535
	<u>101,173</u>	<u>92,981</u>

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	Non-controlling interests RM'000	
Balance as at 1 January 2020	252,615	(5,247)	42	203	(63,558)	195,712	-	379,767
Profit for the financial period	-	-	-	-	-	10,298	(115)	10,183
Other comprehensive income, net of tax	-	-	-	126	-	-	5	131
Dividends paid	-	-	-	-	-	(22,380)	-	(22,380)
Acquisition of shares from non-controlling interests	-	-	-	5	-	-	238	243
Balance as at 31 March 2020	<u>252,615</u>	<u>(5,247)</u>	<u>42</u>	<u>334</u>	<u>(63,558)</u>	<u>183,630</u>	<u>128</u>	<u>367,944</u>
Balance as at 1 January 2019	252,615	-	42	224	(63,557)	141,525	-	330,849
Profit for the financial period	-	-	-	-	-	6,870	-	6,870
Other comprehensive loss, net of tax	-	-	-	(2)	-	-	-	(2)
Balance as at 31 March 2019	<u>252,615</u>	<u>-</u>	<u>42</u>	<u>222</u>	<u>(63,557)</u>	<u>148,395</u>	<u>-</u>	<u>337,717</u>

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 2019 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	3 months ended 31-Mar-2020 RM '000	3 months ended 31-Mar-2019 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,335	6,895
Adjustments for:		
Amortisation of intangible assets	42	-
Depreciation of property, plant and equipment	1,368	545
Depreciation of right-of-use assets	183	-
Provision for warranty replacement costs	288	503
Reversal of provision for warranty replacement costs	(176)	(516)
Finance costs	37	63
Interest income	(1,820)	(1,219)
Gain on disposal of property, plant and equipment	-	(85)
Loss on fair value changes on bond funds	1,710	-
Property, plant and equipment written off	-	7
Unrealised (gain)/loss on foreign exchange	(6,458)	702
Operating profit before changes in working capital	5,509	6,895
(Increase)/Decrease in inventories	(17,060)	1,258
Decrease in trade and other receivables	23,501	7,624
Increase/(Decrease) in trade and other payables	1,318	(15,415)
Warranty paid	(293)	(79)
Cash generated from operations	12,975	283
Tax paid	(15)	(72)
Net cash from operating activities	12,960	211
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,820	1,219
Proceeds of shares from non-controlling interests	243	-
Purchase of bond funds	(34,175)	-
Purchase of property, plant and equipment	(17,648)	(14,550)
Proceeds from disposal of property, plant and equipment	37	156
Net cash used in investing activities	(49,723)	(13,175)

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

	3 months ended 31-Mar-2020 RM '000	3 months ended 31-Mar-2019 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(22,380)	-
Interest paid	(32)	(70)
Repayment of term loan	(663)	(662)
Placement of deposits pledged to a licensed bank	(3)	-
Payment of lease liabilities	(65)	-
Net cash used in financing activities	<u>(23,143)</u>	<u>(732)</u>
Net decrease in cash and cash equivalents	(59,906)	(13,696)
Effect on foreign exchange rates changes	2,962	(82)
Cash and cash equivalents at beginning of financial period	149,331	201,303
Cash and cash equivalents at end of financial period	<u><u>92,387</u></u>	<u><u>187,525</u></u>
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	35,214	81,458
Money market funds ⁽²⁾	57,173	106,067
Deposits with a licensed bank	2,208	2,079
	<u>94,595</u>	<u>189,604</u>
<u>Less:</u>		
Deposits pledged to a licensed bank	<u>(2,208)</u>	<u>(2,079)</u>
	<u><u>92,387</u></u>	<u><u>187,525</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 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Money market funds are highly liquid investments, which are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value, hence, included as part of cash and cash equivalents.

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

**RECONCILIATION OF LIABILITIES ARISING FROM
 FINANCING ACTIVITIES :**

	<u>Term loan - secured</u>	
	31-Mar-2020	31-Mar-2019
	RM '000	RM '000
As at 01-Jan	4,078	6,753
Cash flows:		
Drawdown of term loan	-	-
Repayment of term loan	(663)	(662)
Non-cash flows:		
Effect of foreign exchange	195	(72)
As at 31-Mar	<u>3,610</u>	<u>6,019</u>

	<u>Lease Liability</u>	
	31-Mar-2020	31-Mar-2019
	RM '000	RM '000
As at 01-Jan	326	-
Cash Flows:		
Payment of lease liability	(65)	-
Non-cash flows:		
Interest expenses	5	-
Effect of foreign exchange	6	-
As at 31-Mar	<u>272</u>	<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 2019 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 2019 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 2019, 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 2020, the Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2020.

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS 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>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020

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 2021

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128 <i>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 2019.

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 previous financial year. The details of shares held as treasury shares for the financial period ended 31 March 2020 were as follows:

	Number of Treasury Shares ('000)	Total Cost Consideration RM'000
Balance as at 1 January 2020 / 31 March 2020	4,000	5,247

The repurchase transactions were financed by internally generated funds.

A8. Dividends Paid

A second single-tier interim dividend of 3.0 sen per ordinary shares amounting to RM22.38 million in respect of the financial year ended 31 December 2019 was paid on 20 March 2020.

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 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 January 2020, the Company incorporated a new private limited company in the Republic of Korea namely Mi Equipment Korea Co. Ltd. ("Mi Korea") with a capital injection of USD 0.14 million (equivalent to RM 0.59 million) which represents 70% of the equity. The purpose of incorporating Mi Korea is to set-up a new engineering centre carrying out research and development activities, which is in line with the Company's announcement dated 11 September 2019.

Save for the above, there were no other changes in the composition of the Group during the current quarter 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 March 2020, 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	2,763
- Contracted but not provided for	9,275
	12,038

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/CUMULATIVE QUARTER			
	3 months ended			
	31-Mar-2020	31-Mar-2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue	35,243	29,483	5,760	20%
Profit before tax	10,335	6,895	3,440	50%

Comparison with the corresponding quarter in the previous financial year

The Group's revenue for the current quarter closed at RM35.24 million, representing an increase of 20% as compared to RM29.48 million generated in the corresponding quarter of previous year. This was mainly due to stronger demand from our customers in North East Asia region resulting from 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 RM10.34 million or 50% increase from RM6.90 million recorded in the similar quarter of the preceding year. Increased sales revenue coupled with lower commission payable to external sales agent (resulting from change in geographical sales mix) as well as foreign exchange gain from appreciation of US Dollar against Ringgit Malaysia had mitigated the impact of increase in G&A expenses (which was mainly due to headcount increase, depreciation and maintenance cost of Bayan Lepas factory), hence PBT increase.

B2. Comparison with Immediate Preceding Quarter

	INDIVIDUAL QUARTER			Changes
	3 months ended			
	31-Mar-2020	31-Dec-2019	RM'000	
	RM'000	RM'000	RM'000	%
Revenue	35,243	68,215	(32,972)	-48%
Profit before tax	10,335	17,711	(7,376)	-42%
PBT Margin	29%	26%		

The Group posted a revenue of RM35.24 million and PBT of RM10.34 million for the current quarter under review, compared to RM68.22 million and RM17.71 million for the immediate preceding quarter. Both revenue and PBT have decreased by 48% and 42% respectively.

The drop in Group's revenue and PBT were mainly due to lower sales revenue derived from our customers. Seasonally, Q1 is a low quarter and this year, the situation was exacerbated by the pandemic outbreak. However, the drop in PBT was at a lesser extent, sheltered by the foreign exchange gain arising from the appreciation of US Dollar against Ringgit Malaysia.

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

B3. Prospects for the Financial Year Ending 31 December 2020

We have not experienced significant order reductions or deferments and expect the first half of 2020 to remain status quo as most of our customers have not revised their capex budgets. At this juncture, there is little visibility for 2H2020 as our customers are adopting a wait-and-see approach due to numerous variables which are unresolved such as the timing of containment of the pandemic and trade war tensions.

The current contraction is mainly driven by the supply side as the industry has witnessed supply chain disruptions stemming from lockdowns and restrictions. We expect this is to be short term in nature and pent-up demand will resurface when the situation improves. Although our industry may experience some uncertainties in the medium term for the coming one or two quarters, the long-term positive outlook has been made clearer by the pandemic.

We believe that the overall growth in demand for chips will still be intact as technology advances. Technology is still at the forefront driving economic growth and investments into 5G, the IoT and high-performance computing are on-going. As a result of the pandemic, more applications are being developed ranging from home medical devices, disinfectors, tracking algorithms etc for mass usage. We seek to benefit from this as higher performance applications and real time data will require more advanced technology and higher density of semiconductor content. Current events further reinforced that automating the supply chain is crucial to minimise disruptions stemming from manpower risks or labour shortages and the adoption of Industry 4.0 is expected to accelerate from here. In the longer run and with the potential decoupling of supply chains, we can be a beneficiary if we are able to seize this opportunity to supply equipment and automation solutions to the new sites.

With our solid financial position, we are well positioned to weather potential near-term challenges and will continue to execute our strategy for medium and long-term growth, positioning ourselves to capture the resurgence in demand. This includes investment in both capacities and technologies to remain relevant.

B4. Profit Forecast

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

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

B5. Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	150	10	150	10
Withholding Tax (RM'000)	2	15	2	15
Total (RM'000)	152	25	152	25
Effective Tax Rate (%)	1.47	0.36	1.47	0.36
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate of the Group for the current quarter 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. 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.

On 31 January 2020, Mi Equipment (M) Sdn Bhd has obtained approval from Malaysian Investment Development Authority ('MIDA') for another five (5)-year pioneer period, i.e. from 18 January 2019 to 17 January 2024.

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.

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

B6. Status of Corporate Proposals

There were no corporate proposals announced that are not completed as at the date of this interim financial report.

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	17,962	60%
3)	Set up of new engineering centres in Taiwan, China & Korea	Within 30 months [#]	45,000	2,675	6%
4)	R&D	Within 24 months	6,000	3,750	63%
5)	Working capital	Within 36 months	36,788	22,036	60%
6)	Estimated listing expenses	Within 1 month	8,100	8,100	100%
	Total		190,888	119,523	63%

Notes:

From 11 September 2019 until 10 March 2022.

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.

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

B8. Group Borrowings and Debt Securities

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

	Unaudited	
	As at	
	31-Mar-2020	31-Mar-2019
	RM '000	RM '000
<u>Term Loan (Secured)</u>		
Short term portion	2,652	2,377
Long term portion	958	3,642
Total	3,610	6,019

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).

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

On 20 February 2020, the Board of Directors declared a second single-tier interim dividend of 3.0 sen per ordinary share, on 746,000,000 ordinary shares, amounting to RM22.38 million in respect of the financial year ended 31 December 2019.

The book closure and payment dates for the aforesaid dividend are 6 March 2020 and 20 March 2020 respectively.

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

B11. Earnings Per Share (“EPS”)

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31-Mar-2020	31-Mar-2019 ⁽³⁾	31-Mar-2020	31-Mar-2019 ⁽³⁾
	RM '000	RM '000	RM '000	RM '000
Profit after tax attributable to the owners of the Company (RM'000)	10,183	6,870	10,183	6,870
Weighted average number of ordinary shares in issue ('000)	746,000	750,000	746,000	750,000
Basic EPS (sen) ⁽¹⁾	1.37	0.92	1.37	0.92
Diluted EPS (sen) ⁽²⁾	1.37	0.92	1.37	0.92

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.
- (3) 2019 weighted average number of ordinary shares has been restated to reflect the increased number of shares arising from the bonus issue during the year. Hence, the calculation of basic and diluted EPS is adjusted accordingly.

B12. Profit Before Tax

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
	RM '000	RM '000	RM '000	RM '000
Interest income	(1,820)	(1,219)	(1,820)	(1,219)
Interest expense	37	63	37	63
Amortisation of intangible asset	42	-	42	-
Depreciation of property, plant and equipment	1,368	545	1,368	545
Depreciation of right-of-use asset	183	-	183	-
Realised loss on foreign exchange	70	311	70	311
Unrealised (gain)/loss on foreign exchange	(6,458)	702	(6,458)	702

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
18 May 2020