

UWC BERHAD
(Company No. 201801012223) (1274239-A)
(Incorporated in Malaysia under the Companies Act 2016)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 OCTOBER 2019 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.10.2019	⁽²⁾31.10.2018	31.10.2019	⁽²⁾31.10.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	46,910	N/A	46,910	N/A
Cost of sales	(29,811)	N/A	(29,811)	N/A
Gross profit	17,099	N/A	17,099	N/A
Other income	1,078	N/A	1,078	N/A
Administrative and other expenses	(3,163)	N/A	(3,163)	N/A
Finance costs	(227)	N/A	(227)	N/A
Profit before tax	14,787	N/A	14,787	N/A
Taxation	(3,572)	N/A	(3,572)	N/A
Profit for the financial period, attributable to owners of the parent	11,215	N/A	11,215	N/A
Other comprehensive income, net of tax:				
Items that may be subsequently reclassified to profit or loss	-	N/A	-	-
Total comprehensive income, attributable to owners of the parent	11,215	N/A	11,215	N/A
Earnings per share attributable to owners of the parent:				
Basic and diluted ⁽³⁾ (sen)	3.06	N/A	3.06	N/A

Notes:

N/A Not applicable.

- (1) The Unaudited 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 Jul 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the preceding year and the preceding quarter are presented as this is the third interim financial report on the consolidated results for the period ended 31 October 2019 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 under review.

UWC BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2019 ⁽¹⁾

	Unaudited as at 31 October 2019	Audited as at 31 July 2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	99,742	95,785
Current assets		
Inventories	35,023	37,080
Trade and other receivables	46,239	43,667
Contract assets	850	880
Cash and bank balances	49,160	54,418
TOTAL ASSETS	231,014	231,830
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	115,467	115,467
Reserves	72,264	61,049
TOTAL EQUITY	187,731	176,516
Non-current liabilities		
Borrowings	4,093	11,947
Government grants	4,446	4,741
Deferred tax liabilities	4,169	4,067
Current liabilities		
Trade and other payables	20,507	17,694
Borrowings	5,268	12,818
Government grants	1,178	1,178
Current tax liabilities	3,622	2,869
TOTAL LIABILITIES	43,283	55,314
TOTAL EQUITY AND LIABILITIES	231,014	231,830

Note:

- (1) The Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 July 2019 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FIRST QUARTER ENDED 31 OCTOBER 2019 ⁽¹⁾

	<u>Non-distributable</u>		<u>Distributable</u>	Total equity RM'000
	Share capital	Reorganisation debit reserve	Retained earnings	
	RM'000	RM'000	RM'000	
Balance as at 1 August 2019	115,467	(56,226)	117,275	176,516
Profit for the financial period	-	-	11,215	11,215
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	11,215	11,215
Balance as at 31 October 2019	115,467	(56,226)	128,490	187,731

Note:

- (1) The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 July 2019 and the accompanying explanatory notes attached to the interim financial report.

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UWC BERHAD

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 OCTOBER 2019 ⁽¹⁾

	3-months ended 31 October 2019 RM'000	3-months ended 31 October 2018⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,787	N/A
Adjustments for:		
Amortisation of government grants	(295)	N/A
Depreciation of property, plant and equipment	2,408	N/A
Finance costs	227	N/A
Interest income	(329)	N/A
Reversal of allowance for impairment loss	(96)	N/A
Operating profit before changes in working capital	<u>16,702</u>	<u>N/A</u>
Decrease in inventories	2,057	N/A
Increase in trade and other receivables	(2,476)	N/A
Decrease in contract assets	30	N/A
Increase in trade and other payables	2,813	N/A
Cash generated from operations	<u>19,126</u>	<u>N/A</u>
Interest paid	(227)	N/A
Tax paid	(2,717)	N/A
Net cash from operating activities	<u>16,182</u>	<u>N/A</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	329	N/A
Purchase of property, plant and equipment	(6,365)	N/A
Net cash (used) in investing activities	<u>(6,036)</u>	<u>N/A</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bankers' acceptance	7,000	N/A
Repayment of:		
- Bankers' acceptance	(11,000)	N/A
- Hire purchase payables	(10,857)	N/A
- Term loans	(547)	N/A
Net cash (used) in financing activities	<u>(15,404)</u>	<u>N/A</u>
Net decrease in cash and cash equivalents	(5,258)	N/A
Cash and cash equivalents at beginning of financial year	<u>54,418</u>	<u>N/A</u>
Cash and cash equivalents at end of financial year	<u>49,160</u>	<u>N/A</u>

Notes:

N/A Not applicable.

- (1) The Unaudited Consolidated Statement of Cash Flows Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 July 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the corresponding period of preceding year are presented as this is the third interim financial report on the consolidated results for the period ended 31 October 2019 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of UWC Berhad (“**UWC**” or the “**Company**”) and its subsidiaries (collectively, 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 (“**Listing Requirements**”).

This is the third interim financial report on the Company’s consolidated results for the first quarter ended 31 October 2019 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 July 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in audited financial statements for the financial year ended 31 Jul 2019, except for the adoption of the following MFRSs and Amendment to MFRSs and Interpretation.

(a) New MFRSs adopted during the financial period.

The Group and the Company adopted the following Standards of the MFRS Framework that was issued by the Malaysian Accounting Standards Board (‘MASB’) for annual financial 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
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> IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

There is no material impact upon the adoption of the above Standards during the financial period.

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.

The Standards that are issued but not in effect up to the date of issuance of financial statements of the Group are disclosed below. The Group intend to adopt these Standards, if applicable, when they become effective.

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 MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
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, other than MFRS 16, since the effects would only be observable for the future financial years. The Group is currently finalising the adjustments upon adoption of MFRS 16.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 July 2019.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal or cyclical trend during the current quarter and financial period under review.

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 period under review.

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

A8. Dividend Paid

No dividend was paid during the current quarter and financial period under review.

A9. Segmental Information

The Group is principally involved in investment holding, provision of precision sheet metal fabrication and value-added assembly services, and the fabrication of precision machined components.

For management purposes, the Group is organised into business units based on its products and services. The reportable segments of the Group are as follows:

- (a) Investment holding;
- (b) Provision of sheet metal fabrication and value-added assembly services; and
- (c) Provision of precision machined components.

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A9. Segmental Information (Cont'd)

The Group's segmental information for the current quarter and financial period under review are as follows:

31st October 2019	Investment holding RM'000	Provision of sheet metal fabrication and value-added assembly services RM'000	Provision of precision machined components RM'000	Eliminations RM'000	Consolidated RM'000
<u>Results</u>					
Revenue from external customers	-	42,409	4,501	-	46,910
Inter-segment revenue	-	10,891	3,617	(14,508)	-
Total revenue	-	53,300	8,118	(14,508)	46,910
Interest income	221	74	34	-	329
Interest expense	-	(127)	(100)	-	(227)
Net interest income	221	(53)	(66)	-	102
Segment (loss)/profit before tax	(263)	14,264	422	364	14,787

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A10. Material Events Subsequent to the end of the Quarter

Save as disclosed in Note B6 on the Status of Corporate Proposals, there were no other material events subsequent to the end of the current quarter and financial period 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 and financial period under review.

A12. Contingent Liabilities and Contingent Assets

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

A13. Material Capital Commitment

Save as disclosed below, as at 31 October 2019, the Group does not have any other material capital commitment:

	RM'000
Capital expenditure in respect of purchase of property, plant and equipment	
- Approved and contracted for	9,796
- Approved but not contracted for	19,498
Total	29,294

A14. Significant Related Party Transactions

Below is transaction with companies in which a Director/his spouse and persons connected to them having controlling interests during the financial period ended 31st October 2019.

	RM'000
Rental of premises	73.2

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 period under review.

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B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded revenue and profit before tax (“PBT”) of RM46.9 million and RM14.8 million respectively for the quarter and financial period under review. The revenue and PBT are mainly contributed by its semiconductor industry customers.

There are no comparative figures for the preceding year’s corresponding quarter as these are the third interim financial statements on the consolidated results for the quarter ended 31st October 2019 being announced by the company in compliance with the Listing Requirements.

B2. Comparison with Immediate Preceding Quarter

The Group’s revenue for current quarter under review remain consistent at RM46.9 as compare to the preceding quarter. The demand remains strong especially on the test equipment from Semiconductor industry. Nonetheless, demand from life-science industry remain steady.

In terms of the profit before tax (“PBT”), the Group’s PBT increased by 6.5% to RM14.8 million as compared to PBT of RM 13.9 million in the preceding quarter. The slight increase in PBT as compared to preceding quarter due to high listing expense in preceding quarter.

B3. Prospects

The group remains optimistic on the business prospect for financial year ending 31st July 2020, in spite of the unfavourable market sentiment and trade tensions between China and US. Nonetheless, the group will continue our effort in acquiring new customers and improve our performance. In addition, with new machines that dock into the factory, the group will continue improve the manufacturing efficiency as well as developing new products with existing and new customers with the new machine and further grow the company.

B4. Profit Forecast

The Group did not issue any revenue or profit estimate, forecast, projection or internal targets in any public document.

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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 as follows:

	3-months ended 31 October 2019 RM'000	3-months ended 31 October 2018 ⁽¹⁾ RM'000
Income tax		
• current year provision	3,511	N/A
Deferred tax		
• Current year provision	102	N/A
Real property gain tax		
• (over) provision in prior year	(41)	N/A
Overall tax expenses	3,572	N/A
Effective tax rate (%)	24.2	N/A
Statutory tax rate (%)	24.0	N/A

Notes:

N/A Not applicable.

(1) No comparative figures for the corresponding period of preceding year are presented as this is the third interim financial report on the consolidated results for the period ended 31 October 2019 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

B6. Status of Corporate Proposals

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

B7. Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue amounting to RM57.4 million is expected to be utilised in the following manner:

Details	⁽¹⁾ RM'000	Actual Utilization RM'000	Percentage utilized %	Estimated time frame for use of proceeds from the date of the Listing
Purchase of new machinery and equipment				
- CNC machines	27,416	3,768	13.7	Within 36 months
- Industrial robotic arms and material handling system	4,700	297	6.3	Within 36 months
Repayment of bank borrowings	18,000	18,000	100.0	Within 12 months
Working capital	2,868	916	31.9	Within 12 months
Estimated listing expenses	4,416	4,416	100.0	Within 2 months
Total	57,400	27,397		

Note:

(1) The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 17 June 2019.

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B8. Group Borrowings and Debt Securities

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

	3-months ended 31 October 2019 (RM'000)	Audited as at 31 July 2019 (RM'000)
Current liabilities		
Hire purchase creditors	-	3,609
Term loan	2,268	2,209
Bankers' acceptance	3,000	7,000
	5,268	12,818
Non-current liabilities		
Hire purchase creditors	-	7,248
Term loan	4,093	4,699
	4,093	11,947
Total borrowings	9,361	24,765

All the Group's borrowings are denominated in RM, secured and interest-bearing.

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

On 15 November 2019, the Group proposed a final exempt dividend of 3.0 sen per share for the financial year ended 31 July 2019, subject to the approval of members at the forthcoming Annual General Meeting.

B11. Earnings Per Share ("EPS")

The basic and diluted EPS for the current quarter and financial period are computed as follows:

	3-months ended 31 October 2019	3-months ended 31 October 2018 ⁽¹⁾
Profit after tax attributable to the owners of the parent (RM'000)	11,215	N/A
Weighted average number of ordinary shares in issue ('000)	366,800	N/A
Basic EPS ⁽²⁾ (sen)	3.06	N/A
Diluted EPS ⁽³⁾ (sen)	3.06	N/A

Notes:

N/A Not applicable.

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B11. Earnings Per Share (“EPS”) (Cont’d)

- (1) No comparative figures for the corresponding period of preceding year are presented as this is the third interim financial report on the consolidated results for the period ended 31 October 2019 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (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 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.

B12. Profit Before Tax

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

	3-months ended 31 October 2019 RM’000	3-months ended 31 October 2018⁽¹⁾ RM’000
Interest income	(329)	N/A
Interest expense	227	N/A
Depreciation of property, plant and equipment	2,408	N/A
Amortisation of government grants	(295)	N/A
Realised gain on foreign exchange	(248)	N/A
Scrap income	(95)	N/A
Miscellaneous income	(111)	N/A

Notes:

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

N/A Not applicable.

- (1) No comparative figures for the corresponding period of preceding year are presented as this is the third interim financial report on the consolidated results for the period ended 31 October 2019 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.