

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2018
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
The figures have not been audited

	Note	Individual Period (4th quarter)		Cumulative Period	
		Current Quarter Ended	Corresponding Quarter Ended	Current Year To-date Ended	Corresponding Year To-date Ended
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		82,239	104,790	327,956	304,558
Cost of sales		(52,829)	(70,196)	(216,497)	(214,987)
Gross profit		29,410	34,594	111,459	89,571
Administrative and operating expenses		(10,450)	(11,964)	(45,344)	(41,384)
Other operating income		3,483	2,765	9,704	8,073
Results from operating activities		22,443	25,395	75,819	56,260
Finance costs		(222)	(194)	(1,073)	(277)
Share of profit/(loss) of equity-accounted associate, net of tax		14	(45)	39	(110)
Profit before tax		22,235	25,156	74,785	55,873
Tax expense	23	(251)	(117)	(4,668)	(4,726)
Profit for the period / year		21,984	25,039	70,117	51,147
Other comprehensive expense, net of tax					
Items that will not be reclassified to profit or loss					
Equity investment at FVOCI* - net change in fair value		(234)	-	(569)	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations - foreign currency translation differences		115	(869)	500	(2,184)
Available-for-sale financial assets - net change in fair value		-	(2)	-	437
		115	(871)	500	(1,747)
Other comprehensive expense for the period / year, net of tax		(119)	(871)	(69)	(1,747)
Total comprehensive income for the period / year		21,865	24,168	70,048	49,400

* FVOCI - Fair Value Through Other Comprehensive Income

	Individual Period (4th quarter)		Cumulative Period	
	Current Quarter Ended 31/12/2018	Corresponding Quarter Ended 31/12/2017	Current Year To-date Ended 31/12/2018	Corresponding Year To-date Ended 31/12/2017
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	21,984	25,039	70,117	51,147
Profit for the period / year	21,984	25,039	70,117	51,147
Total comprehensive income attributable to :				
Owners of the Company	21,865	24,168	70,048	49,400
Total comprehensive income for the period / year	21,865	24,168	70,048	49,400
Earnings per ordinary share (sen)	28			
- Basic [^]	3.29	3.78	10.50	7.72
- Diluted [^]	3.29	3.77	10.49	7.70

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 31 December 2017. The accompanying notes are an integral part of this Statement.

[^] Adjusted for Subdivision and Bonus Issue during the financial year.

GLOBETRONICS TECHNOLOGY BHD (410285-W)

INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2018

Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Assets			
Property, plant and equipment	22	145,441	150,105
Investment property		6,850	7,107
Investment in an associate		5,348	5,309
Other investments		8,191	8,514
Deferred tax assets	24	899	1,379
Total non-current assets		166,729	172,414
Inventories		12,619	13,464
Current tax assets		1,169	403
Trade receivables	25	72,056	82,060
Other receivables, deposits and prepayments		2,489	12,450
Cash and cash equivalents		121,007	116,352
Total current assets		209,340	224,729
Total assets		376,069	397,143
Equity			
Share capital		185,772	178,904
Reserves			
Share option reserve		2,500	2,398
Capital reserve		41	32
Fair value reserve		87	656
Translation reserve		3,031	2,531
Retained earnings		109,714	96,824
Total equity attributable to owners of the Company		301,145	281,345
Liabilities			
Deferred income		4,038	6,552
Loans and borrowings	26	4,157	24,402
Total non-current liabilities		8,195	30,954
Loans and borrowings	26	20,785	26,794
Current tax liabilities		71	427
Trade payables		6,915	17,295
Other payables and accruals		38,958	40,328
Total current liabilities		66,729	84,844
Total liabilities		74,924	115,798
Total equity and liabilities		376,069	397,143
Net assets per share (RM)		0.45	0.42

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2017. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← <i>Attributable to owners of the Company</i> →						
	← <i>Non-distributable</i> →			→ <i>Distributable</i> →			
	Share capital RM'000	Share option reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
12 months ended 31/12/2018							
At 1 January 2018	178,904	2,398	32	656	2,531	96,824	281,345
Foreign currency translation differences for foreign operations	-	-	-	-	500	-	500
Fair value of available-for-sale financial assets	-	-	-	(569)	-	-	(569)
Total other comprehensive (expense)/income for the year	-	-	-	(569)	500	-	(69)
Profit for the year	-	-	-	-	-	70,117	70,117
Total comprehensive (expense)/income for the year	-	-	-	(569)	500	70,117	70,048
Contributions by and distributions to owners of the Company							
Issuance of new ordinary shares pursuant to ESOS 2014	5,878	-	-	-	-	-	5,878
Share-based payment transactions	-	1,092	-	-	-	-	1,092
Dividends to owners of the Company	-	-	-	-	-	(57,218)	(57,218)
Capital redemption reserve	-	-	9	-	-	(9)	
Total transactions with owners of the Company	5,878	1,092	9	-	-	(57,227)	(50,248)
Transfer to share capital for share options exercised	990	(990)	-	-	-	-	-
At 31 December 2018	185,772	2,500	41	87	3,031	109,714	301,145

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Attributable to owners of the Company →							Total equity
	← Non-distributable →			→ Distributable				
	Share capital	Share premium	Share option reserve	Capital reserve	Fair Value reserve	Translation reserve	Retained earnings	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31/12/2017								
At 1 January 2017	140,947	24,163	2,940	32	219	4,715	91,131	264,147
Foreign currency translation differences for foreign operations	-	-	-	-	-	(2,184)	-	(2,184)
Fair value of available-for-sale financial assets	-	-	-	-	437	-	-	437
Total other comprehensive income/(expense) for the year	-	-	-	-	437	(2,184)	-	(1,747)
Profit for the year	-	-	-	-	-	-	51,147	51,147
Total comprehensive income/(expense) for the year	-	-	-	-	437	(2,184)	51,147	49,400
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	11,907	36	-	-	-	-	-	11,943
Share-based payment transactions	-	-	1,309	-	-	-	-	1,309
Dividends to owners of the Company	-	-	-	-	-	-	(45,454)	(45,454)
Total transactions with owners of the Company	11,907	36	1,309	-	-	-	(45,454)	(32,202)
Transfer to no-par value regime on 31 January 2017	24,199	(24,199)	-	-	-	-	-	-
Transfer to share capital for share options exercised	1,851	-	(1,851)	-	-	-	-	-
At 31 December 2017	178,904	-	2,398	32	656	2,531	96,824	281,345

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2017. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2018
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		12 months ended 31/12/2018	12 months ended 31/12/2017
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		74,785	55,873
Adjustments for:-			
Depreciation of property, plant and equipment		37,022	28,482
Depreciation of investment property		257	257
Property, plant and equipment written off		100	3
Impairment loss on property, plant and equipment		3,042	94
Impairment loss on trade receivables		302	-
Gain on disposal of property, plant and equipment	22	(7)	(1,155)
Interest income		(2,937)	(3,438)
Amortisation of deferred income		(3,151)	(3,007)
Share of (profit)/loss of equity-accounted associate, net of tax		(39)	110
Share-based payments		1,092	1,309
Finance costs		1,073	277
Unrealised loss/(gain) on foreign exchange for loans and borrowings		442	(1,874)
Operating profit before changes in working capital		111,981	76,931
Change in inventories		893	(4,577)
Change in trade and other receivables		19,759	(54,116)
Change in trade and other payables		(11,810)	19,099
Cash generated from operations		120,823	37,337
Tax paid		(5,309)	(6,026)
Net cash generated from operating activities		115,514	31,311
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	22	(35,503)	(103,847)
Acquisition of other investments	8	(1,181)	(116)
Proceeds from disposal of:			
- property, plant and equipment	22	10	1,697
- other investments	8	1,000	393
Interest received		2,937	3,438
Net cash used in investing activities		(32,737)	(98,435)

12 months ended 31/12/2018 RM'000	12 months ended 31/12/2017 RM'000
------------------------------------------------------	------------------------------------------------------

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid to owners of the Company	(57,218)	(45,454)
Drawdown of term loans	18,660	15,251
Repayment of term loans	(21,459)	(12,513)
(Repayment)/drawdown of other borrowings, net	(23,958)	50,332
Proceeds from issue of ordinary shares	5,878	11,943
Interest paid	(1,073)	(277)
Grant received	638	333
Net cash (used in)/generated from financing activities	(78,532)	19,615
Net increase/(decrease) in cash and cash equivalents	4,245	(47,509)
Effect of exchange rate fluctuations on cash held	410	(1,781)
Cash and cash equivalents as at 1 January	116,352	165,642
Cash and cash equivalents as at 31 December	121,007	116,352

Cash and cash equivalents

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise :

Funds placed with financial institutions:

- Short term investment funds	63,292	58,962
- Short term deposits	25,802	24,745
Cash and bank balances	31,913	32,645
	121,007	116,352

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2017. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2018
Notes to the condensed consolidated interim financial statements

1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia, requirements of the Companies Act 2016 ("CA 2016") that became effective on 31 January 2017 and paragraph 9.22 and Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2017.

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2018. The adoption of MFRS 9 and MFRS 15 from 1 January 2018 does not have any significant impact to the financial report of the Group.

2. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2017 except for those as disclosed in Note 1 above.

The changes in the accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

3. Audit Report of Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements for the year ended 31 December 2017 was unmodified.

4. Changes in Estimates

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that was applied to the financial statements as at and for the year ended 31 December 2017.

There were no changes in estimates of amounts reported in the prior financial periods that have a material effect in the current quarter/year.

5. Comparative Figures

Certain comparative figures have been reclassified to conform with current period/year's presentation.

6. Material Impairment of Assets

During the year, the Group assessed the recoverable amount of a number of assets related to the manufacturing of certain product lines. Based on the assessment, the recoverable amount of the assets were lower than the carrying amount. Therefore, an impairment loss of RM3.04 million in relation to the assets was recognised in the accounts.

7. **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

During the financial period/year under review, there were no items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their nature, size, or incidence.

8. **Quoted Securities and Bond**

There were purchases of quoted investments during the financial period/year under review, as disclosed below:

	12 months ended 31/12/2018 RM'000
Purchases	1,181
Sales	1,000
Gain on disposal of investments	-

9. **Unquoted Investments**

During the financial period/year to date, there was no disposal of unquoted investment by the Group.

10. **Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial year to date.

11. **Debt and Equity Securities**

There were no issuance and repayments of debt and equity securities, share buy back, shares held as treasury stocks and resale of treasury shares for the financial period/year to date except for the following:

- (i) Issuance of the following ordinary shares exercised by the eligible employees pursuant to the Company's ESOS;

Exercise price after Subdivision and Bonus Issue:

ESOS Option Price RM per share	Number of Shares '000
1.41	181.3
1.67	14.0
1.78	1,722.9
2.04	26.0
2.17	271.8
2.51	36.9

Exercise price before Subdivision and Bonus Issue:

ESOS Option Price RM per share	Number of Shares '000
3.29	272.1
3.90	2.0
4.17	57.4
4.77	22.1
5.07	92.6
5.86	13.6

- (ii) Subdivision of every one (1) existing ordinary share of the Company into two (2) ordinary shares ("subdivided shares") whereby 285,763,840 ordinary shares in the Company was subdivided into 571,527,680 ordinary shares on 30 May 2018; and

- (iii) Issuance of 95,252,488 ordinary shares on 30 May 2018 pursuant to a bonus issue exercise on the basis of one (1) bonus shares for every six (6) subdivided shares held in the Company.

12. **Changes in Contingent Liabilities**

The Group has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM89.9 million of which RM28.8 million has been utilized as at 31 December 2018, a decrease of RM25.7 million as compared to 31 December 2017.

13. **Operating Segments**

The Group's operating segment comprises of only one key business activities, which is the manufacture, assembly, testing and sales of integrated circuits, chip carrier quartz crystal products, optoelectronic products, LED lighting system, LED components and modules, small outline components, sensors and optical products and technical plating services for the semiconductor and electronics industries.

The Group's geographical segmental report for the financial year-to-date is as follows:-

Analysis By Geographical Segments

12 months ended 31/12/2018

	South East Asia RM'000	North America RM'000	Others RM'000	Group RM'000
Segment profit/(loss) before taxation	69,116	3,837	(32)	72,921
Revenue from external customer	310,509	17,193	254	327,956

12 months ended 31/12/2017

	South East Asia RM'000	North America RM'000	Others RM'000	Group RM'000
Segment profit before taxation	48,418	4,018	276	52,712
Revenue from external customer	285,869	18,467	222	304,558

	31/12/2018 RM'000	31/12/2017 RM'000
Reconciliation of segment profit:		
Reportable segments	72,921	52,712
Finance costs	(1,073)	(277)
Interest income	2,937	3,438
Consolidated profit before taxation	<u>74,785</u>	<u>55,873</u>
Tax expense	(4,668)	(4,726)
Consolidated profit after taxation	<u><u>70,117</u></u>	<u><u>51,147</u></u>

14. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with:

- i) Subsidiaries and associate of the Company as disclosed in Note 5 and Note 6 of the audited Consolidated Financial Statements of the Group as at and for the year ended 31 December 2017;
- ii) Key management personnel; and
- iii) Companies in which a Director, Mr. Ng Kweng Chong is deemed to have substantial financial interest:
 - Ng Kweng Chong Holdings Sdn. Bhd. (Company No: 51580 - M)
 - Wiserite Sdn. Bhd. (Company No: 410593 - W)
 - Glencare Sdn. Bhd. (Company No: 549058 - U)

Significant related party transactions are as follows:

	12 months ended 31/12/2018 RM'000
i) Transactions with an associate <i>NGK Globetronics Technology Sdn Bhd</i>	
Rental of investment property	1,883
Provision of management support services	<u>192</u>

15. Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the balance sheet date.

16. Seasonal/Cyclical Factors

The business operations of the Group are not affected by any major seasonal or cyclical factors other than the volatility of the customers' demand which is inherent in the industry that we operate in.

17. Dividends Paid

A third interim single tier ordinary dividend of 2 sen (2017: 2 sen) per share and a single tier special dividend of 4 sen (2017: 3 sen) per share, totalling RM17.14 million in respect of the financial year ended 31 December 2017 was paid on 30 March 2018 to Depositors who are registered in the Record of Depositors of the Company on 19 March 2018.

A first interim single tier ordinary dividend of 1 sen (2017: 1 sen) per share and a single tier special dividend of 2 sen (2017: 1 sen) per share, totalling RM20.01 million (2017: RM14.23 million) in respect of the financial year ended 31 December 2018 was paid on 11 July 2018 to Depositors who are registered in the Record of Depositors of the Company on 29 June 2018.

A second interim single tier ordinary dividend of 1 sen (2017: 1 sen) per share and a single tier special dividend of 2 sen (2017: 2 sen) per share, totalling RM20.07 million (2017: RM17.11 million) in respect of the financial year ended 31 December 2018 was paid on 4 December 2018 to Depositors who are registered in the Record of Depositors of the Company on 22 November 2018.

18. **Overall Review of Group's Financial Performance And Segmental Analysis**

Financial review for current quarter and financial year to date

	Individual Period (4th quarter)			Cumulative Period		
	Current Quarter Ended	Corresponding Quarter Ended	Changes	Current Year To-date Ended	Corresponding Year To-date Ended	Changes
	31/12/2018	31/12/2017		31/12/2018	31/12/2017	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	82,239	104,790	-22	327,956	304,558	8
Operating Profit	22,443	25,395	-12	75,819	56,260	35
Profit Before Interest and Tax	22,457	25,350	-11	75,858	56,150	35
Profit Before Tax	22,235	25,156	-12	74,785	55,873	34
Profit After Tax	21,984	25,039	-12	70,117	51,147	37
Profit Attributable to Owners of the Company	21,984	25,039	-12	70,117	51,147	37

The Group's revenue and net profit for the quarter under review was RM82.2 million and RM22 million, a decrease of 22% and 12% respectively as compared to RM104.8 million and RM25 million in the corresponding quarter ended 31 December 2017.

The lower revenue and net profit in the current quarter was mainly due to lower volume loadings of certain products especially in December 2018 from certain customers in the Group.

For the year under review, the Group recorded a higher revenue and net profit of RM328 million and RM70.1 million as compared to RM304.6 million and RM51.1 million respectively in last year (increase of 8% and 37% respectively). South East Asia segment recorded sales increase as compared to last year.

The higher revenue and net profit achieved in the current year was mainly due to:

- (i) The overall pick up in volume loadings from certain customers in the Group;
- (ii) Better utilisation of our operational resources and facilities; and
- (iii) Forex gain of RM0.98 million recognised in the income statement as compared to a forex loss of RM1.5 million for the last year ended 31 December 2017.

19. **Material Changes in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter**

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes
	31/12/2018	30/9/2018	
	RM'000	RM'000	%
Revenue	82,239	87,704	-6
Operating Profit	22,443	25,212	-11
Profit Before Interest and Tax	22,457	25,223	-11
Profit Before Tax	22,235	24,942	-11
Profit After Tax	21,984	23,604	-7
Profit Attributable to Owner of the Company	21,984	23,604	-7

The Group's revenue for the quarter under review was RM82.2 million, a decrease of 6% from the preceding quarter of RM87.7 million while the net profit after tax of the Group for the quarter was RM22 million, a decrease of 7% from the preceding quarter of RM23.6 million.

The lower revenue and net profit were mainly due to softer volume loadings from certain customers in the Group and an impairment loss on property, plant and equipment of RM3.04 million recognised in the accounts for the quarter ended 31 December 2018.

20. **Prospects**

Based on the current customers' forecast, we expect the Group's performance for the first half of 2019 to reflect the current unfavourable end market environment and the subdued mobile/smartphone demand. In addition, macroeconomic and general industry trends do not appear to offer additional support to the consumer market.

It is expected that overall business and volume loadings will start to improve in second half of 2019.

The Group will continue to focus on escalating up the value chain and riding on the R&D initiatives in new products design and development with our key customers moving forward.

21. **Variance of Actual Profit from Forecast Profit**

Not Applicable.

22. **Property, Plant and Equipment**

The carrying amount of land and buildings has been brought forward, without amendment from the previous audited financial statements.

(a) Acquisitions

During the year ended 31 December 2018, the Group acquired assets with a cost of RM35.5 million (Year ended 31 December 2017: RM103.8 million).

(b) Capital commitments

As at 31 December 2018, the Group has entered into contracts to purchase property, plant and equipment for RM4.1 million (31 December 2017: RM0.5 million).

(c) Disposals

Assets with a carrying amount of RM3.2K were disposed of during the year ended 31 December 2018 (Year ended 31 December 2017: RM0.5 million), resulting in a gain on disposal of RM7.2K (Year ended 31 December 2017: gain of RM1.2 million), which is included as other operating income in the income statement.

There were no amendments to the valuation of property, plant and equipment brought forward.

23. **Tax Expense**

	3 months ended		12 months ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia	- current period / year	1,307	652	5,861
	- prior periods / years	(1,336)	(140)	(1,673)
		<u>(29)</u>	<u>512</u>	<u>4,188</u>
Deferred tax expense				
Malaysia	- current period / year	280	(679)	480
	- prior periods / years	-	284	-
		<u>280</u>	<u>(395)</u>	<u>480</u>
		<u>251</u>	<u>117</u>	<u>4,726</u>

The effective tax rate of the Group is lower than the statutory tax rate in the current quarter and year-to-date mainly due to tax incentives enjoyed by certain subsidiaries in the Group.

24. **Deferred Tax Assets**

Deferred tax assets of the Group are in relation to the following:-

- i) Unutilised investment tax allowance of a subsidiary; and
- ii) Other temporary timing differences arising from accounting depreciation and capital allowances.

The Board of Directors is of the view that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

25. **Trade Receivables**

The age analysis of trade receivables is as follow:

	Current Quarter Ended 31/12/2018 RM'000	Corresponding Quarter Ended 31/12/2017 RM'000
Not past due	52,108	70,369
Past due but not impaired:		
1-30 days	18,644	11,467
31-60 days	1,322	224
Above 60 days	284	-
	20,250	11,691
Past due and impaired:		
Above 60 days	(302)	-
	<u>72,056</u>	<u>82,060</u>

The Group recognised an impairment loss of RM0.3 million relating to customers' past due invoices. The Group will continue to monitor all past due invoices closely and is confident of their eventual recovery.

26. **Loans and borrowings**

Loans and borrowings denominated in foreign currency:

	As at 31/12/2018		As at 31/12/2017	
	USD'000	RM'000 Equivalent	USD'000	RM'000 Equivalent
Non - Current				
Revolving credits - unsecured	1,000	4,157	6,000	24,402
Current				
Term loans - unsecured	-	-	673	2,738
Revolving credits - unsecured	5,000	20,785	5,915	24,056
	5,000	20,785	6,588	26,794
Total loans and borrowings	<u>6,000</u>	<u>24,942</u>	<u>12,588</u>	<u>51,196</u>

The term loans are backed by corporate guarantees of a subsidiary of the Group whilst revolving credits are backed by a corporate guarantee of the Company.

27. **Profit Before Tax**

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

	Current Quarter Ended 31/12/2018 RM'000	Corresponding Quarter Ended 31/12/2017 RM'000	Current Year To-date Ended 31/12/2018 RM'000	Corresponding Year To-date Ended 31/12/2017 RM'000
Depreciation of property, plant and equipment	13,782	12,027	37,022	28,482
Depreciation of investment property	64	64	257	257
Property, plant and equipment written off	100	3	100	3
Impairment loss on property, plant and equipment	3,042	94	3,042	94
Impairment loss on trade receivables	302	-	302	-
Inventories written down	334	604	334	604
Rental of office equipment	48	24	152	157
Rental expenses	549	183	1,849	568
Rental income	(674)	(754)	(2,703)	(2,312)
Amortization of deferred income	(1,161)	(931)	(3,151)	(3,007)
Gain on disposal of property, plant and equipment	(6)	(70)	(7)	(1,155)
Interest income	(868)	(1,057)	(2,937)	(3,438)
Finance expense	222	194	1,073	277
Reversal of inventories written down	(506)	(23)	(506)	(23)
(Gain)/loss on foreign exchange – realised	(1,074)	1,859	(1,080)	2,876
(Gain)/loss on foreign exchange – unrealised	344	(1,914)	93	(1,375)

28. **Earnings Per Ordinary Share**

After the effects of the subdivision of shares and bonus issue on basic and diluted EPS

Pursuant to the requirements of MFRS 133 Earnings per Share, the weighted average number of ordinary shares used in the calculation of basic and diluted EPS for the current and previous quarter and year ended 31 December 2018 and 31 December 2017 have been retrospectively adjusted to reflect the subdivision of shares and bonus issue, as follows:

		3 months ended		12 months ended	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
(i) Basic earnings per ordinary share					
Net profit for the period/year	(RM'000)	21,984	25,039	70,117	51,147
Issued ordinary shares at beginning of the period/year	('000)	285,304	281,894	285,304	281,894
Effect of shares issued during the period/year	('000)	1,251	2,072	1,251	2,072
Effect of subdivision of shares on 30 May 2018	('000)	285,764	283,966	285,764	283,966
Effect of bonus issue on 30 May 2018	('000)	95,252	94,646	95,252	94,646
Weighted average number of ordinary shares	('000)	667,571	662,578	667,571	662,578
Basic earnings per ordinary share	(sen)	3.29	3.78	10.50	7.72
(ii) Diluted earnings per ordinary share					
Net profit for the period/year	(RM'000)	21,984	25,039	70,117	51,147
Issued ordinary shares at beginning of the period/year	('000)	285,304	281,894	285,304	281,894
Effect of shares issued during the period/year	('000)	1,251	2,072	1,251	2,072
Effect of share option-ESOS	('000)	878	1,801	878	1,801
Effect of subdivision of shares on 30 May 2018	('000)	285,764	283,966	285,764	283,966
Effect of bonus issue on 30 May 2018	('000)	95,252	94,646	95,252	94,646
Weighted average number of ordinary shares (diluted)		668,449	664,379	668,449	664,379
Diluted earnings per ordinary share	(sen)	3.29	3.77	10.49	7.70

29. Corporate Proposals

The shareholders of the Company in an Extraordinary General Meeting held on 8 May 2018, unanimously approved the following resolutions as disclosed below:-.

- (a) proposed subdivision of every one (1) existing ordinary share of the Company into two (2) ordinary shares ("subdivided shares") held on 28 May 2018;
- (b) proposed bonus issue of up to 96,651,980 bonus shares on the basis of one (1) bonus share for every six (6) subdivided shares held on 28 May 2018. The bonus issue was effected by the capitalisation of share premium of the Company.

The subdivision of shares and bonus issue arising from the above Corporate Proposals were completed on 30 May 2018; and

- (c) proposed constitution amendments.

There were no unutilised proceeds raised from corporate proposals by the Company during the financial period/year to date.

30. Changes In Material Litigation

To date, the Company has no material litigation case pending.

31. Foreign Currency Risk Management

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and other borrowings that are denominated in a currency other than the respective functional currencies of the Group entities.

The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

32. Dividends Declared

The Board of Directors has declared a second interim dividend single tier ordinary dividend of 1 sen (2017: 1 sen) per share and a single tier special dividend of 2 sen (2017: 1 sen) per share, totalling RM20.07 million (2017: RM17.11 million) in respect of the financial year ended 31 December 2018 to Depositors who are registered in the Record of Depositors of the Company on 22 November 2018.

The above interim dividend was paid on 4 December 2018 as disclosed in Note 17 of this announcement.

By Order of the Board

Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

Joint Secretaries

Dated this 25 February 2019