

**GLOBETRONICS TECHNOLOGY BHD**

Registration No. 199601037932 (410285-W)

**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

The figures have not been audited

|  | Note | Individual Period<br>(1st quarter) |                                   | Cumulative Period                |  |
|--|------|------------------------------------|-----------------------------------|----------------------------------|--|
|  |      | Current<br>Quarter<br>Ended        | Corresponding<br>Quarter<br>Ended | Current<br>Year To-date<br>Ended | Corresponding<br>Year To-date<br>Ended |
|  |      | 31/03/2020                         | 31/03/2019                        | 31/03/2020                       | 31/03/2019                             |
| <b>Continuing operations</b>   |      | <b>RM'000</b>                      | <b>RM'000</b>                     | <b>RM'000</b>                    | <b>RM'000</b>                          |
| Revenue  |      | 53,919                             | 44,047                            | 53,919                           | 44,047                                 |
| Cost of sales  |      | (35,948)                           | (31,853)                          | (35,948)                         | (31,853)                               |
| Gross profit   |      | 17,971                             | 12,194                            | 17,971                           | 12,194                                 |
| Administrative and operating expenses  |      | (10,292)                           | (9,374)                           | (10,292)                         | (9,374)                                |
| Other operating income   |      | 3,655                              | 1,492                             | 3,655                            | 1,492                                  |
| Results from operating activities  |      | 11,334                             | 4,312                             | 11,334                           | 4,312                                  |
| Finance costs  |      | -                                  | (141)                             | -                                | (141)                                  |
| Share of profit of equity-accounted<br>associate, net of tax   |      | 69                                 | 22                                | 69                               | 22                                     |
| Profit before tax  |      | 11,403                             | 4,193                             | 11,403                           | 4,193                                  |
| Tax expense  | 22   | (515)                              | (1,101)                           | (515)                            | (1,101)                                |
| Profit for the period  |      | 10,888                             | 3,092                             | 10,888                           | 3,092                                  |
| <b>Other comprehensive income/(expense),<br/>net of tax</b>  |      |                                    |                                   |                                  |  |
| <b>Items that will not be reclassified<br/>subsequently to profit or loss</b>  |      |                                    |                                   |                                  |  |
| Net change in fair value of equity investments<br>designated at fair value through other<br>comprehensive income ("FVOCI") |      | (1,013)                            | 325                               | (1,013)                          | 325                                    |
| <b>Items that are or may be reclassified<br/>subsequently to profit or loss</b>  |      |                                    |                                   |                                  |  |
| Foreign currency translation differences<br>for foreign operations   |      | 1,184                              | (422)                             | 1,184                            | (422)                                  |
| <b>Other comprehensive income/(expense)<br/>for the period, net of tax</b>   |      | 171                                | (97)                              | 171                              | (97)                                   |
| <b>Total comprehensive income for the<br/>period</b>   |      | 11,059                             | 2,995                             | 11,059                           | 2,995                                  |

|   | Individual Period<br>(1st quarter)        |   | Cumulative Period                              |  |
|---|---|---|--|--|
|   | Current<br>Quarter<br>Ended<br>31/03/2020 | Corresponding<br>Quarter<br>Ended<br>31/03/2019 | Current<br>Year To-date<br>Ended<br>31/03/2020 | Corresponding<br>Year To-date<br>Ended<br>31/03/2019 |
|   | RM'000                                    | RM'000  | RM'000   | RM'000   |
| <b>Profit attributable to :</b>                         |   |   |  |  |
| Owners of the Company                                   | 10,888                                    | 3,092   | 10,888   | 3,092  |
| <b>Profit for the period</b>                            | <b>10,888</b>                             | <b>3,092</b>                                    | <b>10,888</b>                                  | <b>3,092</b>   |
| <b>Total comprehensive income<br/>attributable to :</b> |   |   |  |  |
| Owners of the Company                                   | 11,059                                    | 2,995   | 11,059   | 2,995  |
| <b>Total comprehensive income for the<br/>period</b>    | <b>11,059</b>                             | <b>2,995</b>                                    | <b>11,059</b>                                  | <b>2,995</b>   |
| <b>Earnings per ordinary share (sen)</b>                | 26  |   |  |  |
| - Basic   | 1.63                                      | 0.46  | 1.63   | 0.46   |
| - Diluted   | 1.63                                      | 0.46  | 1.63   | 0.46   |

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 2019. The accompanying notes are an integral part of this Statement.

# GLOBETRONICS TECHNOLOGY BHD

Registration No. 199601037932 (410285-W)

## INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

### Condensed Consolidated Statement of Financial Position

The figures have not been audited

|   | Note | As at<br>31/03/2020<br>RM'000 | As at<br>31/12/2019<br>RM'000 |
|---|------|-------------------------------|-------------------------------|
| <b>Assets</b>   |      |                               |                               |
| Property, plant and equipment                             | 21   | 110,251                       | 118,503                       |
| Investment property                                       |      | 6,529                         | 6,593                         |
| Investment in an associate                                |      | 5,511                         | 5,443                         |
| Other investments   |      | 7,096                         | 10,210                        |
| Deferred tax assets                                       |      | 213                           | 213                           |
| <b>Total non-current assets</b>                           |      | <b>129,600</b>                | <b>140,962</b>                |
| Inventories   |      | 7,721                         | 8,301                         |
| Current tax assets  |      | 744                           | 954                           |
| Trade receivables   | 23   | 42,668                        | 38,129                        |
| Other receivables, deposits and prepayments               |      | 3,972                         | 3,195                         |
| Cash and cash equivalents                                 |      | 133,261                       | 146,236                       |
| <b>Total current assets</b>                               |      | <b>188,366</b>                | <b>196,815</b>                |
| <b>Total assets</b>                                       |      | <b>317,966</b>                | <b>337,777</b>                |
| <b>Equity</b>   |      |                               |                               |
| Share capital   |      | 186,463                       | 186,463                       |
| Reserves  |      |                               |                               |
| Capital reserve   |      | 41                            | 41                            |
| Fair value reserve  |      | (269)                         | 719                           |
| Translation reserve                                       |      | 4,061                         | 2,877                         |
| Retained earnings   |      | 97,472                        | 106,692                       |
| <b>Total equity attributable to owners of the Company</b> |      | <b>287,768</b>                | <b>296,792</b>                |
| <b>Liabilities</b>  |      |                               |                               |
| Deferred income   |      | 1,634                         | 2,053                         |
| <b>Total non-current liabilities</b>                      |      | <b>1,634</b>                  | <b>2,053</b>                  |
| Loans and borrowings                                      | 24   | -                             | 4,128                         |
| Current tax liabilities                                   |      | 9                             | 28                            |
| Trade payables  |      | 5,184                         | 5,398                         |
| Other payables and accruals                               |      | 23,371                        | 29,378                        |
| <b>Total current liabilities</b>                          |      | <b>28,564</b>                 | <b>38,932</b>                 |
| <b>Total liabilities</b>                                  |      | <b>30,198</b>                 | <b>40,985</b>                 |
| <b>Total equity and liabilities</b>                       |      | <b>317,966</b>                | <b>337,777</b>                |
| <b>Net assets per share (RM)</b>                          |      | <b>0.43</b>                   | <b>0.44</b>                   |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2019. The accompanying notes are an integral part of this Statement.

# GLOBETRONICS TECHNOLOGY BHD

Registration No. 199601037932 (410285-W)

## INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

### Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

|   | ← Attributable to owners of the Company → |                           |                              |                               |                             | Total equity<br>RM'000 |
|---|---|---------------------------|------------------------------|-------------------------------|-----------------------------|------------------------|
|   | Share capital<br>RM'000                   | Capital reserve<br>RM'000 | Fair value reserve<br>RM'000 | Translation reserve<br>RM'000 | Retained earnings<br>RM'000 |                        |
| <b>3 months ended 31/03/2020</b>                                    |   |                           |                              |                               |                             |                        |
| At 1 January 2020   | 186,463                                   | 41                        | 719                          | 2,877                         | 106,692                     | 296,792                |
| Foreign currency translation differences for foreign operations     | -   | -                         | -                            | 1,184                         | -                           | 1,184                  |
| Net change in fair value of equity investment designated at FVOCI   | -   | -                         | (1,013)                      | -                             | -                           | (1,013)                |
| Total other comprehensive (expenses)/income for the period          | -   | -                         | (1,013)                      | 1,184                         | -                           | 171                    |
| Profit for the period   | -   | -                         | -                            | -                             | 10,888                      | 10,888                 |
| <b>Total comprehensive (expense)/income for the period</b>          | -   | -                         | (1,013)                      | 1,184                         | 10,888                      | 11,059                 |
| <b>Contributions by and distributions to owners of the Company</b>  |   |                           |                              |                               |                             |                        |
| Dividends to owners of the Company                                  | -   | -                         | -                            | -                             | (20,083)                    | (20,083)               |
| <b>Total transactions with owners of the Company</b>                | -   | -                         | -                            | -                             | (20,083)                    | (20,083)               |
| Transfer upon the disposal of equity investment designated at FVOCI | -   | -                         | 25                           | -                             | (25)                        | -                      |
| <b>At 31 March 2020</b>   | <b>186,463</b>                            | <b>41</b>                 | <b>(269)</b>                 | <b>4,061</b>                  | <b>97,472</b>               | <b>287,768</b>         |

# GLOBETRONICS TECHNOLOGY BHD (410285-W)

Registration No. 199601037932 (410285-W)

## INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

### Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

|  | ← Attributable to owners of the Company → |                                |                           |                              |                               |                             | Total equity<br>RM'000 |
|--|---|--------------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|------------------------|
|  | ← Non-distributable                       |                                |                           | → Distributable              |                               |                             |                        |
|  | Share capital<br>RM'000                   | Share option reserve<br>RM'000 | Capital reserve<br>RM'000 | Fair Value reserve<br>RM'000 | Translation reserve<br>RM'000 | Retained earnings<br>RM'000 |                        |
| <b>3 months ended 31/03/2019</b>                                   |   |                                |                           |                              |                               |                             |                        |
| At 1 January 2019  | 185,772                                   | 2,500                          | 41                        | 87                           | 3,031                         | 109,714                     | 301,145                |
| Foreign currency translation differences for foreign operations    | -   | -                              | -                         | -                            | (422)                         | -                           | (422)                  |
| Net change in fair value of equity investment designated at FVOCI  | -   | -                              | -                         | 325                          | -                             | -                           | 325                    |
| Total other comprehensive income/(expense) for the period          | -   | -                              | -                         | 325                          | (422)                         | -                           | (97)                   |
| Profit for the period  | -   | -                              | -                         | -                            | -                             | 3,092                       | 3,092                  |
| <b>Total comprehensive income/(expense) for the period</b>         | -   | -                              | -                         | 325                          | (422)                         | 3,092                       | 2,995                  |
| <b>Contributions by and distributions to owners of the Company</b> |   |                                |                           |                              |                               |                             |                        |
| Issuance of new ordinary shares pursuant to ESOS 2014              | 85  | -                              | -                         | -                            | -                             | -                           | 85                     |
| Dividends to owners of the Company                                 | -   | -                              | -                         | -                            | -                             | (20,073)                    | (20,073)               |
| <b>Total transactions with owners of the Company</b>               | 85  | -                              | -                         | -                            | -                             | (20,073)                    | (19,988)               |
| <b>At 31 March 2019</b>  | 185,857                                   | 2,500                          | 41                        | 412                          | 2,609                         | 92,733                      | 284,152                |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2019. The accompanying notes are an integral part of this Statement.

# GLOBETRONICS TECHNOLOGY BHD

Registration No. 199601037932 (410285-W)

## INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

### Condensed Consolidated Statement of Cash Flows

The figures have not been audited

|   |      | 3 months<br>ended<br>31/03/2020 | 3 months<br>ended<br>31/03/2019 |
|---|------|---------------------------------|---------------------------------|
|   | Note | RM'000                          | RM'000                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                                 |                                 |
| Profit before tax from continuing operations                    |      | 11,403                          | 4,193                           |
| Adjustments for:-   |      |                                 |                                 |
| Depreciation of property, plant and equipment                   |      | 9,338                           | 5,983                           |
| Depreciation of investment property                             |      | 64                              | 64                              |
| Gain on disposal of property, plant and equipment               | 21   | (54)                            | -                               |
| Interest income   |      | (781)                           | (870)                           |
| Amortisation of deferred income                                 |      | (419)                           | (514)                           |
| Share of profit of equity-accounted associate,<br>net of tax    |      | (69)                            | (22)                            |
| Interest expense  |      | -                               | 141                             |
| Unrealised loss on foreign exchange for loans and<br>borrowings |      | -                               | (295)                           |
| Operating profit before changes in working capital              |      | 19,482                          | 8,680                           |
| Change in inventories   |      | 580                             | 1,949                           |
| Change in trade and other receivables                           |      | (5,314)                         | 36,070                          |
| Change in trade and other payables                              |      | (6,224)                         | (17,859)                        |
| Cash generated from operations                                  |      | 8,524                           | 28,840                          |
| Tax paid  |      | (324)                           | (1,060)                         |
| Net cash generated from operating activities                    |      | <b>8,200</b>                    | <b>27,780</b>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                                 |                                 |
| Acquisition of property, plant and equipment                    | 21   | (1,086)                         | (1,484)                         |
| Acquisition of other investments                                | 8    | (2,019)                         | (37)                            |
| Proceeds from disposal of:                                      |      |                                 |                                 |
| - property, plant and equipment                                 |      | 54                              | 7                               |
| - other investments   | 8    | 4,356                           | -                               |
| Interest received   |      | 781                             | 870                             |
| Net cash generated/(used) in investing activities               |      | <b>2,086</b>                    | <b>(644)</b>                    |

|  | <b>3 months<br/>ended<br/>31/03/2020<br/>RM'000</b> | <b>3 months<br/>ended<br/>31/03/2019<br/>RM'000</b> |
|--|---|---|
|--|---|---|

#### CASH FLOWS FROM FINANCING ACTIVITIES

|   |                 |                 |
|---|-----------------|-----------------|
| Dividends paid to owners of the Company           | (20,083)        | (20,073)        |
| Repayment of other borrowings                     | (4,128)         | (8,331)         |
| Proceeds from issue of ordinary shares            | -               | 85              |
| Interest paid                                     | -               | (141)           |
| Net cash used in financing activities             | <b>(24,211)</b> | <b>(28,460)</b> |
| Net decrease in cash and cash equivalents         | <b>(13,925)</b> | <b>(1,324)</b>  |
| Effect of exchange rate fluctuations on cash held | 950             | (294)           |
| <b>Cash and cash equivalents as at 1 January</b>  | 146,236         | 121,007         |
| <b>Cash and cash equivalents as at 31 March</b>   | <b>133,261</b>  | <b>119,389</b>  |

#### 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 | 84,936         | 66,793         |
| - Short term deposits         | 27,521         | 21,892         |
| Cash and bank balances        | 20,804         | 30,704         |
|                               | <b>133,261</b> | <b>119,389</b> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2019. The accompanying notes are an integral part of this Statement.

# GLOBETRONICS TECHNOLOGY BHD

Registration No. 199601037932 (410285-W)

## INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

### Notes to the condensed consolidated interim financial statements

#### 1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting in Malaysia, requirements of the Companies Act 2016 ("CA 2016") 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 2019.

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 2019.

#### 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 2019.

New and revised MFRSs and IC Interpretations below that are relevant and came into effect for accounting periods beginning on or after 1 January, 2020 did not have any significant impact to the unaudited consolidated financial statements upon their initial application:

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instrument*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

#### 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 2019 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 2019.

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

#### 5. Comparative Figures

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



6. **Material Impairment of Assets**

There was no material impairment of assets during the period under review.

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

During the financial period 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 and disposal of quoted investments during the financial period under review, as disclosed below:

|           | <b>3 months ended</b> |
|-----------|-----------------------|
|           | <b>31/03/2020</b>     |
|           | <b>RM'000</b>         |
| Purchases | 2,019                 |
| Sales     | 4,356                 |

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

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

10. **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 to date.

11. **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 RM32.1 million of which RM3.7 million has been utilized as at 31 March 2020, a decrease of RM4.1 million as compared to 31 December 2019.

## 12. 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 period-to-date is as follows:-

### Analysis By Geographical Segments

#### 3 months ended 31/03/2020

|                                | <b>South East<br/>Asia<br/>RM'000</b> | <b>North<br/>America<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|--------------------------------|---------------------------------------|-------------------------------------|--------------------------|-------------------------|
| Segment profit before taxation | 10,132                                | 95                                  | 395                      | 10,622                  |
| Revenue from external customer | 50,285                                | 2,566                               | 1,068                    | 53,919                  |

#### 3 months ended 31/03/2019

|                                       | <b>South East<br/>Asia<br/>RM'000</b> | <b>North<br/>America<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|---------------------------------------|---------------------------------------|-------------------------------------|--------------------------|-------------------------|
| Segment profit/(loss) before taxation | 2,827                                 | 669                                 | (32)                     | 3,464                   |
| Revenue from external customer        | 40,246                                | 3,745                               | 56                       | 44,047                  |

|                                     | <b>31/03/2020<br/>RM'000</b> | <b>31/03/2019<br/>RM'000</b> |
|-------------------------------------|------------------------------|------------------------------|
| Reconciliation of segment profit:   |                              |                              |
| Reportable segments                 | 10,622                       | 3,464                        |
| Finance costs                       | -                            | (141)                        |
| Interest income                     | 781                          | 870                          |
| Consolidated profit before taxation | 11,403                       | 4,193                        |
| Tax expense                         | (515)                        | (1,101)                      |
| Consolidated profit after taxation  | 10,888                       | 3,092                        |

### 13. 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. 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 2019;
- 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. (Registration No: 197901007294 (51580 - M))
  - Wiserite Sdn. Bhd. (Registration No: 199601038240 (410593 - W))
  - Glencare Sdn. Bhd. (Registration No: 200101013301 (549058 - U))

#### Significant related party transactions are as follows:

|  | <b>3 months ended<br/>31/03/2020<br/>RM'000</b> |
|--|---|
| i) Transactions with an associate          |   |
| <i>NGK Globetronics Technology Sdn Bhd</i> |   |
| Rental of investment property              | 627   |
| Provision of management support services   | 33  |
|  | <hr/> <hr/>                                     |

### 14. Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the balance sheet date except for the outbreak of the Covid-19 pandemic and Movement Control Order ("MCO") imposed by the Government which restricted our Penang and Kuala Lumpur plant from operating at full capacity from 18 March 2020 to 28 April 2020.

### 15. 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.

### 16. Dividends Paid

A third interim single tier ordinary dividend of 1 sen (2019: 1 sen) per share and a single tier special dividend of 2 sen (2019: 2 sen) per share, totalling RM20.1 million (2019: RM20.1 million) in respect of the financial year ended 31 December 2019 was paid on 26 March 2020 to Depositors who are registered in the Record of Depositors of the Company on 16 March 2020.

## 17. Overall Review of Group's Financial Performance And Segmental Analysis

*Financial review for current quarter and financial period to date*

|  | Individual Period<br>(1st quarter) |                                   |         | Cumulative Period                |  |         |
|--|------------------------------------|-----------------------------------|---------|----------------------------------|--|---------|
|  | Current<br>Quarter<br>Ended        | Corresponding<br>Quarter<br>Ended | Changes | Current<br>Year To-date<br>Ended | Corresponding<br>Year To-date<br>Ended | Changes |
|  | 31/03/2020                         | 31/03/2019                        |         | 31/03/2020                       | 31/03/2019                             |         |
|  | RM'000                             | RM'000                            | %       | RM'000                           | RM'000                                 | %       |
| Revenue                                      | 53,919                             | 44,047                            | 22      | 53,919                           | 44,047                                 | 22      |
| Operating Profit                             | 11,334                             | 4,312                             | > 100   | 11,334                           | 4,312                                  | > 100   |
| Profit Before Interest and Tax               | 11,403                             | 4,334                             | > 100   | 11,403                           | 4,334                                  | > 100   |
| Profit Before Tax                            | 11,403                             | 4,193                             | > 100   | 11,403                           | 4,193                                  | > 100   |
| Profit After Tax                             | 10,888                             | 3,092                             | > 200   | 10,888                           | 3,092                                  | > 200   |
| Profit Attributable to Owners of the Company | 10,888                             | 3,092                             | > 200   | 10,888                           | 3,092                                  | > 200   |

The Group's revenue and net profit for the quarter under review was RM53.9 million and RM10.9 million, an increase of 22% and more than 200% respectively as compared to RM44 million and RM3.1 million in the corresponding quarter ended 31 March 2019.

The higher revenue and net profit achieved in the current quarter were mainly due to higher volume loadings of products and significant increase in economy of scale from certain customers in the Group.

## 18. Material Changes in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter

|   | Current<br>Quarter<br>Ended | Immediate<br>Preceding<br>Quarter<br>Ended | Changes |
|---|-----------------------------|--|---------|
|   | 31/03/2020                  | 31/12/2019                                 |         |
|   | RM'000                      | RM'000                                     | %       |
| Revenue                                     | 53,919                      | 58,956                                     | -9      |
| Operating Profit                            | 11,334                      | 14,020                                     | -19     |
| Profit Before Interest and Tax              | 11,403                      | 14,026                                     | -19     |
| Profit Before Tax                           | 11,403                      | 13,993                                     | -19     |
| Profit After Tax                            | 10,888                      | 14,537                                     | -25     |
| Profit Attributable to Owner of the Company | 10,888                      | 14,537                                     | -25     |

The Group's revenue for the quarter under review was RM53.9 million, a decrease of 9% from the preceding quarter of RM59 million while the net profit after tax of the Group for the quarter was RM10.9 million, a decrease of 25% from the preceding quarter of RM14.5 million.

The lower revenue and net profit were mainly due to:

- i) Lower volume loadings from certain of the Group's customers; and
- ii) Product shipment disruption in March 2020 arising from the Covid-19 pandemic and MCO imposed by the Government.

19. **Prospects**

The Group's financial performance may be impacted by the Covid-19 outbreak and the disruption in the global supply chain as we saw collapse of economic activities arising from the implementation of MCO, lockdown or stay at home order. The Group has taken strong initiative to mitigate the exposure and disruption in the supply chain.

Based on our customers' recent forecast and guidance, the Group is cautiously optimistic of achieving satisfactory financial performance for Year 2020.

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

Not Applicable.

21. **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 three months ended 31 March 2020, the Group acquired property, plant and equipment with a cost of RM1.1 million (Three months ended 31 March 2019: RM1.5 million).

**(b) Capital commitments**

As at 31 March 2020, the Group has entered into contracts to purchase property, plant and equipment for RM6.6 million (31 March 2019: RM2.1 million).

**(c) Disposals**

Assets with a carrying amount of RM3 were disposed of during the three months ended 31 March 2020 (Three months ended 31 March 2019: RM7K), resulting in a gain on disposal of RM54K (Three months ended 31 March 2019: gain of RM39), 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.

22. **Tax Expense**

|                             |                  | 3 months ended |              | 3 months ended |              |
|-----------------------------|------------------|----------------|--------------|----------------|--------------|
|                             |                  | 31/03/2020     | 31/03/2019   | 31/03/2020     | 31/03/2019   |
|                             |                  | RM'000         | RM'000       | RM'000         | RM'000       |
| <b>Current tax expense</b>  |                  |                |              |                |              |
| Malaysia                    | - current period | 538            | 1,001        | 538            | 1,001        |
|                             | - prior year     | (23)           | -            | (23)           | -            |
|                             |                  | <u>515</u>     | <u>1,001</u> | <u>515</u>     | <u>1,001</u> |
| <b>Deferred tax expense</b> |                  |                |              |                |              |
| Malaysia                    | - current period | -              | 100          | -              | 100          |
|                             |                  | <u>515</u>     | <u>1,101</u> | <u>515</u>     | <u>1,101</u> |

The effective tax rate of the Group is lower than the statutory tax rate in the period-to-date ended 31 March 2020 mainly due to tax incentives enjoyed by a subsidiary in the Group.

23. **Trade Receivables**

The age analysis of trade receivables is as follow:

|                        | <b>Current<br/>Quarter<br/>Ended<br/>31/03/2020<br/>RM'000</b> | <b>Corresponding<br/>Quarter<br/>Ended<br/>31/03/2019<br/>RM'000</b> |
|------------------------|--|--|
| Current (not past due) | 39,541   | 24,323   |
| 1-30 days past due     | 2,891  | 9,275  |
| 31-60 days past due    | 183  | 874  |
| Above 60 days past due | 483  | 312  |
|                        | 3,557  | 10,461   |
| <b>Credit Impaired</b> |  |  |
| Individually impaired  | (430)  | -  |
|                        | <u>42,668</u>  | <u>34,784</u>  |

The Group recognised an impairment loss of RM0.4 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.

24. **Loans and borrowings**

Loans and borrowings denominated in foreign currency:

|                                   | <b>As at 31/03/2020</b> |                              | <b>As at 31/03/2019</b> |                              |
|-----------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
|                                   | <b>USD'000</b>          | <b>RM'000<br/>Equivalent</b> | <b>USD'000</b>          | <b>RM'000<br/>Equivalent</b> |
| <b>Current</b>                    |                         |                              |                         |                              |
| Revolving credits - unsecured     | -                       | -                            | 4,000                   | 16,316                       |
| <b>Total loans and borrowings</b> | <u>-</u>                | <u>-</u>                     | <u>4,000</u>            | <u>16,316</u>                |

The revolving credits are backed by a corporate guarantee of the Company and was fully repaid in January 2020.

25. **Profit Before Tax**

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

|   | <b>Current<br/>Quarter<br/>Ended<br/>31/03/2020<br/>RM'000</b> | <b>Corresponding<br/>Quarter<br/>Ended<br/>31/03/2019<br/>RM'000</b> | <b>Current<br/>Year<br/>To-date<br/>Ended<br/>31/03/2020<br/>RM'000</b> | <b>Corresponding<br/>Year<br/>To-date<br/>Ended<br/>31/03/2019<br/>RM'000</b> |
|---|--|--|---|---|
| Depreciation of property, plant and equipment     | 9,338  | 5,983  | 9,338   | 5,983   |
| Depreciation of investment property               | 64   | 64   | 64  | 64  |
| Rental expenses                                   | 727  | 465  | 727   | 465   |
| Rental income                                     | (951)  | (675)  | (951)   | (675)   |
| Amortization of deferred income                   | (419)  | (514)  | (419)   | (514)   |
| Gain on disposal of property, plant and equipment | (54)   | -  | (54)  | -   |
| Interest income                                   | (781)  | (870)  | (781)   | (870)   |
| Interest expense                                  | -  | 141  | -   | 141   |
| (Gain)/loss on foreign exchange – realised        | (460)  | 318  | (460)   | 318   |
| (Gain)/loss on foreign exchange – unrealised      | (1,016)  | 194  | (1,016)   | 194   |

26. Earnings Per Ordinary Share ("EPS")

(i) Basic earnings per ordinary share

|   |          | 3 months ended |            | 3 months ended |            |
|---|----------|----------------|------------|----------------|------------|
|   |          | 31/03/2020     | 31/03/2019 | 31/03/2020     | 31/03/2019 |
| Net profit for the period                         | (RM'000) | 10,888         | 3,092      | 10,888         | 3,092      |
| Issued ordinary shares at beginning of the period | ('000)   | 669,445        | 669,033    | 669,445        | 669,033    |
| Effect of shares issued during the period         | ('000)   | -              | 21         | -              | 21         |
| <b>Weighted average number of ordinary shares</b> | ('000)   | 669,445        | 669,054    | 669,445        | 669,054    |
| Basic earnings per ordinary share                 | (sen)    | 1.63           | 0.46       | 1.63           | 0.46       |

(ii) Diluted earnings per ordinary share

|   |          | 3 months ended |            | 3 months ended |            |
|---|----------|----------------|------------|----------------|------------|
|   |          | 31/03/2020     | 31/03/2019 | 31/03/2020     | 31/03/2019 |
| Net profit for the period                                   | (RM'000) | 10,888         | 3,092      | 10,888         | 3,092      |
| Issued ordinary shares at beginning of the period           | ('000)   | 669,445        | 669,033    | 669,445        | 669,033    |
| Effect of shares issued during the period                   | ('000)   | -              | 21         | -              | 21         |
| Effect of share option-ESOS 2014                            | ('000)   | -              | 147        | -              | 147        |
| <b>Weighted average number of ordinary shares (diluted)</b> |          | 669,445        | 669,201    | 669,445        | 669,201    |
| Diluted earnings per ordinary share                         | (sen)    | 1.63           | 0.46       | 1.63           | 0.46       |

**27. Corporate Proposals**

- (a) There were no corporate proposals by the Company during the financial period to date except for the proposed establishment of a new Employees Share Option Scheme (ESOS) to the eligible directors and employees, to subscribe for up to ten per cent of the total and issued paid up capital of the Company.

All requisite approvals had been obtained from Bursa Malaysia Securities Berhad and an Extraordinary General Meeting will be held after the MCO is lifted to approve all the said resolutions pertaining to the ESOS.

- (b) There were no unutilised proceeds raised from corporate proposals by the Company during the financial period to date.

**28. Changes In Material Litigation**

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

**29. Foreign Currency Risk Management**

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

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.

**30. Dividends Declared**

The Board of Directors has declared a third interim single tier ordinary dividend of 1 sen (2019: 1 sen) per share and a single tier special dividend of 2 sen (2019: 2 sen) per share, totalling RM20.1 million (2019: RM20.1 million) in respect of the financial year ended 31 December 2019 to Depositors who are registered in the Record of Depositors of the Company on 16 March 2020.

The above interim dividend was paid on 26 March 2020 as disclosed in Note 16 of this announcement.

By Order of the Board

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

Joint Secretaries

Dated this 20 May 2020