

**NOTES TO THE FINANCIAL REPORT
FOR THE PERIOD ENDED MARCH 31, 2022**

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements (Condensed Report) is unaudited and has been prepared in accordance with the 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.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2021.

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

MFRSs and Amendments to MFRSs	Effective for annual period beginning on or after
MFRS 17 Insurance Contracts	January 1, 2023
Amendments to MFRS 17 Insurance Contracts	January 1, 2023
Amendments to MFRS 17 Initial Application of MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments – Comparative Information	January 1, 2023
Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9 Financial Instruments	January 1, 2023
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to MFRS 101 Disclosure of Accounting Policies and MFRS Practice Statement 2	January 1, 2023
Amendments to MFRS 108 Definition of Accounting Estimates	January 1, 2023
Amendments to MFRS 10 Sale or Contribution of Assets between an investor and its Associate or Joint Venture and MFRS 128	Deferred to a date to be determined and announced

During the current financial year, the Group has adopted all the new and revised MFRSs and IC Interpretation that are relevant and effective for an accounting period that begins on or after January 1, 2022 as follows:

- Amendments to MFRS 3 : Reference to the Conceptual Framework
- Amendments to MFRS 116 : Property, plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 : Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to MFRS Standards 2018-2020 : Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 16 Leases and MFRS 141 Agriculture

The adoption of these new and revised MFRSs and IC Interpretation does not have any material impact on the amounts reported in the financial statements of the Group in the current and previous financial year.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements was not subject to any qualification.

3. SEASONAL OR CYCLICAL FACTORS

The Group serves a wide base of multi-national companies in the consumer and industrial electrical and electronic appliances industries. The demand for the Group's products in the normal course of event is seasonal with demand peaking during the third quarter of the year.

4. UNUSUAL MATERIAL EVENT

There was no unusual material event during the reporting quarter.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amount from either the prior interim period or prior financial years.

6. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the reporting period.

7. DIVIDENDS PAID

	3 months ended March 31	
	2022	2021
	RM'000	RM'000
Interim tax exempt dividend of 7.5 Sen per share, for 2020	-	33,857
Interim tax exempt dividend of 9 Sen per share, for 2021	40,754	-
	40,754	33,857

8. REVENUE

	3 months ended March 31		3 months ended March 31	
	2022	2021	2022	2021
	RM'000	RM'000	USD'000	USD'000
Revenue	<u>47,941</u>	<u>39,607</u>	<u>11,443</u>	<u>9,805</u>

9. SEGMENT INFORMATION

Segment revenue and results

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Eliminations RM'000	Total RM'000
3 months ended March 31, 2022					
Revenue					
External sales	-	47,941	-	-	47,941
Inter-segment sales	447	-	202	(649)	-
Total revenue	<u>447</u>	<u>47,941</u>	<u>202</u>	<u>(649)</u>	<u>47,941</u>
Results					
Profit/(loss) before tax	(1,111)	28,214	(75)	(9)	27,019
Income tax expense	(40)	(195)	(12)	-	(247)
Net profit/(loss) for the year	<u>(1,151)</u>	<u>28,019</u>	<u>(87)</u>	<u>(9)</u>	<u>26,772</u>
3 months ended March 31, 2021					
Revenue					
External sales	-	39,607	-	-	39,607
Inter-segment sales	405	-	227	(632)	-
Total revenue	<u>405</u>	<u>39,607</u>	<u>227</u>	<u>(632)</u>	<u>39,607</u>
Results					
Profit/(loss) before tax	(330)	20,740	(47)	(39)	20,324
Income tax expense	(45)	(96)	(11)	-	(152)
Net profit/(loss) for the year	<u>(375)</u>	<u>20,644</u>	<u>(58)</u>	<u>(39)</u>	<u>20,172</u>

Segment assets and liabilities
3 months ended March 31, 2022

Assets

Segment assets	140,253	211,090	9,263	(99,888)	260,718
Income tax asset	205	120	28	-	353
Consolidated total assets	140,458	211,210	9,291	(99,888)	261,071

Liabilities

Segment liabilities	1,011	81,783	278	(43,517)	39,555
Income tax liabilities	-	837	-	281	1,118
Consolidated total liabilities	1,011	82,620	278	(43,236)	40,673

Revenue from major products and services

	3 months ended	
	2022	2021
	RM'000	RM'000
Real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipments	47,305	38,909
Touch screen advance display, high precision light measurement (optoelectronic) equipment and mix signal control system for centrifuge laboratory equipments	636	590
Others	-	108
	47,941	39,607

Geographical information

	3 months ended	
	2022	2021
	RM'000	RM'000
Europe	46,929	38,762
Asia Pacific	553	578
United States of America	459	267
	47,941	39,607

Information about the Group's assets by locations are detailed below:

	RM'000
3 months ended March 31, 2022	
Malaysia	231,378
People's Republic of China	29,693
	<u>261,071</u>

Information about the Group's liabilities by locations are detailed below:

	RM'000
3 months ended March 31, 2022	
Malaysia	39,652
People's Republic of China	1,021
	<u>40,673</u>

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the group have been brought forward without amendments from the financial statements for the year ended December 31, 2021.

11. MATERIAL SUBSEQUENT EVENT

There was no significant or material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets arising since December 31, 2021.

14. PERFORMANCE REVIEW

The Group's revenue in RM and Profit Before Tax for the quarter ended March 31, 2022 increased by 21% and 33% to RM47.9 million and RM27.0 million as compared to that of the quarter ended March 31, 2021 (Revenue: RM39.6 million; Profit Before Tax: RM20.3 million) mainly due to higher demand for the Group's products and services and the appreciation of USD against Ringgit Malaysia during the reporting quarter. (March 31, 2022: RM4.1895:USD1.00; March 31, 2021: RM4.0395:USD1.00)

There were no significant changes to the cost structure as material consumption made up the highest percentage of the Group's expenditure at 62%, followed by employee benefit expenses at 24%, and depreciation and amortization at 6%.

15. FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Current Quarter	Immediate Preceding Quarter	Changes
	March 31, 2022	December 31, 2021	
	RM'000	RM'000	%
Revenue	47,941	42,533	13
Operating profit	26,085	22,026	18
Profit before tax	27,019	23,518	15
Profit after tax	26,772	23,335	15

The Group recorded a profit before taxation of RM27.0 million for the current quarter as compared to RM23.5 million in the immediate preceding quarter ended December 31, 2021 mainly due to increase in demand for the Group's products and services (Revenue for 3 months ended March 31, 2022: USD11.4 million; December 31, 2021: USD10.2 million).

16. COMMENTARY ON CURRENT YEAR PROSPECT

Barring any unforeseeable impacts, mainly those caused by the COVID-19 pandemic, geopolitical conflicts, Russo-Ukrainian War, and the rise of global inflation, the revenue in USD terms is expected to grow by a low-teens percentage year over year in FY2022, supported by the growing demand of our products and services.

We do not expect any significant changes in our principal geographical areas of distribution and product groups' revenue contributions ratio. Factors that may affect our performance include fluctuations in USD, material shortages, fluctuations in material prices and shortages in labour supply.

Nevertheless, the Group is confident that we will remain profitable and maintain a strong balance sheet.

17. VARIANCE OF ACTUAL AND FORECASTED PROFIT AND SHORTFALL IN PROFIT GUARANTEE

Not applicable.

18. INCOME TAX EXPENSES

	3 months ended	
	March 31	
	2022	2021
	RM'000	RM'000
Estimated tax expense:		
Current	<u>247</u>	<u>152</u>

The Group's income tax for the year under review reflects an effective tax rate which is lower than the statutory income tax rate mainly due to one of its subsidiary companies, Uchi Optoelectronic (M) Sdn. Bhd. was granted pioneer status by the Ministry of International Trade and Industry (MITI) for the design, development and manufacture of real-time centralised energy measurement and control system, high precision hot fluid temperature control system and ultra-low temperature and mass sensing control system for bio-chem equipments.

Under this incentive, upon certain terms and conditions being fulfilled, 100% of the statutory income derived from the design, development and manufacture of the abovementioned products will be exempted from income tax for a period of five years commencing from January 1, 2018.

The applicable statutory income tax rate of the foreign subsidiary company incorporate in the People's Republic of China is 25%.

19. OTHER INCOME

	3 months ended	
	March 31	
	2022	2021
	RM'000	RM'000
Interest on short-term deposits	533	445
Gain/ (loss) on disposal of property, plant and equipment	(38)	(16)
Net foreign exchange gain/ (loss)	296	2,144
Miscellaneous income	316	243
Gain/ (loss) on termination of right-of-use assets	1	-
	<u>1,108</u>	<u>2,816</u>

20. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT YET TO BE COMPLETED

There were no corporate proposals announced but yet to be completed as of May 18, 2022.

21. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of March 31, 2022.

22. FINANCIAL INSTRUMENTS

As of March 31, 2022, the foreign currency forward contracts, which the Group had entered into to sell and remain outstanding is USD21,500,000 at approximately RM4.2215 per United States Dollar. The settlement will complete in March 2023.

As of March 31, 2022, the outstanding forward contracts are as follows:

Type of Derivatives	Contract Value USD'000	Notional Value RM'000	Fair Value (favourable) RM'000
Foreign Currency Forward Contracts			
- Less than 1 year	21,500	90,762	233

Summary of the gains / (losses) arising from the fair value changes of financial assets was as follow:

Type of Financial Assets	Cumulative 3 months ended March 31 RM'000
Foreign Currency Forward Contracts	
- Realised gain / (loss)	(407)
- Unrealised gain / (loss)	233
	<u>233</u>

The above foreign currency forward contracts were entered into by the Group to minimize its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. In line with the Group's Forward Contract Management Policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed the net exposure value. The cash requirement for settling these foreign currency forward contracts is solely from the Group's working capital. These derivatives and their underlying exposures will be monitored on an on-going basis.

Foreign Currency Forward Contracts are stated at fair value, which is equivalent to the marking of the Foreign Currency Forward Contracts to market, using prevailing market rate. Foreign Currency Forward Contracts with positive market values (unrealised gain) are included under current assets and Foreign Currency Forward Contracts with negative market values (unrealised losses) are included under current liabilities in the statement of financial position.

23. MATERIAL LITIGATION

There was no material litigation pending since December 31, 2021.

24. DIVIDENDS DECLARED OR PAYABLE

A final dividend of 11 Sen per share, exempt from income tax for the year ended December 31, 2021, if approved by the shareholders, will be paid on July 21, 2022 to depositors registered in the Record of Depositors at the closed of business on June 30, 2022.

As of the date of this announcement, there were no dividends declared or payable for the year ending December 31, 2022.

25. TRADE AND OTHER RECEIVABLES

	3 months ended March 31 RM'000
Trade receivables	18,776
Interest receivable	592
Other receivables	20
	<u>19,388</u>

The average credit periods granted to trade receivables on sale of goods range from 30 to 45 days. No interest is charged on trade receivables outstanding balance.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing analysis of trade receivables:

	3 months ended March 31 RM'000
Neither past due nor impaired	13,953
1 to 30 days past due but not impaired	3,613
31 to 60 days past due but not impaired	1,210
	<u>18,776</u>

26. EARNINGS PER SHARE

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	3 months ended March 31	
	2022	2021
	'000	'000
Profit for the period attributable to owners of the Company (RM)	26,772	20,172
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	452,820	451,678
Basic earnings per share (sen)	<u>5.91</u>	<u>4.47</u>

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	3 months ended March 31	
	2022	2021
	'000	'000
Profit for the period attributable to owners of the Company (RM)	<u>26,772</u>	<u>20,172</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	452,820	451,678
Shares deemed to be issued for no consideration in respect of employee share options (unit)	<u>3,746</u>	<u>3,427</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	<u>456,566</u>	<u>455,105</u>
Diluted earnings per share (sen)	<u>5.86</u>	<u>4.43</u>