



Mi TECHNOVATION BERHAD

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2020	30-Sep-2019	30-Sep-2020	30-Sep-2019
	RM '000	RM '000	RM '000	RM '000
Revenue	64,276	47,303	161,435	122,920
Cost of sales	<u>(37,654)</u>	<u>(23,236)</u>	<u>(92,333)</u>	<u>(61,097)</u>
Gross profit	26,622	24,067	69,102	61,823
Other operating (expenses)/income	(1,939)	2,241	5,467	5,011
Sales and marketing expenses	(4,038)	(1,647)	(7,837)	(5,132)
General and administrative expenses	<u>(8,287)</u>	<u>(7,064)</u>	<u>(25,579)</u>	<u>(19,695)</u>
Profit from operations	12,358	17,597	41,153	42,007
Finance costs	(46)	(50)	(122)	(181)
Profit before tax	<u>12,312</u>	<u>17,547</u>	<u>41,031</u>	<u>41,826</u>
Tax expense	<u>(92)</u>	<u>(132)</u>	<u>(528)</u>	<u>(165)</u>
Profit for the financial period	12,220	17,415	40,503	41,661
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	(192)	30	177	25
Total comprehensive income	<u>12,028</u>	<u>17,445</u>	<u>40,680</u>	<u>41,686</u>
Profit attributable to:				
Owners of the parent	12,323	17,415	40,803	41,661
Non-controlling interests	<u>(103)</u>	-	<u>(300)</u>	-
	<u>12,220</u>	<u>17,415</u>	<u>40,503</u>	<u>41,661</u>
Total comprehensive income attributable to:				
Owners of the parent	12,131	17,445	40,974	41,686
Non-controlling interests	<u>(103)</u>	-	<u>(294)</u>	-
	<u>12,028</u>	<u>17,445</u>	<u>40,680</u>	<u>41,686</u>
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽²⁾	<u>1.64</u>	<u>2.33</u>	<u>5.43</u>	<u>5.57</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on weighted average number of ordinary shares outstanding during the financial period under review after deducting for treasury shares.

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 30-Sep-2020 RM'000	Audited As at 31-Dec-2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	114,769	90,873
Right-of-use assets	23,598	24,070
Intangible assets	6,121	2,885
Deferred tax assets	52	50
Total non-current assets	<u>144,540</u>	<u>117,878</u>
Current assets		
Inventories	70,424	48,661
Trade and other receivables	113,225	100,560
Current tax assets	8	66
Short term funds ⁽²⁾	106,344	92,981
Cash and bank balances	29,161	69,977
Total current assets	<u>319,162</u>	<u>312,245</u>
TOTAL ASSETS	<u>463,702</u>	<u>430,123</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	252,615	252,615
Treasury shares	(5,247)	(5,247)
Reserves	150,999	132,399
	<u>398,367</u>	<u>379,767</u>
Non-controlling interests	(57)	-
TOTAL EQUITY	<u>398,310</u>	<u>379,767</u>

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

	Unaudited As at 30-Sep-2020 RM'000	Audited As at 31-Dec-2019 RM'000
LIABILITIES		
Non-current liabilities		
Borrowings	3,272	1,585
Provisions	586	523
Other payable	228	228
Lease Liabilities	97	124
Total non-current liabilities	4,183	2,460
Current liabilities		
Trade and other payables	35,711	43,185
Borrowings	23,439	2,493
Provisions	1,421	1,785
Lease Liabilities	191	202
Current tax liabilities	447	231
Total current liabilities	61,209	47,896
TOTAL LIABILITIES	65,392	50,356
TOTAL EQUITY AND LIABILITIES	463,702	430,123
Net asset per share (RM)	0.53	0.51

Note:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Short term funds comprise the following:

	30-Sep-2020 RM'000	31-Dec-2019 RM'000
Short term funds		
Money market funds	80,879	81,446
Bond Funds	25,465	11,535
	106,344	92,981

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Unaudited Condensed Consolidated Statement of Changes in Equity ⁽¹⁾

	← Non-distributable →					Distributable		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Legal reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
Balance as at 1 January 2020	252,615	(5,247)	42	203	(63,558)	195,712	-	379,767
Profit for the financial period	-	-	-	-	-	40,803	(300)	40,503
Other comprehensive income, net of tax	-	-	-	171	-	-	6	177
Dividends paid	-	-	-	-	-	(22,380)	-	(22,380)
Acquisition of shares from non-controlling interests	-	-	-	6	-	-	237	243
Balance as at 30 September 2020	252,615	(5,247)	42	380	(63,558)	214,135	(57)	398,310
Balance as at 1 January 2019	252,615	-	42	224	(63,557)	141,525	-	330,849
Profit for the financial period	-	-	-	-	-	41,661	-	41,661
Other comprehensive loss, net of tax	-	-	-	25	-	-	-	25
Dividends payable	-	-	-	-	-	(4,980)	-	(4,980)
Own shares acquired	-	(3,488)	-	-	-	-	-	(3,488)
Balance as at 30 September 2019	252,615	(3,488)	42	249	(63,557)	178,206	-	364,067

Note:

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

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	9 months ended 30-Sep-2020 RM '000	9 months ended 30-Sep-2019 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	41,031	41,826
Adjustments for:		
Amortisation of intangible assets	127	3
Depreciation of property, plant and equipment	4,272	2,603
Depreciation of right-of-use assets	615	-
Provision for warranty replacement costs	1,460	1,010
Reversal of provision for warranty replacement costs	(694)	(4,295)
Finance costs	122	181
Interest income	(3,319)	(3,308)
Loss/(Gain) on disposal of property, plant and equipment	227	(120)
Gain on fair value changes on bond funds	(664)	-
Property, plant and equipment written off	72	8
Unrealised gain on foreign exchange	(883)	(1,275)
Inventories written off	971	750
Operating profit before changes in working capital	<u>43,337</u>	<u>37,383</u>
Increase in inventories	(22,734)	(3,056)
Increase in trade and other receivables	(13,008)	(12,270)
(Decrease)/Increase in trade and other payables	(7,503)	8,568
Warranty paid	(1,067)	(213)
Cash (used in)/generated from operations	<u>(975)</u>	<u>30,412</u>
Tax paid	(256)	(234)
Net cash (used in)/from operating activities	<u>(1,231)</u>	<u>30,178</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,319	3,298
Placement of deposits with licensed bank	-	(11,787)
Proceeds of shares from non-controlling interests	243	-
Purchase of bond funds	(13,266)	-
Purchase of intangible asset	(3,364)	(811)
Purchase of property, plant and equipment	(28,546)	(52,574)
Proceeds from disposal of property, plant and equipment	103	277
Net cash used in investing activities	<u>(41,511)</u>	<u>(61,597)</u>

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

	9 months ended 30-Sep-2020 RM '000	9 months ended 30-Sep-2019 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(22,380)	(4,980)
Interest paid	(111)	(181)
Repayment of bank loans	(2,045)	(1,991)
Drawdown of bank loans	25,264	-
Placement of deposits pledged to a licensed bank	(5)	-
Payment of lease liabilities	(193)	-
Repurchase of treasury shares	-	(3,488)
Net cash from/(used in) financing activities	530	(10,640)
Net decrease in cash and cash equivalents	(42,212)	(42,059)
Effect on foreign exchange rates changes	726	925
Cash and cash equivalents at beginning of financial period	149,331	201,303
Cash and cash equivalents at end of financial period	107,845	160,169
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	26,966	23,333
Money market funds ⁽²⁾	80,879	136,836
Deposits with a licensed bank	2,195	13,926
	110,040	174,095
<u>Less:</u>		
Deposits with licensed bank	-	(11,787)
Deposits pledged to a licensed bank	(2,195)	(2,139)
	107,845	160,169

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Money market funds are highly liquid investments, which are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value, hence, included as part of cash and cash equivalents.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“**MFRS**”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“**MASB**”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) (“**Listing Requirements**”).

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

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

a) New MFRSs adopted during the financial year

On 1 January 2020, the Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2020.

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (Cont'd)

A2. Significant Accounting Policies (Cont'd)

b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group.

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

A3. Auditors' Report

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

A4. Seasonal or Cyclical Factors

The business operation of the Group is subject to the cyclical trend of the global semiconductor and electronics industry.

A5. Material Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A6. Material Changes in Estimates

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A7. Debt and Equity Securities

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

A8. Dividends Paid

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

No dividend was paid during the current quarter under review.

A9. Segmental Reporting

The Group is principally involved in manufacturing and sales of wafer level chip scale packaging (“WLCSP”) sorting machines with inspection and testing capabilities for the semiconductor industry. The Group is also involved in manufacturing and sales of factory automation systems, robotics systems and related modules in relation to Industry 4.0.

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. Currently, the operating segment on automation and robotics systems do not meet any of the quantitative thresholds pursuant to paragraph 13 of MFRS 8 *Operating Segments*, hence, are not considered as reportable segments. As such, segment information is not reported and disclosed separately.

A10. Material Events Subsequent to the end of the Quarter

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

On 20 January 2020, the Company incorporated a new private limited company in the Republic of Korea namely Mi Equipment Korea Co. Ltd. (“Mi Korea”) with a capital injection of USD 0.14 million (equivalent to RM 0.59 million) which represents 70% of the equity. The purpose of incorporating Mi Korea is to set-up a new engineering centre carrying out research and development activities, which is in line with the Company’s announcement dated 11 September 2019.

Saved of the above, there were no changes in the composition of the Group during the current quarter under review that have not been reflected in the interim financial report.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A12. Contingent Liabilities and Contingent Assets

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

A13. Material Capital Commitment

Save as disclosed below, as at 30 September 2020, the Group does not have any material capital commitment:

	RM'000
Material capital expenditure in respect of the construction of the Batu Kawan factory	
- Approved but not contracted for	2,606
- Contracted but not provided for	1,110
	3,716

A14. Significant Related Party Transactions

There were no significant related party transactions during the current quarter under review.

A15. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

	INDIVIDUAL QUARTER 3 months ended		Changes		CUMULATIVE QUARTER 9 months ended		Changes	
	30-Sep-2020	30-Sep-2019			30-Sep-2020	30-Sep-2019		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	64,276	47,303	16,973	36%	161,435	122,920	38,515	31%
Profit before tax	12,312	17,547	(5,235)	-30%	41,031	41,826	(795)	-2%

Individual Quarter: Comparison with the corresponding quarter in previous financial year

The Group's revenue for the current quarter was RM64.28 million, representing an increase of 36% as compared to RM47.30 million generated in the corresponding quarter of previous year. This was mainly due to stronger demand from our customers in North East Asia region resulting from the growth in capital investment from certain OSATs in the advanced/wafer level packaging segment.

Despite the increase in revenue, the Group recorded a 30% decrease in profit before tax ("PBT") for the current quarter, from RM17.55 million to RM12.31 million. This was mainly due to increase in fixed costs on new factory at Batu Kawan, higher commission payable to external sales agent (due to change in geographical sales mix) as well as foreign exchange loss from depreciation of US Dollar against Ringgit Malaysia.

Cumulative Quarter: Comparison with preceding financial period

The Group recorded a total revenue of RM161.44 million and PBT of RM41.03 million for the current financial period ended 30 September 2020, representing an increase of 31% in revenue and decrease of 2% in PBT. The increase in revenue mainly due to stronger demand from our customers in North East Asia region. However, PBT has dropped marginally, mainly due to increase in fixed cost on new factories at Bayan Lepas and Batu Kawan, higher R&D spend and commission payable to external sales agent compared with preceding financial period.

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

B2. Comparison with Immediate Preceding Quarter

	INDIVIDUAL QUARTER 3 months ended		Changes RM'000 %	
	30-Sep-2020 RM'000	30-Jun-2020 RM'000		
	Revenue	64,276	61,916	2,360
Profit before tax	12,312	18,384	(6,072)	-33%
PBT Margin	19%	30%		

The Group posted a revenue of RM64.28 million and PBT of RM12.31 million for the current quarter under review, compared to RM61.92 million and RM18.38 million for the immediate preceding quarter. The current quarter results had seen a 4% marginal increase in revenue but a decrease of 33% in PBT.

The Group's revenue maintained high due to continuous high demand from customers. The significant decrease in PBT was mainly due to higher sales and marketing expenses in relation to Taiwan Semicon Exhibition in September 2020 and commission payable to external sales agent as well as foreign exchange loss arising from depreciation of US Dollar against Ringgit Malaysia.

B3. Prospects for the Financial Year Ending 31 December 2020

2020 has been a turbulent year with the pandemic and trade tensions. Although the market may be affected in the short term as some capex decisions are deferred, we have plans to fill up the capacity and the emergence of dual supply chain will benefit us eventually. We expect the market for semiconductor equipment to remain robust for the rest of 2020 spilling over to 2021. Most of the activities and inquiries have been from our North Asia market such as China, Taiwan and Korea. We believe that these markets will remain vibrant for the coming years and we have positioned our group to capture the market through our regional technology centres in Taiwan, Korea and China.

Mi Autobotics has geared up in 3Q2020 and Automation & Robotics products achieved revenue of RM3.1 million as compared to RM157k in 2Q2020. The revenue was contributed from the newly launched KOBOT series and OTO series products with customers from 5 of the world's top 10 OSAT companies (mainly for their sites in Taiwan and China) and a US based company. We continue to produce both the KOBOT series and OTO series for Q4 shipment as we build momentum for 2021. We are planning to venture into new market segments beyond semiconductors, electronic and electrical in 2021. We are speeding up our expansion and are preparing to reach 40% capacity of Home 2 by end of 2020, earlier than previously planned as we continue to see active enquiries from customers.

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

B4. Profit Forecast

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

B5. Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2020	30-Sep-2019	30-Sep-2020	30-Sep-2019
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	80	108	513	126
Withholding Tax (RM'000)	12	24	15	39
Total (RM'000)	92	132	528	165
Effective Tax Rate (%)	0.75	0.75	1.29	0.39
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate of the Group for the current quarter is lower than the statutory tax rate of 24%. This was mainly due to tax incentive enjoyed by its wholly-owned subsidiary, Mi Equipment (M) Sdn Bhd ("MI Equipment").

Mi Equipment is entitled to pioneer status incentives under the Promotion of Investments Act, 1986 (Amendment) for the design, development and manufacturing of vision inspection and taping equipment as well as the related components. The profit derived from these products is exempted from tax for a total relief period of 5 years from 18 January 2014 to 17 January 2019 subject to a further renewal of another 5 years. On 31 January 2020, approval has been obtained from Malaysian Investment Development Authority ('MIDA') for next 5-year pioneer period, i.e. from 18 January 2019 to 17 January 2024.

Mi Equipment has also been granted approval-in-principle by MIDA on 21 September 2018 for the design, development and manufacturing of die bonding systems and related modules. The profit derived from these activities is exempted from tax for a total relief period of 10 years from the manufacturing date. Application for pioneer certificate is to be submitted within 24 months of the approval date. On 21 July 2020, an appeal to extend the timeframe for submitting pioneer certification application has been lodged to MIDA. As at the date of this report, MIDA's approval is still pending.

On 26 August 2020, Mi Autobotics Sdn Bhd has been granted approval-in-principal by MIDA for factory automation systems, robotics systems and related modules. The profit derived from these activities is exempted from tax for a total relief period of 10 years from the manufacturing date. Application for pioneer certificate is to be submitted within 24 months of the approval date. The application has yet to be submitted as at the date of this report.

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

B6. Status of Corporate Proposals

The Company has on 8 October 2020 entered into a Memorandum Of Understanding (“MOU”) with Accurus Scientific Co. Ltd., a private limited company incorporated in Taiwan (Republic of China), with the intention to acquire all or part of the equity interests in Accurus. The due diligence process is on-going currently.

Saved for the above, there were no other corporate proposals announced and not completed as at the date of this interim financial report.

B7. Utilization of Proceeds from the Public Issue

The gross proceeds from the Public Issue of approximately RM190.89 million was intended to be utilized in the following manner:

No.	Details of utilisation	Estimated utilisation timeframe upon listing	Amount RM'000	Actual utilisation RM'000	Percentage utilised %
1)	Construction of new factory cum office in Bayan Lepas, Penang	Within 12 months	65,000	65,000	100%
2)	Construction of new factory cum office in Batu Kawan, Penang	Within 30 months	30,000	26,284	88%
3)	Set up of new engineering centres in Taiwan, China & Korea	Within 30 months #	45,000	11,373	25%
4)	R&D	Within 24 months	6,000	6,000	100%
5)	Working capital	Within 36 months	36,788	29,036	79%
6)	Listing expenses	Within 1 month	8,100	8,100	100%
	Total		190,888	145,793	76%

Notes:

From 11 September 2019 until 10 March 2022.

The utilization of gross proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 May 2018 as well as the announcement on Variation and Extension of Timeframe of the Utilization of Proceeds from the Initial Public Offering dated 11 September 2019.

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

B8. Group Borrowings and Debt Securities

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

	Unaudited As at	
	30-Sep-2020 RM '000	30-Sep-2019 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	23,439	2,493
Long term portion	3,272	2,348
Total	26,711	4,841

The Group's borrowings comprise Term Loan and Revolving Credit, both denominated in US Dollar ("USD").

The USD Term Loan was drawn down to partly replenish the Group's internally generated funds used to finance the purchase of the Bayan Lepas factory land (including the building which was subsequently demolished).

During the current quarter under review, one of the subsidiaries, Mi Equipment, has drawn down USD Revolving Credit amounting to USD 5 million for working capital purposes.

B9. Material Litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

B10. Dividend Declared

On 23 October 2020, the Board of Directors declared a first single-tier interim dividend of 3.0 sen per ordinary share, on 746,000,000 ordinary shares, amounting to RM22.38 million in respect of the financial year ending 31 December 2020.

The book closure and payment dates for the aforesaid dividend are 10 November 2020 and 23 November 2020 respectively.

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

B11. Earnings Per Share (“EPS”)

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30-Sep-2020	30-Sep-2019 ⁽³⁾	30-Sep-2020	30-Sep-2019 ⁽³⁾
	RM '000	RM '000	RM '000	RM '000
Profit after tax attributable to the owners of the Company (RM'000)	12,220	17,415	40,503	41,661
Weighted average number of ordinary shares in issue ('000)	746,000	748,514	746,000	748,514
Basic EPS (sen) ⁽¹⁾	1.64	2.33	5.43	5.57
Diluted EPS (sen) ⁽²⁾	1.64	2.33	5.43	5.57

Notes:

- (1) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period under review.
- (2) Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.
- (3) 2019 weighted average number of ordinary shares has been restated to reflect the increased number of shares arising from the bonus issue during the year. Hence, the calculation of basic and diluted EPS is adjusted accordingly.

B12. Profit Before Tax

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30-Sep-2020	30-Sep-2019	30-Sep-2020	30-Sep-2019
	RM '000	RM '000	RM '000	RM '000
Interest income	(1,195)	(1,051)	(3,319)	(3,308)
Interest expense	45	50	122	181
Amortisation of intangible asset	42	3	127	3
Depreciation of property, plant and equipment	1,448	1,277	4,272	2,603
Depreciation of right-of-use asset	247	-	615	-
Realised loss/(gain) on foreign exchange	506	266	(421)	167
Unrealised loss/(gain) on foreign exchange	3,245	(1,498)	(883)	(1,275)

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

BY ORDER OF THE BOARD
23 October 2020