

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.07.2019	⁽²⁾ 31.07.2018	31.07.2019	31.07.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	46,908	N/A	144,354	136,495
Cost of sales	(28,834)	N/A	(93,586)	(93,615)
Gross profit	18,074	N/A	50,768	42,880
Other income	679	N/A	11,740	8,011
Administrative and other expenses	⁽³⁾ (4,391)	N/A	(13,981)	(11,803)
Finance costs	(505)	N/A	(2,336)	(1,761)
Profit before tax	13,857	N/A	46,191	37,327
Taxation	(3,783)	N/A	(9,955)	(6,103)
Profit for the financial period, attributable to owners of the parent	10,074	N/A	36,236	31,224
Other comprehensive income, net of tax:				
Items that may be subsequently reclassified to profit or loss	-	N/A	-	-
Total comprehensive income, attributable to owners of the parent	10,074	N/A	36,236	31,224
Earnings per share attributable to owners of the parent:				
Basic and diluted ⁽⁴⁾ (sen)	2.75	N/A	9.88	67.37

Notes:

N/A Not applicable.

- (1) The Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 17 June 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the preceding quarter are presented as this is the second interim financial report on the consolidated results for the period ended 31 July 2019 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (3) For the fourth quarter ended July 2019, included in the "Administrative and other expenses" is listing expenses of RM1.43 million.
- (4) Based on weighted average number of ordinary shares outstanding during the period under review.

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2019⁽¹⁾

	Unaudited as at 31 July 2019	Audited as at 31 July 2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	95,785	92,480
Current assets		
Inventories	37,080	30,831
Trade and other receivables	44,547	38,851
Current tax assets	-	1,179
Cash and bank balances	54,418	13,106
Asset classified as held for sale	-	3,735
TOTAL ASSETS	231,830	180,182
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	115,467	59,360
Reserves	61,049	24,813
TOTAL EQUITY	176,516	84,173
Non-current liabilities		
Borrowings	11,947	34,950
Government grants	4,741	5,918
Deferred tax liabilities	4,067	4,063
Current liabilities		
Trade and other payables	17,694	32,191
Borrowings	12,818	16,389
Government grants	1,178	1,179
Current tax liabilities	2,869	1,319
TOTAL LIABILITIES	55,314	96,009
TOTAL EQUITY AND LIABILITIES	231,830	180,182

Note:

- (1) The Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 17 June 2019 and the accompanying explanatory notes attached to the interim financial report.

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 JULY 2019⁽¹⁾

	<u>Non-distributable</u>		<u>Distributable</u>	Total equity RM'000
	Share capital RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	
	Balance as at 1 August 2018	59,360	(56,226)	
Issuance of shares	56,107	-	-	56,107
Profit for the financial year	-	-	36,236	36,236
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	56,107	-	36,236	92,343
Balance as at 31 July 2019	115,467	(56,226)	117,275	176,516

Note:

- (1) The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 17 June 2019 and the accompanying explanatory notes attached to the interim financial report.

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 JULY 2019⁽¹⁾

	12-months ended 31 July 2019 RM'000	12-months ended 31 July 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	46,191	37,327
Adjustments for:		
Amortisation of government grants	(1,179)	(1,187)
Allowance for impairment loss	64	61
Depreciation of property, plant and equipment	9,027	7,743
Dividend Income	-	(150)
Finance costs	2,336	1,761
Interest income	(425)	(253)
Property, plant and equipment written off	205	-
Gain on disposal of other investment	-	(6,000)
(Gain)/Loss on disposal of property, plant and equipment	(181)	42
Gain on disposal of property classified as held for sale	(8,612)	-
Reversal of allowance for impairment loss	(73)	(26)
Operating profit before changes in working capital	<u>47,353</u>	<u>39,318</u>
Increase in inventories	(6,249)	(10,952)
Increase in trade and other receivables	(5,687)	(11,083)
(Decrease)/Increase in trade and other payables	(14,497)	7,152
Cash generated from operations	<u>20,920</u>	<u>24,435</u>
Interest paid	(2,336)	(1,761)
Tax paid	(8,786)	(5,506)
Tax refunded	1,564	195
Net cash from operating activities	<u>11,362</u>	<u>17,363</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional in paid up capital	-	56,226
Changes in combining entity	-	(56,226)
Dividend received	-	150
Interest received	425	253
Proceeds from disposal of property, plant and equipment	664	8
Proceeds from disposal of asset classified as held for sale	12,347	-
Proceeds from disposal of short term funds	-	1,405
Purchase of property, plant and equipment	(13,020)	(16,355)
Net cash from/used in investing activities	<u>416</u>	<u>(14,539)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(15,000)
Proceeds from bankers' acceptance	31,200	28,400
Proceed from issuance of ordinary share	56,107	-
Proceeds from term loans	810	15,048
Repayment of:		
- Bankers' acceptance	(34,800)	(21,400)
- Hire purchase payables	(4,126)	(3,647)
- Term loans	(19,657)	(775)
Net cash from financing activities	<u>29,534</u>	<u>2,626</u>

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

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED
31 JULY 2019⁽¹⁾ (Cont'd)**

	12-months ended 31 July 2019 RM'000	12-months ended 31 July 2018 RM'000
Net increase in cash and cash equivalents	41,312	5,450
Cash and cash equivalents at beginning of financial year	<u>13,106</u>	<u>7,656</u>
Cash and cash equivalents at end of financial year	<u><u>54,418</u></u>	<u><u>13,106</u></u>

Notes:

- (1) The Unaudited Consolidated Statement of Cash Flows Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 17 June 2019 and the accompanying explanatory notes attached to the interim financial report.

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

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

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

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

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 17 June 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in audited financial statements for the financial year ended 31 Jul 2018, except for the adoption of the following MFRSs and Amendment to MFRSs and Interpretation.

(a) New MFRSs adopted during the financial period.

The Group and the Company adopted the following Standards of the MFRS Framework that was issued by the Malaysian Accounting Standards Board (‘MASB’) for annual financial periods beginning on or after 1 January 2018:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

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

A2. Significant Accounting Policies (Cont'd)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019.

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

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 (<i>Plan Amendment, Curtailment or Settlement</i>)	1 January 2019
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments, other than MFRS 16, since the effects would only be observable for the future financial years. The Group is currently finalising the adjustments upon adoption of MFRS 16.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 July 2018.

A4. Seasonal or Cyclical Factors

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

A5. Material Unusual Items

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

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

Save for the public issue of 70,000,000 new ordinary shares pursuant to the Company's listing and quotation on the Main Market of Bursa Malaysia on 10 July 2019, there were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

A8. Dividend Paid

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

A9. Segmental Information

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

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

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

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

A9. Segmental Information (Cont'd)

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

31 July 2019	Investment holding RM'000	Provision of sheet metal fabrication and value-added assembly services RM'000	Provision of precision machined components RM'000	Eliminations RM'000	Consolidated RM'000
<u>Results</u>					
Revenue from external customers	-	127,842	16,512	-	144,354
Inter-segment revenue	-	31,375	22,520	(53,895)	-
Total revenue	-	159,217	39,032	(53,895)	144,354
Interest income	77	290	58	-	425
Interest expense	-	(1,562)	(774)	-	(2,336)
Net interest expense	77	(1,272)	(716)	-	(1,911)
Segment (loss)/profit before tax	(3,540)	43,347	6,885	(501)	46,191

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

A10. Material Events Subsequent to the end of the Quarter

Save as disclosed in Note B6 on the Status of Corporate Proposals, there were no other material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

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

A12. Contingent Liabilities and Contingent Assets

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

A13. Material Capital Commitment

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

	RM'000
Capital expenditure in respect of purchase of property, plant and equipment	
- Approved and contracted for	1,451
- Approved but not contracted for	29,666
Total	31,117

A14. Significant Related Party Transactions

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

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

B1. Review of Performance

The Group recorded revenue and profit before tax (“PBT”) of RM46.9 million and RM13.9 million respectively for the quarter and financial period under review. The revenue and PBT are contributed by both the Group’s sheet metal fabrication and assembly as well as machining segments mainly from its semiconductor industry customers. Included in the administrative expenses during the quarter and financial period under review were listing expenses of RM1.4 million. There are no comparative figures for the preceding year’s corresponding quarter as these are the second interim financial statements on the consolidated results for the quarter ended 31 July 2019 being announced by the company in compliance with the Listing Requirements.

The Group achieved revenue and profit before tax (“PBT”) of RM144.3 million and RM46.2 million respectively for the current financial year ended 31 July 2019, representing an increase of 6% and 24% respectively compared to the previous financial year ended 31 July 2018. The increase in revenue is due to stronger demand from our customers. In addition, the increase in PBT is due to higher requirements from customers such as more stringent quality requirement and higher complexity of product manufactured that led to higher gross profit margin. Also, during the financial year ended 31 July 2019, there was a disposable gain of an old factory which increased the PBT.

B2. Comparison with Immediate Preceding Quarter

The Group’s revenue for current quarter under review increased by 22.5% to RM46.9 million from RM 38.3 million achieved in the preceding quarter. The increase was mainly due to stronger demand from our semiconductor customers especially on the test equipment that the Group manufactured.

In terms of the profit before tax (“PBT”), the Group’s PBT increased by 20.9% to RM13.9 million as compared to PBT of RM 11.5 million in the preceding quarter. The contributing factor for the increase was mainly increase in revenue, and also value/complexity of the product manufactured, nevertheless administrative cost remained consistent apart from the listing expenses.

B3. Prospects

Despite the ongoing trade tensions between the two largest economies in the world and unfavourable global economic outlook, the Group remains optimistic about the business prospect for financial year ending 31 July 2020. For the financial year 2020, the Group is working with potential customers to widen the Group’s customers base and volume of orders. However, the management is of the view that demand from customers during the year end festive season will be relatively soft.

Moving forward, the management is optimistic on the Group’s overall performance. The Group will continue to develop more first article products with existing and new customers, improve technology development, process improvement and automation, to ensure the sustainability of the Group along with extensive human capital development and further foster our customer relationships to grow the business further.

B4. Profit Forecast

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

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

B5. Taxation

The Group's taxation together with the comparison between the effective and statutory tax rates for the current quarter and financial period under review are as follows:

	12 months ended 31 July 2019 RM'000	12 months ended 31 July 2018 RM'000
Income tax		
• current year provision	9,410	4,893
• (over) provision in prior year	(144)	(27)
Deferred tax		
• Current year provision	105	815
• (over)/under provision in prior year	(101)	272
Real property gain tax	685	150
Overall tax expenses	9,955	6,103
Effective tax rate (%)	21.6	16.4
Statutory tax rate (%)		
- On the first RM500,000	N/A	18.0
- Balance of chargeable income	24.0	24.0

Notes:

N/A Not applicable.

The effective tax rate of the Group for the current financial period is lower than the statutory tax rate of 24% mainly due to the following:

- (i) real property gain tax on the gain on disposal of the manufacturing plant in Bukit Minyak, Penang, which was subject to a lower rate as compared to income tax;
- (ii) amortisation of grants, which was not subject to income tax; and
- (iii) tax incentive enjoyed by its wholly-owned subsidiary, UWC Industrial Sdn Bhd. UWC Industrial Sdn Bhd is entitled to reinvestment allowance incentives under Schedule 7A, Income Tax Act 1967 for qualifying capital expenditure on the acquisition of machinery and equipment for a total relief period of fifteen (15) years from Year of Assessment 2013 to Year of Assessment 2027.

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

B6. Status of Corporate Proposals

Save for the listing and quotation of the Company's entire issued and paid-up share capital of 366,800,002 ordinary shares on the Main Market of Bursa Malaysia on 10th July 2019, there were no other corporate proposals announced and not completed as at the date of this final quarter report.

B7. Utilisation of Proceeds from the Public Issue

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

Details	⁽¹⁾ RM'000	Actual Utilization RM'000	Percentage utilized %	Estimated time frame for use of proceeds from the date of the Listing
Purchase of new machinery and equipment				
- CNC machines	27,416	710	2.6	Within 36 months
- Industrial robotic arms and material handling system	4,700	-	-	Within 36 months
Repayment of bank borrowings	18,000	18,000	100.0	Within 12 months
Working capital	2,868	-	-	Within 12 months
Estimated listing expenses	4,416	4,416	100.0	Within 2 months
Total	57,400	23,126		

Note:

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

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

B8. Group Borrowings and Debt Securities

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

	12 months ended 31 July 2019 (RM'000)	Audited as at 31 July 2018 (RM'000)
Current liabilities		
Hire purchase creditors	3,609	3,945
Term loan	2,209	1,843
Bankers' acceptance	7,000	10,600
	12,818	16,388
Non-current liabilities		
Hire purchase creditors	7,248	11,039
Term loan	4,699	23,911
	11,947	34,950
Total borrowings	24,765	51,338

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

B9. Material Litigation

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

B10. Dividend

The Board of Directors of the Group did not recommend any payment of dividend during the current quarter under review.

B11. Earnings Per Share ("EPS")

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

	12 months ended 31 July 2019	12 months ended 31 July 2018
Profit after tax attributable to the owners of the parent (RM'000)	36,236	31,224
Weighted average number of ordinary shares in issue ('000)	366,800	46,350
Basic EPS ⁽¹⁾ (sen)	9.88	67.37
Diluted EPS ⁽²⁾ (sen)	9.88	67.37

Notes:

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

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

- (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 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.

B12. Profit Before Tax

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

	12 months ended 31 July 2019 RM’000	12 months ended 31 July 2018 RM’000
Interest income	(425)	(253)
Interest expense	2,336	1,761
Depreciation of property, plant and equipment	9,027	7,743
Amortisation of government grants	(1,179)	(1,187)
Property, plant and equipment written off	205	-
Gain on disposal of property, plant and equipment	(181)	-
Gain on disposal of asset classified as held for sale	(8,612)	-
Gain on disposal of investment	-	(6,000)
Realised gain on foreign exchange	(681)	-
Dividend income	-	(150)
Scrap income	(563)	(362)
Miscellaneous income	(99)	(59)

Notes:

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