

**CONDENSED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 AUGUST 2020
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

| | Current Quarter | Comparative Quarter | Changes | Cumulative Quarter Ended | |
|---|-------------------|---------------------|------------|--------------------------|------------|
| | 31-Aug | 31-Aug | | 31 AUGUST | |
| | 2020 | 2019 | | 2020 | 2019 |
| | RM | RM | | RM | RM |
| Revenue | 886,513 | N/A | N/A | 886,513 | N/A |
| Cost of sales | (410,796) | N/A | N/A | (410,796) | N/A |
| GROSS PROFIT | 475,717 | N/A | N/A | 475,717 | N/A |
| Other operating income | 249,016 | N/A | N/A | 249,016 | N/A |
| Fair value gain on other investment | 27,497,223 | N/A | N/A | 27,497,223 | N/A |
| Administrative expenses | (3,023,287) | N/A | N/A | (3,023,287) | N/A |
| OPERATING PROFIT | 25,198,669 | N/A | N/A | 25,198,669 | N/A |
| Finance costs | (3,173) | N/A | N/A | (3,173) | N/A |
| PROFIT BEFORE TAXATION | 25,195,496 | N/A | N/A | 25,195,496 | N/A |
| Taxation | (164,291) | N/A | N/A | (164,291) | N/A |
| PROFIT NET OF TAX | 25,031,205 | N/A | N/A | 25,031,205 | N/A |
| Other comprehensive income | | | | | |
| Foreign currency translation | (212,657) | N/A | N/A | (212,657) | N/A |
| Other comprehensive income for the quarter, net of tax | (212,657) | N/A | N/A | (212,657) | N/A |
| TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD | 24,818,548 | N/A | N/A | 24,818,548 | N/A |
| Profit attributable to: | | | | | |
| Owners of the parent | 25,035,521 | N/A | N/A | 25,035,521 | N/A |
| Non-controlling interests | (4,316) | N/A | N/A | (4,316) | N/A |
| | <u>25,031,205</u> | <u>N/A</u> | <u>N/A</u> | <u>25,031,205</u> | <u>N/A</u> |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | 24,822,864 | N/A | N/A | 24,822,864 | N/A |
| Non-controlling interests | (4,316) | N/A | N/A | (4,316) | N/A |
| | <u>24,818,548</u> | <u>N/A</u> | <u>N/A</u> | <u>24,818,548</u> | <u>N/A</u> |
| Earning per share attributable to equity holders of the Company: | | | | | |
| Basic (sen) | 0.94 | N/A | | 0.94 | N/A |
| Diluted (sen) | N/A | N/A | | N/A | N/A |

In view of the change in previous financial year end from 31 December 2019 to 31 May 2020, there were no comparative financial information available presented due to the change of financial year end.

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED INTERIM FINANCIAL REPORT
STATEMENT OF FINANCIAL POSITION
As At 31 AUGUST 2020**

| | AS AT 31 AUGUST RM | AUDITED 2020 31 MAY RM |
|--|-----------------------------------|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 133,217 | 143,157 |
| Right-of-use asset | 131,170 | 144,797 |
| Software development expenditure | 574,674 | 619,847 |
| Other investment | 60,368,117 | - |
| Total Non-current assets | 61,207,178 | 907,801 |
| Current assets | | |
| Trade and other receivables | 67,154,933 | 66,436,158 |
| Tax recoverable | 54,480 | 218,904 |
| Fixed deposits placed with licensed banks | 32,299 | 32,273 |
| Cash and bank balances | 50,270,239 | 63,821,186 |
| Total Current Assets | 117,511,951 | 130,508,521 |
| TOTAL ASSETS | 178,719,129 | 131,416,322 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company: | | |
| Share capital | 122,906,858 | 100,457,832 |
| Share option reserve | - | 798,372 |
| Retained earnings | 56,627,418 | 31,591,897 |
| Foreign exchange translation reserve | (3,955,227) | (3,742,570) |
| Reserves | 52,672,191 | 28,647,699 |
| Shareholders' funds | 175,579,049 | 129,105,531 |
| Non-controlling interests | (28,347) | (24,031) |
| Total equity | 175,550,702 | 129,081,500 |
| Non-current liability | | |
| Borrowings | 79,315 | 86,515 |
| Total Non-current liability | 79,315 | 86,515 |
| Current liabilities | | |
| Trade and other payables | 3,045,847 | 2,200,511 |
| Borrowings | 43,265 | 47,592 |
| Provision for taxation | - | 204 |
| Total Current Liabilities | 3,089,112 | 2,248,307 |
| TOTAL LIABILITIES | 3,168,427 | 2,334,822 |
| TOTAL EQUITY AND LIABILITIES | 178,719,129 | 131,416,322 |

Notes:

- i. The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the period ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements

**CONDENSED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 AUGUST 2020
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

| | -----Attributable to equity holders of the parent----- | | | | | | |
|--|--|------------------------------|-------------------------------|----------------------------|--|------------------------------------|-----------------------|
| | Issued Capital RM | Translation Reserve RM | Share Option Reserve RM | Retained Earnings RM | Equity attributable to owners of the parent RM | Non-controlling Interests RM | Total Equity RM |
| 1st Quarter ended 31 August 2020 | | | | | | | |
| As at 1 June 2020 | 100,457,832 | (3,742,570) | 798,372 | 31,591,897 | 129,105,531 | (24,031) | 129,081,500 |
| Total comprehensive income/(loss) | - | (212,657) | - | 25,035,521 | 24,822,864 | (4,316) | 24,818,548 |
| Transaction with owners: | | | | | | | |
| Private Placement | 13,500,000 | - | - | - | 13,500,000 | - | 13,500,000 |
| Grant of employee share option | | | 1,407,733 | - | 1,407,733 | - | 1,407,733 |
| Employee share option exercised | 8,949,026 | - | (2,206,105) | - | 6,742,921 | - | 6,742,921 |
| As at 31 August 2020 | <u>122,906,858</u> | <u>(3,955,227)</u> | <u>-</u> | <u>56,627,418</u> | <u>175,579,049</u> | <u>(28,347)</u> | <u>175,550,702</u> |

In view of the change in previous financial year end from 31 December 2019 to 31 May 2020, there were no comparative financial information available presented due to the change of financial year end.

**CONDENSED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 AUGUST 2020
STATEMENT OF CASH FLOW (UNAUDITED)**

| | 3 months ended 31.08.2020 (RM) | 17 months ended 31.5.2020 (RM) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 25,195,496 | 10,975,811 |
| Adjustments for : | | |
| Depreciation and amortisation | 72,026 | 403,409 |
| Impairment loss on receivables | - | 86,098 |
| Impairment loss on goodwill | - | 72,790 |
| Interest expenses | 3,173 | 12,551 |
| Interest income | (226,816) | (1,061,312) |
| Fair value gain on other investment | (27,497,223) | - |
| Share option expenses | 1,407,733 | 1,883,400 |
| Unrealised loss on foreign exchanges | - | 4,535 |
| Operating (loss)/profit before working capital changes | (1,045,611) | 12,377,282 |
| Changes in Working Capital: | | |
| Receivables | (718,775) | (65,503,261) |
| Payables | 845,336 | 964,939 |
| Cash used in operations | (919,050) | (52,161,040) |
| Interest paid | (3,173) | (12,551) |
| Tax paid | (133) | (6,550,955) |
| Net Operating Cash Flows | (922,356) | (58,724,546) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 226,816 | 1,061,312 |
| Additions in other investment | (25,839,147) | - |
| Purchase of property, plant & equipment | (1,000) | (82,745) |
| (Addition in)/Proceeds from withdrawal of investment fund | (7,000,000) | 30,085,000 |
| Change in fixed deposits with maturity more than 3 months | - | (1,705) |
| Net Investing Cash Flows | (32,613,331) | 31,061,862 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from private placement | 13,500,000 | - |
| Proceeds from ESOS | 6,742,920 | 3,784,980 |
| Proceeds from exercise of warrants | - | 1,242,437 |
| Hire purchase repayments | (11,527) | (50,300) |
| Net Financing Cash Flows | 20,231,393 | 4,977,117 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (13,304,294) | (22,685,567) |
| EFFECTS OF EXCHANGE RATE CHANGES | (246,627) | 1,360,107 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 63,853,459 | 85,178,919 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 50,302,538 | 63,853,459 |
| | | |
| Note: Cash and cash equivalents | 31.08.2020 | 31.5.2020 |
| Cash and bank balance | 50,270,239 | 63,821,186 |
| Fixed deposit placed with licensed banks | 32,299 | 32,273 |
| Cash and cash equivalents | 50,302,538 | 63,853,459 |

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial period ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.)

LAMBO GROUP BERHAD (517487-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2020

A Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting

A1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting, and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (for the ACE Market), and should be read in conjunction with the Group's audited financial statements for the period ended 31 May 2020.

A2. Audit Report of the Preceding Annual Financial Statements

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

A3. Seasonal or Cyclical Factors of Interim Operations

There were no seasonal or cyclical factors affecting the results of the Group for the current interim period.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income, or Cash

There were no items affecting assets, liabilities, equity, net income, or cash that are unusual in nature, size or incidence for the current interim period.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A6. Debt and equity securities

As at the quarter ended 31 August 2020, the share capital was increased arising from the following:-

- (a) issuance of 185,668,000 new ordinary shares pursuant to the exercise of Employee Share Option Scheme ("ESOS") at the exercise price of RM0.015 per option;
- (b) issuance of 170,895,000 new ordinary shares pursuant to the exercise of ESOS at the exercise price of RM0.02 per option;
- (c) issuance of 12,000,000 new ordinary shares pursuant to the exercise of ESOS at the exercise price of RM0.045 per option; and
- (c) issuance of 300,000,000 new ordinary shares pursuant to the Private Placement at the exercise price of RM0.045 per share.

There were no other issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter under review.

A7. Dividend paid

The Board does not recommend any dividend for the current interim period.

A8. Segmental Information

The Group is operated in wholesale of shoes, information technology and e-commerce business and the Group has started the logistic business during the year. The business segment results for the quarter ended 31 August 2020 is as below:

| Business Segment | Distribution Platform (Business to Business Model) | IT and E-Commerce Platform (Business to Consumer Model) | Logistic | Others | Elimination | Total |
|---------------------------|--|---|----------|--------|-------------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | - | 743 | 144 | - | - | 887 |
| Segment results | - | (294) | (262) | 25,528 | - | 24,972 |
| Interest expenses | | | | | | (4) |
| Interest income | | | | | | 227 |
| Profit before taxation | | | | | | 25,195 |
| Taxation | | | | | | (164) |
| Net profit after taxation | | | | | | 25,031 |

LAMBO GROUP BERHAD (517487-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2020**A Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting****A8. Segmental Information (Cont'd)**Geographical segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers.

The activities of the Group are conducted both in China and Malaysia.

| | Individual Quarter | | Cumulative Quarter | |
|----------|--------------------|---------------|--------------------|-------------|
| | Current Quarter | Preceding | Current 3-month | Comparative |
| | Ended | Year | ended | Quarter |
| | 31/8/2020 | Corresponding | 31/8/2020 | Ended |
| | RM | Quarter Ended | RM | RM |
| | | 31/8/2019 | | 31/8/2019 |
| | RM | RM | RM | RM |
| Malaysia | 165,816 | N/A | 165,816 | N/A |
| China | 720,697 | N/A | 720,697 | N/A |
| | <u>886,513</u> | <u>N/A</u> | <u>886,513</u> | <u>N/A</u> |

Segmental information by geographical segments for the quarter ended 31 August 2020

| | Malaysia | China | Singapore | Elimination | Total |
|----------------------------------|--------------------|-------------------|----------------|-------------|-------------------|
| | RM | RM | RM | RM | RM |
| Revenue | 165,816 | 720,697 | - | - | 886,513 |
| Segment results | (2,986,266) | 27,961,794 | (6,848) | - | 24,968,680 |
| Interest income | 34,220 | 192,596 | - | - | 226,816 |
| Profit/(loss) before taxation | (2,952,046) | 28,154,390 | (6,848) | - | 25,195,496 |
| Taxation | 0 | (164,291) | - | - | (164,291) |
| Net profit/(loss) after taxation | <u>(2,952,045)</u> | <u>27,990,098</u> | <u>(6,848)</u> | <u>-</u> | <u>25,031,205</u> |

A9. Valuations of Property, Plant and Equipment

The property, plant and equipment were acquired at cost during the current interim period.

A10. Material Events Subsequent to the End of the Interim Period

There were no other material events subsequent to the end of the current quarter under review up to the date of this quarterly report

A11. Changes in the Composition of the Group

There were no material changes to the composition of the Group for the current quarter under review.

A12. Contingent Liabilities/Contingent Assets

The Group does not have any contingent liabilities and contingent assets as at the date of this quarterly report.

A13. Capital commitments

The Group has no material capital commitments in respect of property, plant and equipment in the current quarter under review.

A14. Significant related party transactions

During the current quarter under review, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.

LAMBO GROUP BERHAD (517487-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2020

B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (for ACE Market)

B1. Review of Performance

The Group recorded revenue of RM0.89 million for the current quarter ended 31 August 2020. The result is not comparable to the preceding year of the corresponding quarter due to change of financial year end in the previous year.

The Group recorded profit after tax of RM25.03 million for the current quarter ended 31 August 2020. This is mainly due to the fair value gain arising from the investment in Focus Dynamics Group Berhad amounting to RM27.50 million.

The main activities during the period are the provision of e-commerce business in developing, managing online trading platform and distribution business via Business to Business model. For Malaysia, the business activities are mainly focused on the last mile delivery service and the Lamboplace e-commerce platform.

B2. Material changes in profit before taxation for the current quarter as compared with the immediate preceding

For the quarter ended 31 August 2020, the Group's reported revenue of RM0.89 million and profit before taxation recorded of RM25.20 million. This is mainly due to the fair value gain arising from the investment in Focus Dynamics Group Berhad amounting to RM27.50 million. The result is not comparable to the immediate preceding quarter as the current quarter consists of three months where the immediate preceding quarter consisted two months.

B3. Current Year Prospects

Following the outbreak of the COVID-19, the retail sentiments in particular the distribution business in China is severely affected and as such the Group might have to diversify its continue dependence on its distribution business in China to focus on its expansion of Malaysia e-commerce and logistic business to cushion any potential impact from the expected slow down. Moving forward, the Group would adopt a very cautious stance in its business operations in order to face some challenging times ahead.

B4. Forecasts of Profit After Tax

Not applicable as no forecast was disclosed in any public document.

B5. Tax Expenses

| | 2021 RM | Group 2020 RM |
|-----------------------------------|----------------|---------------------|
| Income tax | | |
| - current year provision | 164,291 | 4,833,213 |
| - underprovision in previous year | - | - |
| | <u>164,291</u> | <u>4,833,213</u> |

B6. Unquoted Securities and/or Properties

There were no purchases or disposal of unquoted securities and/or properties for the current quarter and financial year-to-date under review.

B7. Quoted Securities

The details of the investment in quoted shares as at 31 August 2020 are as below:

| | As at 31 August 2020 RM'000 |
|-----------------|--------------------------------|
| At cost | 25,653 |
| At book value | 53,368 |
| At market value | 53,368 |

B8. Status of Corporate Proposals

On 15 July 2020, the Company had announced that the Company proposes to undertake the private placement of up to 813,303,899 new ordinary shares in Lambo, representing up to approximately 30% of the total number of issued shares of Lambo, to independent third party investor(s) to be identified later at an issue price to be determined later ("Proposed Private Placement").

Bursa Securities had, vide its letter dated 24 July 2020, approved the Proposed Private Placement.

On 26 August 2020, 300,000,000 placement shares were listed and quoted on the ACE Market of Bursa.

On 17 September 2020, 513,303,800 placement shares were listed and quoted on the ACE Market of Bursa which marks the completion of the Private Placement.

There were no other corporate proposal announced but not completed for the quarter under review.

LAMBO GROUP BERHAD (517487-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2020**B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (for ACE Market)****B9. Group Borrowings and Debt Securities**

The Group's borrowing as at 31 August 2020 is as below:

| | Short-term RM | Long-term RM | Total RM |
|-----------------|------------------|-----------------|-------------|
| Hire Purchase | 20,695 | 79,315 | 100,010 |
| Lease liability | 22,570 | - | 22,570 |
| | 43,265 | 79,315 | 122,580 |

The Group's borrowing as at 31 May 2020 is as below:

| | Short-term RM | Long-term RM | Total RM |
|-----------------|------------------|-----------------|-------------|
| Hire Purchase | 20,695 | 84,223 | 104,918 |
| Lease liability | 26,897 | 2,292 | 29,189 |
| | 47,592 | 86,515 | 134,107 |

B10. Profit Before Tax

Profit for the period is arrived after crediting/(charging) the following:

| | Individual Quarter | | Cumulative Quarter | |
|-------------------------------------|---|---|--|---|
| | Current Quarter Ended 31/8/2020 RM'000 | Comparative Quarter Ended 31/8/2019 RM'000 | Current 3-months 31/8/2020 RM'000 | Comparative Quarter Ended 31/8/2019 RM'000 |
| Fair value gain on other investment | 27,497 | N/A | 27,497 | N/A |
| Interest income | 227 | N/A | 227 | N/A |
| Interest expense | (4) | N/A | (4) | N/A |
| Depreciation and amortisation | (72) | N/A | (72) | N/A |
| Share option expenses | (1,408) | N/A | (1,408) | N/A |

B11. Changes In Material Litigation

There was no material litigation pending as at the date of this report.

B12. Dividend

The Board does not recommend any dividend for the quarter under review.

B13. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

| | 3 months ended | | Cumulative | |
|---|--|---|--|--|
| | Current Year Quarter 31.8.2020 RM | Preceding Year Corresponding Quarter 31.8.2019 RM | Current Year To Date 31.8.2020 RM | Preceding Year Corresponding period 31.8.2019 RM |
| Profit/(Loss) net of tax attributable to owners of the parent | 25,035,521 | N/A | 25,035,521 | N/A |
| Weighted average number of ordinary shares | 2,667,302,271 | N/A | 2,667,302,271 | N/A |
| EPS (sen) - Basic | 0.94 | N/A | 0.94 | N/A |
| - Diluted | N/A | N/A | N/A | N/A |

Diluted

The fully diluted loss per ordinary share for the Group for the current financial period is not presented as the warrants would be anti-dilutive as the exercise price is higher than the fair value of the Company's shares.