

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2021**

	Note	3 months ended		Cumulative 3 months ended	
		31/03/21	31/03/20	31/03/21	31/03/20
		RM'000	RM'000	RM'000	RM'000
REVENUE		13,467	13,712	13,467	13,712
COST OF SALES		(10,634)	(10,808)	(10,634)	(10,808)
GROSS PROFIT		<u>2,833</u>	<u>2,904</u>	<u>2,833</u>	<u>2,904</u>
OTHER INCOME		298	83	298	83
ADMINISTRATIVE EXPENSES		(3,279)	(3,447)	(3,279)	(3,447)
SELLING AND DISTRIBUTION EXPENSES		(206)	(187)	(206)	(187)
OTHER EXPENSES		(70)	(146)	(70)	(146)
FINANCE COST		(99)	(146)	(99)	(146)
LOSS BEFORE TAX		<u>(523)</u>	<u>(939)</u>	<u>(523)</u>	<u>(939)</u>
TAX INCOME	24	110	-	110	-
LOSS FOR THE FINANCIAL PERIOD		<u>(413)</u>	<u>(939)</u>	<u>(413)</u>	<u>(939)</u>
OTHER COMPREHENSIVE INCOME					
Foreign currency translation difference		231	293	231	293
		<u>231</u>	<u>293</u>	<u>231</u>	<u>293</u>
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(182)</u>	<u>(646)</u>	<u>(182)</u>	<u>(646)</u>
PROFIT/(LOSS) attributable to:					
Owners of the parent		(605)	(852)	(605)	(852)
Non-controlling interests		192	(87)	192	(87)
		<u>(413)</u>	<u>(939)</u>	<u>(413)</u>	<u>(939)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the parent		(374)	(559)	(374)	(559)
Non-controlling interests		192	(87)	192	(87)
		<u>(182)</u>	<u>(646)</u>	<u>(182)</u>	<u>(646)</u>
Loss per share (sen)					
Basic	25	(0.31)	(0.44)	(0.31)	(0.44)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Note	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
		As at 31/03/2021	As at 31/12/2020
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		25,599	25,755
Right-of-use assets		4,372	4,343
Deferred tax assets		900	888
Other receivables		970	1,293
		<u>31,841</u>	<u>32,279</u>
Current assets			
Inventories		869	814
Trade receivables		12,297	15,422
Other receivables		4,920	4,735
Tax recoverable		69	1
Deposits with licensed banks		540	540
Cash and bank balances		5,040	3,886
		<u>23,735</u>	<u>25,398</u>
TOTAL ASSETS		<u>55,576</u>	<u>57,677</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		50,973	50,973
Accumulated losses		(914)	(309)
Other reserves		(21,881)	(22,112)
		<u>28,178</u>	<u>28,552</u>
Non-controlling interests		9,159	8,967
TOTAL EQUITY		<u>37,337</u>	<u>37,519</u>
Non-current liabilities			
Other payables		159	159
Borrowings	20	2,103	2,103
Lease liabilities		1,552	1,770
Deferred tax liabilities		64	64
		<u>3,878</u>	<u>4,096</u>
Current liabilities			
Trade payables		5,008	5,437
Other payables		4,810	6,067
Borrowings	20	1,374	1,831
Lease liabilities		3,150	2,662
Tax payable		19	65
		<u>14,361</u>	<u>16,062</u>
TOTAL LIABILITIES		<u>18,239</u>	<u>20,158</u>
TOTAL EQUITY AND LIABILITIES		<u>55,576</u>	<u>57,677</u>
Net assets per share attributable to owners of the parent (RM)		<u>0.14</u>	<u>0.14</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2021

Cumulative year ended 31 March 2021

	Non distributable					Distributable	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000	
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	WARRANT RESERVE RM'000	CURRENCY FLUCTUATION RESERVE RM'000	OTHER RESERVE RM'000				ACCUMULATED LOSSES RM'000
Balance as at 31.12.2020, as previously stated	50,973	-	(22,246)	-	4,081	(3,947)	(309)	28,552	8,967	37,519
Transaction with owners:-										
Profit/(Loss) for the financial year	-	-	-	-	-	-	(605)	(605)	192	(413)
Other comprehensive gain for the financial year	-	-	-	-	231	-	-	231	-	231
Total comprehensive profit/(loss) for the financial year	-	-	-	-	231	-	(605)	(374)	192	(182)
Balance as at 31.03.2021	50,973	-	(22,246)	-	4,312	(3,947)	(914)	28,178	9,159	37,337

Cumulative year ended 31 March 2020

	Non distributable					Distributable	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000	
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	WARRANT RESERVE RM'000	CURRENCY FLUCTUATION RESERVE RM'000	OTHER RESERVE RM'000				ACCUMULATED LOSSES RM'000
Balance as at 31.12.2019, as previously stated	48,115	-	(22,246)	93	3,842	(3,947)	(2,329)	23,528	9,468	32,996
Warrant conversion exercise	233	-	-	-	-	-	-	233	-	233
Private placement exercise	2,625	-	-	-	-	-	-	2,625	-	2,625
Transactions with owners:-										
Loss for the financial year	-	-	-	-	-	-	(852)	(852)	(87)	(939)
Other comprehensive loss for the financial year	-	-	-	-	293	-	-	293	-	293
Total comprehensive loss for the financial year	-	-	-	-	293	-	(852)	(559)	(87)	(646)
Balance as at 31.03.2020	50,973	-	(22,246)	93	4,135	(3,947)	(3,181)	25,827	9,381	35,208

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

	3 months ended	
	31/03/2021	31/03/2020
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before tax	(523)	(939)
Adjustments for:		
Reversal for impairment loss on trade receivables	(24)	-
Depreciation of property, plant and equipment	875	833
Depreciation of right-of-use assets	892	883
Interest expenses	99	146
Interest income	-	(5)
Unrealised loss on foreign exchange	11	131
Operating profit before working capital changes	1,330	1,049
Changes in working capital:-		
Inventories	(65)	(337)
Receivables	3,497	2,829
Payables	(1,562)	(4,980)
CASH GENERATED FROM/(USED IN) OPERATIONS	3,200	(1,439)
Tax paid	(27)	(54)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	3,173	(1,493)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(802)	(497)
Interest received	-	5
NET CASH USED IN INVESTING ACTIVITIES	(802)	(492)
FINANCING ACTIVITIES		
Repayment of account receivables financing	(423)	(284)
Interest paid	(99)	(146)
Proceed from warrant conversion	-	233
Proceed from private placement	-	2,625
Repayment of lease liabilities	(648)	(739)
Repayment of term loan	(17)	(12)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(1,187)	1,677
CASH AND CASH EQUIVALENTS		
Net changes	1,184	(308)
Brought forward	3,886	6,030
Effects of exchange translation differences on cash and cash equivalents	(30)	(9)
Carried forward	5,040	5,713

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial statements.)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

1. Basis of Preparation

The Condensed Interim Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Statements also complied with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. The explanatory notes attached to these condensed consolidated 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 2020.

2. Significant Accounting Policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with those adopted for the financial year ended 31 December 2020, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2021.

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Insurance Contracts: Interest Rate Benchmark Reform-Phase 2

The adoption of the above standards, amendments and annual improvement did not have any material financial impacts to the Group.

Standards issued but not yet effective

- i) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022
 - Annual Improvement to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”
 - Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
 - Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
 - Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- ii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023
 - MFRS 17, Insurance Contracts
 - Amendments to MFRS17, Insurance Contracts
 - Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
 - Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies

2. Significant Accounting Policies (continued)

Standards issued but not yet effective (continued)

- ii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023 (continued)
- Amendments to MFRS 108 Accounting Policies - Changes in Accounting Estimates and Errors
 - Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption for Applying MFRS 9
- iii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group does not plan to apply MFRS 17, Insurance Contract that is effective for annual periods beginning on 1 January 2023 as it is not applicable to the Group. The adoption of the applicable accounting standards are not expected to have any material impacts to the financial statements of the Group up on the initial adoption.

3. Audit Report of Preceding Annual Financial Statements

The preceding year annual audited financial statements were not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group's operations were not subject to any seasonal or cyclical changes.

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

Except for other income arising from Covid-19 related government grant, there were no other item which is unusual because of its size or incidences that has affected the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter under review.

6. Material Changes in Estimates

There were no material changes in estimates for the quarter ended 31 March 2021.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

8. Dividend Paid

There were no dividends declared or paid by the Group for the current quarter under review.

9. Segmental Reporting

The segmental results of the Group for the current and previous financial year-to-date under review is set out below:

Geographical information

Revenue information based on the geographical location of customers are as follows:-

Location	<u>3 Months Ended</u>	<u>3 Months Ended</u>
	31.03.2021	31.03.2020
	RM'000	RM'000
People's Republic of China	263	185
Malaysia	3,992	5,355
Singapore	12,461	11,345
Others	287	760
Inter segment	(3,536)	(3,933)
	<u>13,467</u>	<u>13,712</u>

The business of the Group is generated from the business of surface treatment, precision cleaning, clean bulkpack and related service mainly in HDD and consumer electrics industries and there is only one business segment identified by the management.

10. Valuation of Property, Plant and Equipment

The Group's property, plant and equipment were stated at cost less accumulated depreciation.

11. Material Events Subsequent to the End of the Current Financial Quarter

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

12. Changes in the Composition of the Group

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

13. Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

The Group has secured and unsecured bank guarantee given to the Royal Malaysian Customs Department and licensed bank for credit facilities granted to a subsidiary for RM400,000 and RM846,768 respectively.

(b) Contingent assets

There were no contingent assets as at the end of current financial quarter.

14. Capital Commitment

	As at 31.03.2021 RM'000	As at 31.12.2020 RM'000
Authorised but not contracted for:-		
Office equipment, electrical fittings and furniture and fittings	-	23
Plant and machineries	41	14
	<u>41</u>	<u>37</u>

15. Review of Performance

Comparison between Current Financial Quarter Ended 31 March 2021 and Previous Corresponding Quarter Ended 31 March 2020

A summary of the Group’s performance is set out below:-

	3 Months Ended			
	31.03.2021	31.03.2020		
	Surface Treatment & Precision Cleaning RM'000	Surface Treatment & Precision Cleaning RM'000	Increase/(Decrease) RM'000	%
Revenue	13,467	13,712	(245)	(1.79)
Gross profit	2,833	2,904	(71)	(2.44)
Loss before tax	(523)	(939)	416	(44.30)
Loss after tax	(413)	(939)	526	(56.02)
Loss attributable to owners of the parent	(605)	(852)	247	(28.99)

Surface Treatment & Precision Cleaning Division

Although revenue remain about the same as in the previous corresponding quarter. There has been a change in the product mix, the group had more Cassettes and Component washing whereas in the previous quarter the group had more Cleanroom assembly services. The product mix for Surface treatment services remain unchanged.

The overall gross profit margin almost the same on 21.04% for the current financial quarter as compared with 21.18% in the previous corresponding quarter.

The Group’s administrative expenses decreased by RM168,000 as compared to the previous corresponding quarter mainly due to cost reduction in indirect staff salaries & benefits and office & IT maintenance charges.

The Group’s other income increased by RM215,000 as compared to the previous corresponding quarter mainly due to the Covid-19 related government grant received from our Singapore subsidiary company.

Overall, the Group reported a loss before tax of RM0.523 million in the current financial quarter as compared to a loss before tax of RM0.939 million in the previous corresponding quarter.

16. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter		
	31.03.2021	31.12.2020		
	Surface Treatment & Precision Cleaning	Surface Treatment & Precision Cleaning	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	13,467	15,357	(1,890)	(12.31)
Gross profit	2,833	4,044	(1,211)	(29.95)
(Loss)/Profit before tax	(523)	2,576	(3,099)	NA
(Loss)/Profit after tax	(413)	2,120	(2,533)	NA
(Loss)/Profit attributable to owners of the parent	(605)	1,595	(2,200)	NA

Surface Treatment & Precision Cleaning Division

Revenue for the current quarter decreased by 12.31% as compared to the immediate preceding quarter. The decrease is across all surface treatment and precision cleaning services. Traditionally the 1st quarter of the year has the lower revenue as compared to 4th quarter of the year.

Overall gross profit margin for the current quarter at 21.04% is lower than the immediate pre quarter at 26.33%.

The Group's other expenses decreased by RM1,054,000 as compared to the immediate preceding quarter mainly due to loss on foreign exchange decreased by RM161,000 and allowance for impairment loss on trade receivables decreased by RM653,000 in the current quarter.

The Group's other income decreased by RM2,831,000 mainly due to a one-off compensation of approximately RM2,586,000 received by the company in the immediate preceding quarter.

The Group registered a loss before tax of RM0.523 million as compared to a profit before tax of RM2,576 million in the immediate preceding quarter.

17. Future Prospects

As compared to last year, the group operations is much better prepared for the recent resurgence of Covid-19 restrictive measures. However, we will still be impacted from disruptions caused by logistic suppliers which will affect our customers.

The demand for precision washing and surface treatment services from the Hard Disk drive (HDD) is expected to remain stable with the demand increasing towards the 2nd half of the year.

18. Variance of Profit Forecast and Shortfall in Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter.

19. Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of this report.

20. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 March 2021 presented as follows:-

	As at 1st quarter ended 2021					
	Long term		Short term		Total borrowings	
	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000
Secured						
Term loan	-	2,103	-	52	-	2,155
Factoring loan	-	-	429	1,322	429	1,322

	As at 1st quarter ended 2020					
	Long term		Short term		Total borrowings	
	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000
Secured						
Term loan	-	2,084	-	73	-	2,157
Factoring loan	-	-	944	2,879	944	2,879

The total borrowings denominated in foreign currency as at 31 March 2021 are: -

	RM’000
Foreign currency – SGD 428,913 @ RM3.0817/SGD	<u>1,322</u>

The factoring loan is charged at an effective interest rate of approximately 3.25% per annum. The term loan is charged at an effective interest rate of 4.58% per annum.

21. Off Balance Sheet Financial Instruments

As at 31 March 2021, the Group is a party to a foreign currency forward contract to sell USD350,000 at the rate ranging from 1.3405 to 1.3435. Had the contract been settled at the financial position date, the net effect on the exchange exposure is an increase in the gain of RM15,035.

22. Material Litigation

There was no pending material adverse litigation from 1 January 2021 up to the date of this quarterly announcement.

23. Dividend Payable

There was no dividend payable or proposed during the current quarter ended 31 March 2021.

24. Tax Income

Details of taxation are as follows: -

	3 Months Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Over provision in prior year	(110)	-
Effective tax rate	-	-
Statutory tax rate	24%	24%
Variance	-	-

25. Loss Per Share (“LPS”)

The calculation of the loss per share is based on the net loss divided by the weighted average number of ordinary shares.

	3 Months Ended		Cumulative 3 Months Ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Net profit/(loss) for the period attributable to owners of the parent (RM'000)	(605)	(852)	(605)	(852)
Weighted average number of ordinary shares in issue ('000)*	197,213	192,991	197,213	192,991
Basic loss per share (sen)	(0.31)	(0.44)	(0.31)	(0.44)

26. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

Loss before tax is arrived at after charging/(crediting) the following items:-

	3 Months Ended 31 March 2021 RM'000
(a) Interest income	-
(b) Other income including investment income	(298)
(c) Interest expenses	99
(d) Depreciation and amortisation	1,767
(e) Provision for and write off of receivables	(24)
(f) Provision for and write off of inventories	-
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-
(h) Impairment of assets	-
(i) Foreign exchange loss/(gain)	94
(j) Gain or loss on derivatives	-
(k) Exceptional items	-

- End -