

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ⁽¹⁾***(The figures have not been audited)*

| | Note | <-- Individual Quarter --> | | <-- Cumulative Quarter --> | |
|---|------|--|--|--|--|
| | | (Unaudited) 30 June 2018 RM'000 | (Unaudited) 30 June 2017 RM'000 | (Unaudited) 30 June 2018 RM'000 | (Unaudited) 30 June 2017 RM'000 |
| Revenue | A7 | 26,662 | 17,195 | 51,041 | 37,509 |
| Cost of Sales | | (18,079) | (11,961) | (34,315) | (26,094) |
| Gross Profit | | 8,583 | 5,234 | 16,726 | 11,415 |
| Other operating income | | 312 | 139 | 1,206 | 314 |
| Administrative expenses | | (5,160) | (3,679) | (9,626) | (7,358) |
| Profit from operations | | 3,735 | 1,694 | 8,306 | 4,371 |
| Finance costs | | (115) | (114) | (246) | (211) |
| Profit before taxation | A7 | 3,620 | 1,580 | 8,060 | 4,160 |
| Taxation | B5 | (1,205) | (386) | (2,145) | (999) |
| Profit for the financial period | | 2,415 | 1,194 | 5,915 | 3,161 |
| Total comprehensive income for the financial period | | 2,415 | 1,194 | 5,915 | 3,161 |
| Profit for the financial period attributed to: | | | | | |
| Owners of the Company | | 2,399 | 1,194 | 5,777 | 3,161 |
| Non-controlling Interest | | 16 | - | 138 | - |
| | | 2,415 | 1,194 | 5,915 | 3,161 |
| Total comprehensive income attributed to: | | | | | |
| Owners of the Company | | 2,399 | 1,194 | 5,777 | 3,161 |
| Non-controlling Interest | | 16 | - | 138 | - |
| | | 2,415 | 1,194 | 5,915 | 3,161 |
| Weighted average number of ordinary shares in issue ('000) | B10 | 421,250 | 421,250 | 421,250 | 421,250 |
| Earnings per share attributable to owners of the Company (sen): | | | | | |
| - Basic ⁽²⁾ /Diluted ⁽³⁾ | B10 | 0.57 | 0.28 | 1.37 | 0.75 |

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ⁽¹⁾

(The figures have not been audited)

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the BCM Group for the financial year ended ("FYE") 31 December 2017 as well as the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share is calculated based on the ordinary shares in BCM Alliance Berhad ("BCM") in issuance of 421,250,200 shares.
- (3) Diluted earnings per share of the Group for the current quarter and cumulative quarter ended 30th June 2018 is equivalent to the basic earnings per share as the Group does not have convertible securities as at the end of the reporting period.

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BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018 ⁽¹⁾***(The figures have not been audited)*

| | Note | (Unaudited) As at 30 June 2018 RM'000 | (Audited) As at 31 December 2017 ⁽²⁾ RM'000 |
|--|-------------|--|---|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 10,951 | 9,595 |
| Other investment | | 1,068 | 4,393 |
| | | 12,019 | 13,988 |
| CURRENT ASSETS | | | |
| Inventories | | 17,351 | 11,621 |
| Trade receivables | | 18,460 | 10,734 |
| Other receivables, prepayments and deposits | | 2,161 | 2,155 |
| Tax recoverable | | - | 881 |
| Fixed deposits with licensed banks | | 1,105 | 1,099 |
| Cash and bank balances | | 17,022 | 15,272 |
| TOTAL CURRENT ASSETS | | 56,099 | 41,762 |
| TOTAL ASSETS | | 68,118 | 55,750 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 32,120 | 32,120 |
| Merger reserve | | (16,049) | (16,049) |
| Retained earnings | | 28,688 | 23,302 |
| Equity attributable to owners of the Company | | 44,759 | 39,373 |
| Non-controlling interest | | 2,452 | - |
| TOTAL EQUITY | | 47,211 | 39,373 |
| CURRENT LIABILITIES | | | |
| Trade payables | | 7,871 | 2,919 |
| Other payables & accruals | | 4,988 | 7,206 |
| Finance lease payables | B7 | 745 | 517 |
| Borrowings | B7 | 2,370 | 602 |
| Current tax liabilities | | 244 | - |
| TOTAL CURRENT LIABILITIES | | 16,218 | 11,244 |

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018 (Continued) ⁽¹⁾***(The figures have not been audited)*

| | | (Unaudited) As at 30 June 2018 RM'000 | (Audited) As at 31 December 2017 ⁽²⁾ RM'000 |
|--|----|--|---|
| NON-CURRENT LIABILITIES | | | |
| Finance lease payables | B7 | 1,519 | 1,818 |
| Borrowings | B7 | 2,994 | 3,139 |
| Deferred tax liabilities | | 176 | 176 |
| TOTAL NON-CURRENT LIABILITIES | | 4,689 | 5,133 |
| TOTAL LIABILITIES | | 20,907 | 16,377 |
| TOTAL EQUITY AND LIABILITIES | | 68,118 | 55,750 |
| Net assets per share (RM) ⁽³⁾ | | 0.11 | 0.09 |

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the BCM Group for the financial year ended ("FYE") 31 December 2017 as well as the accompanying explanatory notes attached to this interim financial report.
- (2) The summary of the statement of financial position prepared based on the Audited Financial Statement of the BCM Group as at 31 December 2017.
- (3) Net assets per share is calculated based on the ordinary shares in BCM in issuance of 421,250,200 shares.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾***(The figures have not been audited)*

| | <----- Non-Distributable -----> | | | Distributable | Total | Non- | Total |
|--|--|----------------|----------------|----------------------|----------------------|--------------------|---------------|
| | Share | Share | Merger | Retained | Shareholders' | Controlling | Equity |
| | Capital | Premium | Reserve | Earnings | Equity | Interest | Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2018 | 32,120 | - | (16,049) | 23,302 | 39,373 | - | 39,373 |
| Effects of changes in accounting policies MFRS 15 ⁽²⁾ | - | - | - | (391) | (391) | - | (391) |
| Restated balance as at 1 January 2018 | 32,120 | - | (16,049) | 22,911 | 38,982 | - | 38,982 |
| Acquisition of a subsidiary | - | - | - | - | - | 2,314 | 2,314 |
| Profit for the period | | | | | | | |
| - Total comprehensive income for the period | - | - | - | 5,777 | 5,777 | 138 | 5,915 |
| Balance as at 30 June 2018 | 32,120 | - | (16,049) | 28,688 | 44,759 | 2,452 | 47,211 |

| | <---- Non-Distributable -----> | | | Distributable | Total | Non- | Total |
|---|---|----------------|----------------|----------------------|----------------------|--------------------|---------------|
| | Share | Share | Merger | Retained | Shareholders' | controlling | Equity |
| | Capital | Premium | Reserve | Earnings | Equity | Interest | Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2017 | 21,063 | 11,057 | (16,049) | 18,820 | 34,891 | - | 34,891 |
| Profit for the period | | | | | | | |
| - Total comprehensive income for the period | - | - | - | 3,161 | 3,161 | - | 3,161 |
| Balance as at 30 June 2017 | 21,063 | 11,057 | (16,049) | 21,981 | 38,052 | - | 38,052 |

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the BCM Group for the financial year ended ("FYE") 31 December 2017 as well as the accompanying explanatory notes attached to this interim financial report.
- (2) The Company has applied retrospectively of the MFRS 15 measurement which effected on 1 January 2018 by restating the retained earnings as at 1 January 2018 to reflect the unexpired sales warranties balances as at that date. This restatement is to enable such sales warranties to be recognised over the contracts duration in the subsequent time of periods.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾***(The figures have not been audited)*

| | (Unaudited) 6 months ended 30 June 2018 RM'000 | (Unaudited) 6 months ended 30 June 2017 RM'000 |
|---|---|---|
| Cash Flows From Operating Activities | | |
| Profit before taxation | 8,060 | 4,160 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 621 | 393 |
| Negative goodwill arose from acquisition of subsidiary | (690) | - |
| Interest expense | 246 | 211 |
| Interest income | (208) | (219) |
| Gain on disposal of property, plant and equipment | (179) | - |
| Unrealised gain on foreign exchange difference | (70) | - |
| Impairment loss on property, plant and equipment | 3 | - |
| Operating profit before working capital changes | <u>7,783</u> | <u>4,545</u> |
| Changes in working capital: | | |
| Inventories | (4,973) | (713) |
| Trade receivables | (5,942) | (2,974) |
| Other receivables | 77 | (813) |
| Trade payables | 5,167 | (3,370) |
| Other payables | (3,116) | (1,676) |
| | <u>(8,787)</u> | <u>(9,546)</u> |
| Cash used in operations | (1,004) | (5,001) |
| Interest received | 208 | 219 |
| Interest paid | (246) | (211) |
| Tax paid | (1,354) | (1,310) |
| Tax refund | 363 | 125 |
| | <u>(1,029)</u> | <u>(1,177)</u> |
| Net cash used in operating activities | <u>(2,033)</u> | <u>(6,178)</u> |
| Cash Flows From Investing Activities | | |
| Acquisition of subsidiary (net of cash) | 594 | - |
| Purchase of property, plant and equipment | (1,434) | (494) |
| Proceeds from disposal of property, plant and equipment | 221 | - |
| Proceeds from disposal of other investment | 3,325 | - |
| Net cash generated from/(used in) investing activities | <u>2,706</u> | <u>(494)</u> |
| Cash Flows From Financing Activities | | |
| Repayment of bank borrowings | (128) | (130) |
| Repayment of finance lease payables | (539) | (187) |
| Uplift of fixed deposits pledged | (6) | (52) |
| Increase in trust receipts | 1,757 | 1,579 |
| Net cash generated from financing activities | <u>1,084</u> | <u>1,210</u> |

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued) ⁽¹⁾***(The figures have not been audited)*

| | (Unaudited) 6 months ended 30 June 2018 RM'000 | (Unaudited) 6 months ended 30 June 2017 RM'000 |
|--|---|---|
| Net increase/(decrease) in cash and cash equivalents | 1,757 | (5,462) |
| Cash and cash equivalents at the beginning of the period | 14,938 | 24,259 |
| Cash and cash equivalents at the end of the period | <u>16,695</u> | <u>18,797</u> |
| Cash and cash equivalents at the end of the period comprises: | | |
| - Fixed deposits with licensed banks | 1,105 | 4,744 |
| - Cash and bank balances | 17,022 | 16,474 |
| - Bank overdrafts | (348) | (190) |
| | <u>17,779</u> | <u>21,028</u> |
| Less: Fixed deposits pledged with licensed banks | (1,084) | (2,231) |
| Net cash and cash equivalent at the end of the period | <u>16,695</u> | <u>18,797</u> |

Note:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the BCM Group for the financial year ended 31 December 2017 as well as the accompanying explanatory notes attached to this interim financial report.

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BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and Rules 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

Adoption of new and amended standard

During the financial period, the Group has adopted the following amendments for MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period.

| | |
|--|---|
| MFRS 14 | Regulatory Deferral Accounts |
| Amendments to MFRS 11 | Accounting for Acquisition of Interests in Joint Operations |
| Amendments to MFRS 10, MFRS 12 and MFRS 128 | Investment Entities: Applying the Consolidation Exception |
| Amendments to MFRS 101 | Disclosure Initiative |
| Amendments to MFRS 116 and MFRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to MFRS 116 and MFRS 141 | Agriculture: Bearer Plants |
| Amendments to MFRS 127 | Equity Method in Separate Financial Statements |
| Amendments to MFRS 107 | Disclosure Initiative |
| Amendments to MFRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses |
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in July 2014) |
| MFRS 15 | Revenue from Contracts with Customers |
| Amendments to MFRS 2 | Classification and measurement of share-based payment transactions |
| Amendments to MFRS 15 | Clarification to MFRS 15 |
| Amendments to MFRS 140 | Transfers of Investment Property |
| Amendments to MFRS 4 | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |
| Annual Improvements to MFRSs 2012-2014 Cycle | |
| -Amendments to MFRS 1; | |
| Amendments to MFRS 12; | |
| Amendments to MFRS 128 | |

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

Adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group.

Standards issued but not yet effective

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysia Accounting Standards Board as they have yet to be effective for the Group.

| MFRSs and IC Interpretations (Including The Consequential Amendments) | Effective dates for financial period beginning on and after |
|--|--|
| MFRS 16 | 1 January 2019 |
| Amendments to MFRS 10 and MFRS 128 | Deferred until further notice |
| Leases | |
| Sales or Contribution of Assets between an Investor and its Associate or Joint Venture | |

A2. Auditors' report of preceding annual audited financial statements

The audited financial statements of the Group for the financial year ended 31 December 2017 was not subject to any qualification.

A3. Seasonal or cyclical factors

The financial performance of the Group was not affected by seasonal or cyclical factors during the current financial quarter and financial period-to-date.

A4. Unusual items

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

A5. Material changes in estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter and financial period-to-date.

A6. Debt and equity securities

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and financial period-to-date.

A7. Segmental information

The Group's reportable segments comprise of commercial laundry equipment, medical devices, health care products and investment holding segment.

For each reportable segments, the Group's chief operating decision maker which is the Board of Directors of the Company, reviews internal management reports at least on a quarterly basis.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

A7. Segmental information (cont'd)

Results for the cumulative 6 months ended 30 June

In RM'000

| Business Segments | Q2 2018 | | | | | | Q2 2017 | | | | | |
|--|------------------------------|-----------------|---------------------|--------------------|--------------------------|---------------|------------------------------|-----------------|---------------------|--------------------|--------------------------|---------------|
| | Commercial Laundry Equipment | Medical Devices | Healthcare Products | Investment Holding | Adjustment & elimination | Total Group | Commercial Laundry Equipment | Medical Devices | Healthcare Products | Investment Holding | Adjustment & elimination | Total Group |
| Revenue-(i)external customers | 23,433 | 25,030 | 2,578 | - | - | 51,041 | 20,884 | 16,625 | - | - | - | 37,509 |
| (ii)inter-segment | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenue | 23,433 | 25,030 | 2,578 | - | - | 51,041 | 20,884 | 16,625 | - | - | - | 37,509 |
| Results –Segment results | 4,600 | 3,184 | 403 | (779) | 690 | 8,098 | 2,293 | 1,929 | - | (70) | - | 4,152 |
| Interest income | 78 | 40 | 19 | 71 | - | 208 | 26 | 29 | - | 164 | - | 219 |
| Finance costs | (89) | (149) | - | (8) | - | (246) | (78) | (133) | - | ^ | - | (211) |
| Profit/(Loss) before taxation | 4,589 | 3,075 | 422 | (716) | 690 | 8,060 | 2,241 | 1,825 | - | 94 | - | 4,160 |
| Taxation | (1,186) | (819) | (140) | - | - | (2,145) | (558) | (441) | - | - | - | (999) |
| Profit/(Loss) after taxation | 3,403 | 2,256 | 282 | (716) | 690 | 5,915 | 1,683 | 1,384 | - | 94 | - | 3,161 |
| Other non-cash items: | | | | | | | | | | | | |
| -Depreciation of property, plant and equipment | (250) | (286) | (32) | (53) | - | (621) | (171) | (205) | - | (17) | - | (393) |
| -Gain on disposal of property, plant and equipment | - | 179 | - | - | - | 179 | - | - | - | - | - | - |
| -Impairment loss on property, plant and equipment | - | (3) | - | - | - | (3) | - | - | - | - | - | - |
| -Unrealised gain on foreign exchange difference | - | 70 | - | - | - | 70 | - | - | - | - | - | - |
| Segment assets | 25,900 | 33,075 | 5,648 | 31,920 | (28,425) | 68,118 | 17,148 | 26,674 | - | 32,779 | (22,219) | 54,382 |
| Segment liabilities | (8,975) | (20,754) | (640) | (390) | 9,852 | (20,907) | (5,266) | (15,959) | - | (474) | 5,369 | (16,330) |

^ Represent less than RM1,000

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

A7. Segmental information (cont'd)

Results for the current 3 months ended 30 June

In RM'000

| Business Segments | Q2 2018 | | | | | | Q2 2017 | | | | | |
|--|------------------------------|-----------------|---------------------|--------------------|--------------------------|---------------|------------------------------|-----------------|---------------------|--------------------|--------------------------|---------------|
| | Commercial Laundry Equipment | Medical Devices | Healthcare Products | Investment Holding | Adjustment & elimination | Total Group | Commercial Laundry Equipment | Medical Devices | Healthcare Products | Investment Holding | Adjustment & elimination | Total Group |
| Revenue-(i)external customers | 9,112 | 15,915 | 1,635 | - | - | 26,662 | 9,867 | 7,328 | - | - | - | 17,195 |
| (ii)inter-segment | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenue | 9,112 | 15,915 | 1,635 | - | - | 26,662 | 9,867 | 7,328 | - | - | - | 17,195 |
| Results –Segment results | 1,930 | 2,014 | 160 | (417) | (58) | 3,629 | 1,044 | 601 | - | (78) | - | 1,567 |
| Interest income | 42 | 18 | 12 | 34 | - | 106 | 22 | 21 | - | 84 | - | 127 |
| Finance costs | (37) | (74) | - | (4) | - | (115) | (46) | (68) | - | ^ | - | (114) |
| Profit/(Loss) before taxation | 1,935 | 1,958 | 172 | (387) | (58) | 3,620 | 1,020 | 554 | - | 6 | - | 1,580 |
| Taxation | (523) | (542) | (140) | - | - | (1,205) | (253) | (133) | - | - | - | (386) |
| Profit/(Loss) after taxation | 1,412 | 1,416 | 32 | (387) | (58) | 2,415 | 767 | 421 | - | 6 | - | 1,194 |
| Other non-cash items: | | | | | | | | | | | | |
| -Depreciation of property, plant and equipment | (127) | (156) | (21) | (27) | - | (331) | (87) | (105) | - | (17) | - | (209) |
| -Gain on disposal of property, plant and equipment | - | 179 | - | - | - | 179 | - | - | - | - | - | - |
| -Impairment loss on property, plant and equipment | - | (3) | - | - | - | (3) | - | - | - | - | - | - |
| -Unrealised gain on foreign exchange difference | - | 70 | - | - | - | 70 | - | - | - | - | - | - |

^ Represent less than RM1,000

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

A8. Dividends Paid

No dividends were paid during the current quarter under review.

A9. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter.

A10. Capital commitments

There were no capital commitments of the Group as at 30 June 2018 except for the disclosure in Note B6 (i) and (ii).

A11. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter.

A12. Contingent liabilities and contingent assets

Since the last annual balance sheet date, there were no contingent liabilities and contingent assets as at the date of this interim financial report that are expected to have an operational or financial impact on the current financial period-to-date.

A13. Material events subsequent to the end of the quarter

There were no other material events subsequent to the end of the current quarter and financial period-to-date that have not been reflected in the interim financial report:

A14. Related party transactions

The Group's significant related party transactions in the current period under review are as follows:

| | (Unaudited) Current Quarter ended 30 June 2018 RM'000 | (Unaudited) Cumulative quarter ended 30 June 2018 RM'000 |
|---|--|---|
| Rental expenses paid to a company connected to certain directors. | 44 | 60 |
| Rental deposits paid to a company connected to certain directors. | 18 | 48 |

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS****B1. Review of performance**

| | Individual Quarter (Unaudited) 30 June 2018 RM'000 | Individual Quarter (Unaudited) 30 June 2017 RM'000 | Changes (RM'000 / %) | Cumulative Quarter (Unaudited) 30 June 2018 RM'000 | Cumulative Quarter (Unaudited) 30 June 2017 RM'000 | Changes (RM'000 / %) |
|--|---|---|-------------------------------------|---|---|-------------------------------------|
| Revenue | 26,662 | 17,195 | 9,467/ 55.06% | 51,041 | 37,509 | 13,532/ 36.08% |
| Operating profit | 3,423 | 1,555 | 1,868/ 120.13% | 7,100 | 4,057 | 3,043/ 75.01% |
| Profit before interest and tax | 3,735 | 1,694 | 2,041/ 120.48% | 8,306 | 4,371 | 3,935/ 90.03% |
| Profit before tax | 3,620 | 1,580 | 2,040/ 129.11% | 8,060 | 4,160 | 3,900/ 93.75% |
| Profit after tax | 2,415 | 1,194 | 1,221/ 102.26% | 5,915 | 3,161 | 2,754/ 87.12% |
| Profit attributable to Owners of the Company | 2,399 | 1,194 | 1,205/ 100.92% | 5,777 | 3,161 | 2,616/ 82.76% |

Current quarter (3 months)

For the current quarter ended 30 June 2018, the Group recorded revenue of RM26.66 million as compared to RM17.20 million in the corresponding quarter ended 30 June 2017, an increase of RM9.47 million or 55.06%.

Revenue from the commercial laundry equipment business segment decreased by RM0.76 million or 7.66% from RM9.87 million in the corresponding quarter ended 30 June 2017 compared to RM9.11 million in current quarter ended 30 June 2018, whilst the medical devices business segments increase in revenue by RM8.59 million or 117.19% from RM7.33 million in the corresponding quarter ended 30 June 2017 compared to RM15.92 million in the current quarter ended 30 June 2018.

The healthcare products segment has contributed RM1.64 million revenue for the Group in current quarter ended 30 June 2018, represents good demand of its core products named Rossmax.

The increase in revenue contribution from the medical devices business segment was mainly attributable to more orders secured from existing and new customers for medical imaging equipment and sterilisation equipment in current quarter.

The decrease in revenue contribution from commercial laundry equipment business segment was mainly due to lower demand in the third and fourth weeks of May 2018 (viewed as transition period) in response to the implementation of zero-rated Goods and Services Tax in June 2018.

Overall, the Group's profit before tax increased during the current quarter ended 30 June 2018 recorded at RM3.62 million as compared to profit before tax of RM1.58 million in the corresponding quarter ended 30 June 2017. The increase of RM2.04 million or 129.11% was mainly due to higher revenue as mentioned above and improvement in overall gross profit margin during the current quarter under review.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

B1. Review of performance (cont'd)

Cumulative quarter (6 months)

For the cumulative six (6) months period ended 30 June 2018, the Group's revenue had increased by RM13.53 million or 36.08% to RM51.04 million as compared to RM37.51 million in the corresponding cumulated quarter ended 30 June 2017. As disclosed in Note A7, the increase in revenue were mainly due to increase in the revenue contribution from medical devices business segment and commercial laundry equipment by RM8.41 million and RM2.55 million respectively.

Revenue achieved by the healthcare products segment of RM2.58 million since the acquisition was also a factor contributed higher Group's revenue for the cumulative quarter ended 30 June 2018.

The increase in revenue contribution from the medical devices business segment was mainly attributable to the good reception received by its customers in the medical industry from the introduction of new medical devices and equipment in year 2018 via new distributorship secured. As a result, the Group has managed to secure more orders from existing and new customers for medical imaging equipment and sterilisation equipment in current quarter.

The increase in revenue contribution from commercial laundry equipment business segment mainly attributed to the continuous growth in sales of commercial laundry equipment as more laundry outlets has been set up by our customers albeit the revenue dropped slightly in third and fourth week in May 2018 in response to the implementation of zero-rated Goods and Services Tax in June 2018.

For the current cumulative quarter under review, the Group registered a profit before tax of RM8.06 million as compared to a profit before tax of RM4.16 million in the correspondence cumulative quarter ended 30 June 2017. The better results by RM3.90 million or 93.75% were mainly due to higher revenue generated from commercial laundry equipment business segment, medical devices business segment and injection of new healthcare products business segment in current cumulative quarter ended 30 June 2018.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**B2. Comparison with immediate preceding quarter's results**

| | <----- Quarter ended -----> | | | |
|---|-----------------------------|------------------|---------|---------|
| | (Unaudited) | (Unaudited) | | |
| | 30 June 2018 | 31 March 2018 | Changes | Changes |
| | RM'000 | RM'000 | (%) | RM'000 |
| Revenue | 26,662 | 24,379 | 9.36 | 2,283 |
| Operating profit | 3,423 | 3,677 | (6.91) | (254) |
| Profit before interest and tax | 3,735 | 4,571 | (18.29) | (836) |
| Profit before tax | 3,620 | 4,440 | (18.47) | (820) |
| Profit after tax | 2,415 | 3,500 | (31.00) | (1,085) |
| Profit attributable to Owners of the Company | 2,399 | 3,378 | (28.98) | (979) |

For the current quarter ended 30 June 2018, the Group recorded a revenue of RM26.66 million and profit before tax of RM3.62 million as compared to a revenue of RM24.38 million and profit before tax of RM4.44 million in the immediate preceding quarter ended 31 March 2018.

Higher revenue was recorded in the current quarter under review, represents 9.36% or RM2.28 million increased as compared to the immediate preceding quarter ended 31 March 2018. The improvement was mainly due to the increase in revenue contribution from medical devices segment and healthcare products segment by RM6.80 million and RM0.69 million respectively albeit decrease in revenue contributed from commercial laundry equipment business segment.

The increase in revenue contribution from the medical devices business segment was mainly attributable to more orders secured from its customers for medical imaging equipment and sterilisation equipment in current quarter.

The additional revenue of RM0.69 million or represents 73.38% increase, which is derived from healthcare products segment after the acquisition of new subsidiary on 9 February 2018 as the Group was able to consolidate the full revenue in the current quarter ended 30 June 2018 as compared to only two months in the immediate preceding quarter ended 31 March 2018. Good response for its core products such as Rossmax blood pressure monitor, nebulizer, body fat monitor etc also caused the improvement in revenue.

The decrease in revenue contribution from commercial laundry equipment business segment was mainly due to lower demand in the third and fourth weeks of May 2018 (viewed as transition period) in response to the implementation of zero-rated Goods and Services Tax in June 2018.

Overall, the Group's profit before tax decreased during the current quarter ended 30 June 2018 by RM0.82 million or 18.47% as compared to profit before tax of RM4.44 million in the immediate preceding quarter ended 31 March 2018. The lower profit recorded were due to higher administrative costs incurred in current quarter which had increased from RM4.47 million to RM5.16 million, mainly caused by higher staff costs; and in the absence of negative goodwill approximately RM0.70 million in the current quarter, which the negative goodwill arose from acquisition of subsidiary in the immediate preceding quarter.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

B3. Prospects

The future plans and prospects of our Group focus on certain key areas with the objective to enhance our revenue growth, improve profitability and as well as to enhance our business and operational support functions to meet the demands of our future growth.

We intend to achieve our objectives through the following strategies:

(a) Setting up of Speed Queen self-service launderette outlets

The Group is in the midst of planning to open the fifth Speed Queen self-service launderette outlet in Subang Jaya targeted in early September 2018. The Group is currently assessing options on the suitable locations to set up the remaining six (6) outlets as planned.

(b) Continuous expansion of our existing portfolio of products and brands

The Group was appointed as distributor for Siemens Healthineers' range of cardiac angiography system and fluoroscopy system in February 2018.

The Group has expanded its product offering to include distribution of healthcare and clinical devices via its newly acquired subsidiary in current year.

Nevertheless, the Group is continuous looking for expansion of new portfolio of products and brands aggressively in year 2018 to enhance future performance.

(c) To broaden our new customer base and continuous enhance relationship on our existing customer base

Our management and marketing team are working proactively to secure new customers to expand our current customer base. We also provide continuous sales support to our existing customer by rendering suggestion and recommendation on any suitable device/machine, suitable upgrade, replacement and service packages to our existing customer as an initiative to secure potential sales order in year 2018.

As a result of our efforts, we believe that the prospect of our Group is positive in view of receipt of several purchase orders from KPJ healthcare hospitals in July 2018 which amounting to RM12.17 million for purchase of new medical imaging equipment. We expect these orders to be delivered in year 2019.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects for the financial year ending 31 December 2018 will remain favourable.

B4. Profit forecast or profit guarantee

The Group does not have any profit forecast or profit guarantee for the current quarter under review in any public documents.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**B5. Taxation**

| | Individual Quarter Ended (Unaudited) 30 June 2018 RM'000 | (Unaudited) 30 June 2017 RM'000 | Cumulative Quarter Ended (Unaudited) 30 June 2018 RM'000 | (Unaudited) 30 June 2017 RM'000 |
|----------------------------|---|--|---|--|
| Income tax expense: | | | | |
| - Current financial period | 1,205 | 386 | 2,145 | 999 |
| Total tax expense | <u>1,205</u> | <u>386</u> | <u>2,145</u> | <u>999</u> |

B6. Status of corporate proposals and utilisation of proceeds**Utilisation of proceeds**

The gross proceeds raised from the Public Issue amounting to RM16.01 million was partially utilised in the following manner as at 20 August 2018:-

| Purpose | Approved Utilisation RM'000 | Actual Utilised RM'000 | Balance Unutilised RM'000 | Estimated Timeframe for utilisation (from the date of Listing) |
|--|--|---------------------------------------|--|---|
| i) Working capital requirements, comprising:- | | | | |
| a) Purchase of brand new commercial laundry equipment and medical devices | 8,837 | 8,183 | 654 | Up to 24 months |
| b) Day-to-day working capital expenses | 2,071 | 2,071 | - | Up to 18 months |
| ii) Setting up chain of eleven (11) new Speed Queen self-service launderette outlets | 2,600 | 486 | 2,114 | Up to 36 months |
| iii) Estimated listing expenses | 2,500 | 2,500 | - | Within 1 month |
| | <u>16,008</u> | <u>13,240</u> | <u>2,768</u> | |

There was no deviation between the approved utilisation amount and actual utilised amount.

There were no new corporate proposal in the current quarter under review.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**B7. Finance Lease Payable & Borrowings**

The Group's finance lease payable and borrowings were as follows:-

| | As at 30 June 2018 | | |
|-----------------------------------|-----------------------------|------------------------------|-------------------------|
| | Long term RM'000 | Short term RM'000 | Total RM'000 |
| Secured | | | |
| (i) Borrowings | | | |
| - Bank overdraft | - | 348 | 348 |
| - Trust Receipt | - | 1,757 | 1,757 |
| - Term loan | 2,994 | 265 | 3,259 |
| Sub-total | 2,994 | 2,370 | 5,364 |
| (ii) Finance lease payable | | | |
| - Hire purchase | 1,519 | 745 | 2,264 |
| Grand total | 4,513 | 3,115 | 7,628 |

| | As at 31 December 2017 | | |
|-----------------------------------|-------------------------------|------------------------------|-------------------------|
| | Long term RM'000 | Short term RM'000 | Total RM'000 |
| Secured | | | |
| (i) Borrowings | | | |
| - Bank overdrafts | - | 354 | 354 |
| - Term loan | 3,139 | 248 | 3,387 |
| Sub-total | 3,139 | 602 | 3,741 |
| (ii) Finance lease payable | | | |
| - Hire purchase | 1,818 | 517 | 2,335 |
| Grand total | 4,957 | 1,119 | 6,076 |

Notes:

- (1) All borrowings are denominated in Ringgit Malaysia and there are no foreign currency denomination borrowings.
- (2) All borrowings are secured and no unsecured borrowings.
- (3) The average effective interest rates per annum are as follows:

| | Rates (%) |
|----------------|------------------|
| Term loan | 4.47 – 6.50 |
| Trust Receipt | 8.46 |
| Bank overdraft | 8.17 |
| Hire purchase | 2.47-6.39 |

- (4) There were no additional borrowing been arranged during the current quarter ended 30 June 2018, except for utilisation of existing Trust Receipt facility.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018

B8. Changes in material litigation

As at the date of this report, the BCM Group is not involved in any litigations or arbitrations, either as a defendant or plaintiff, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

B9. Dividends Proposed/Declared

There were no dividends proposed/declared for the current financial period under review.

B10. Earnings per share

The basic/diluted earnings per share is calculated based on the Group's profit attributable to owners of the Company divided by the weighted average number of ordinary shares as follows:

| | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|--------------------|---------------------------|--------------------|
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | 30 June | 30 June | 30 June | 30 June |
| | 2018 | 2017 | 2018 | 2017 |
| Profit attributable to owners of the Company (RM'000) | 2,399 | 1,194 | 5,777 | 3,161 |
| Weighted average number of issuance shares ('000) | 421,250 | 421,250 | 421,250 | 421,250 |
| Basic ⁽¹⁾ /Diluted ⁽²⁾ earnings per share (sen) | 0.57 | 0.28 | 1.37 | 0.75 |

Notes:

- (1) Basic earnings per share for the quarter and year is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and year respectively.
- (2) Diluted earnings per share of the Company for the current quarter and financial period to date ended 30 June 2018 is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period.

BCM ALLIANCE BERHAD (1135238-U)

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2018**B11. Disclosure on selected expense/ (income) items as required by the Listing Requirements**

| | Quarter ended 30 June 2018 RM'000 | Period-to-date ended 30 June 2018 RM'000 |
|--|--|---|
| Profit before taxation is arrived at after charging/(crediting) :- | | |
| - Depreciation of property, plant and equipment | 331 | 621 |
| - Negative goodwill arose from acquisition of subsidiary | 58 | (690) |
| - Gain on disposal of property, plant and equipment | (179) | (179) |
| - (Gain)/ Loss on derivatives | - | - |
| - (Gain)/ Loss on disposal of quoted or unquoted investments or properties | - | - |
| - Impairment loss on property, plant and equipment | 3 | 3 |
| - Interest expense | 115 | 246 |
| - Interest income | (106) | (208) |
| - Provision for and write off of receivables | - | - |
| - Other income including investment income | - | - |
| - Provision for and write off of inventories | - | - |
| - Unrealised gain on foreign exchange | (70) | (70) |
| - Realised gain on foreign exchange | (2) | (2) |

B12. Approvals obtained for registration of medical devices from Medical Device Authority of Malaysia for registration

In relation to the requirements on registration of medical devices, Section 5 (1) of the Medical Devices Act, 2012 requires, amongst others, that all medical products classified as medical devices under the Medical Devices Act, 2012 and Medical Devices Regulation, 2012 shall be registered before they can be imported, exported or placed in the market. As at 20 August 2018, the Group has submitted a total of one hundred and eighty-six (186) online applications to register medical devices that the Group are currently distributing and which are classified as medical devices pursuant to the Medical Devices Act, 2012 and Medical Devices Regulation, 2012 with the Medical Device Authority ("MDA").

As at 20 August 2018, out of the total applications submitted by the Group, there were:-

- (i) Seventy nine (79) applications have successfully been approved by MDA;
- (ii) Forty four (44) applications are still under consideration by the MDA; and
- (iii) Sixty three (63) applications shall either be dropped by the Group due to discontinuance of distribution certain types of medical devices, or being cancelled by the MDA mainly due to misclassification of the particular of certain medical devices under the Medical Devices Act, 2012.

BY ORDER OF THE BOARD
27 August 2018