

**BCM ALLIANCE BERHAD (1135238-U)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME <sup>(1)</sup>***(The figures have not been audited)*

	Note	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
		(Unaudited) 30 June 2019 RM'000	(Unaudited) 30 June 2018 RM'000	(Unaudited) 30 June 2019 RM'000	(Unaudited) 30 June 2018 RM'000
Revenue	A7	24,436	26,662	52,448	51,041
Cost of Sales		(17,997)	(18,079)	(37,055)	(34,315)
Gross Profit		6,439	8,583	15,393	16,726
Other operating incomes		154	312	546	1,206
Administrative expenses		(5,408)	(5,160)	(10,595)	(9,626)
Profit from operations		1,185	3,735	5,344	8,306
Finance costs		(153)	(115)	(334)	(246)
Profit before taxation	A7	1,032	3,620	5,010	8,060
Taxation	B5	(283)	(1,205)	(1,346)	(2,145)
<b>Profit for the financial period</b>		<b>749</b>	<b>2,415</b>	<b>3,664</b>	<b>5,915</b>
<b>Total comprehensive income for the financial period</b>		<b>749</b>	<b>2,415</b>	<b>3,664</b>	<b>5,915</b>
Profit for the financial period attributed to:					
Owners of the Company		703	2,399	3,655	5,777
Non-controlling interest		46	16	9	138
		749	2,415	3,664	5,915
<b>Total comprehensive income attributed to:</b>					
<b>Owners of the Company</b>		703	2,399	3,655	5,777
<b>Non-controlling interest</b>		46	16	9	138
		<b>749</b>	<b>2,415</b>	<b>3,664</b>	<b>5,915</b>
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 <sup>(2)</sup> /Diluted <sup>(3)</sup>	B10	0.17	0.57	0.87	1.37

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**(Continued)** <sup>(1)</sup>

*(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 Group for the financial year ended ("FYE") 31 December 2018 as well as the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 421,250,200 shares.
- (3) Diluted earnings per share of the Group 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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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION <sup>(1)</sup>***(The figures have not been audited)*

	Note	(Unaudited) As at 30 June 2019 RM'000	(Audited) As at 31 December 2018 <sup>(2)</sup> RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		9,233	11,984
Right-of-use assets		3,435	-
Other investment		9,137	-
		21,805	11,984
<b>CURRENT ASSETS</b>			
Inventories		24,630	17,617
Trade receivables		20,205	14,669
Other receivables, prepayments and deposits		2,239	3,230
Tax recoverable		802	972
Fixed deposits with licensed banks		1,127	1,142
Cash and bank balances		15,048	28,365
<b>TOTAL CURRENT ASSETS</b>		64,051	65,995
<b>TOTAL ASSETS</b>		85,856	77,979
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		32,120	32,120
Merger reserve		(16,049)	(16,049)
Retained earnings		33,271	30,505
Equity attributable to owners of the Company		49,342	46,576
Non-controlling interest		2,558	2,554
<b>TOTAL EQUITY</b>		51,900	49,130
<b>CURRENT LIABILITIES</b>			
Contract liabilities		399	375
Trade payables		16,819	12,272
Other payables and accruals		8,364	9,523
Dividend payable	B9	843	-
Finance lease payables	B7	1,260	619
Borrowings	B7	888	811
<b>TOTAL CURRENT LIABILITIES</b>		28,573	23,600

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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****(Continued)** <sup>(1)</sup>*(The figures have not been audited)*

		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>As at</b>	<b>As at</b>
		<b>30 June</b>	<b>31 December</b>
		<b>2019</b>	<b>2018</b> <sup>(2)</sup>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Finance lease payables	B7	2,359	2,065
Borrowings	B7	2,737	2,879
Deferred tax liabilities		287	305
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,383</b>	<b>5,249</b>
<b>TOTAL LIABILITIES</b>		<b>33,956</b>	<b>28,849</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>85,856</b>	<b>77,979</b>
Net assets per share (RM) <sup>(3)</sup>		0.12	0.11

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2018 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 Group as at 31 December 2018.
- (3) Net assets per share is calculated based on the weighted average number of ordinary shares in issue of 421,250,200 shares.

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**BCM ALLIANCE BERHAD (1135238-U)**

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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <sup>(1)</sup>***(The figures have not been audited)*

	<b>Non-Distributable Share Capital RM'000</b>	<b>Merger Reserve RM'000</b>	<b>Distributable Retained Earnings RM'000</b>	<b>Total Shareholders' Equity RM'000</b>	<b>Non- Controlling Interest RM'000</b>	<b>Total Equity RM'000</b>
<b>Balance as at 1 January 2019</b>	32,120	(16,049)	30,505	46,576	2,554	49,130
Cumulative effect of initial application of MFRS 16 <sup>(2)</sup>	-	-	(46)	(46)	(5)	(51)
Restated balance as at 1 January 2019	32,120	(16,049)	30,459	46,530	2,549	49,079
<b>Profit for the period</b>						
- Total comprehensive income for the period	-	-	3,655	3,655	9	3,664
- Approved final dividend for the year ended 31 December 2018	-	-	(843)	(843)	-	(843)
<b>Balance as at 30 June 2019</b>	<b>32,120</b>	<b>(16,049)</b>	<b>33,271</b>	<b>49,342</b>	<b>2,558</b>	<b>51,900</b>
<b>Balance as at 1 January 2018</b>	32,120	(16,049)	23,302	39,373	-	39,373
Effect of adopting MFRS 15 <sup>(3)</sup>	-	-	(391)	(391)	-	(391)
Restated balance as at 1 January 2018	32,120	(16,049)	22,911	38,982	-	38,982
Acquisition of a subsidiary company	-	-	-	-	2,314	2,314
<b>Profit for the period</b>						
- Total comprehensive income for the period	-	-	5,777	5,777	138	5,915
<b>Balance as at 30 June 2018</b>	<b>32,120</b>	<b>(16,049)</b>	<b>28,688</b>	<b>44,759</b>	<b>2,452</b>	<b>47,211</b>

**BCM ALLIANCE BERHAD (1135238-U)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued) <sup>(1)</sup>**

*(The figures have not been audited)*

**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 FYE 31 December 2018 as well as the accompanying explanatory notes attached to this interim financial report.
- (2) The Company has applied retrospectively of the MFRS 16: Leases effected on 1 January 2019 by restating the retained earnings as at 1 January 2019 to recognise the cumulative effect of initial recognition of MFRS 16.
- (3) The Company has applied retrospectively of the MFRS 15: Revenue from Contracts with Customers effected on 1 January 2018 by restating the retained earnings as at 1 January 2018 to recognise 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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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>***(The figures have not been audited)*

	<b>(Unaudited) 6 months ended 30 June 2019 RM'000</b>	<b>(Unaudited) 6 months ended 30 June 2018 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	5,010	8,060
Adjustments for:		
Depreciation of property, plant and equipment	351	621
Depreciation of right-of-use assets	648	-
Gain on disposal of property, plant and equipment	(73)	(179)
Impairment loss on property, plant and equipment	36	3
Interest expense	334	246
Interest income	(247)	(208)
Inventories written down	53	-
Negative goodwill arose from acquisition of a subsidiary	-	(690)
Reversal of impairment loss on trade receivables	(35)	-
Unrealised loss/(gain) on foreign exchange differences	107	(70)
Operating profit before working capital changes	6,184	7,783
<b>Changes in working capital:</b>		
Inventories	(7,065)	(4,973)
Trade receivables	(5,500)	(5,942)
Other receivables	992	77
Trade payables	4,439	5,167
Other payables	(1,135)	(3,116)
	(8,269)	(8,787)
Cash used in operations	(2,085)	(1,004)
Interest received	247	208
Interest paid	(334)	(246)
Tax paid	(1,542)	(1,354)
Tax refund	364	363
	(1,265)	(1,029)
Net cash used in operating activities	(3,350)	(2,033)
<b>Cash Flows From Investing Activities</b>		
Acquisition of a subsidiary (net of cash)	-	594
Purchase of property, plant and equipment	(209)	(1,434)
Proceeds from disposal of property, plant and equipment	73	221
Purchase of right-of-use assets	(51)	-
(Acquisition)/Proceeds from disposal of other investment	(9,137)	3,325
Net cash (used in)/generated from investing activities	(9,324)	2,706

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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued) <sup>(1)</sup>***(The figures have not been audited)*

	<b>(Unaudited) 6 months ended 30 June 2019 RM'000</b>	<b>(Unaudited) 6 months ended 30 June 2018 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Repayment of bank borrowings	(134)	(128)
Repayment of finance lease payables	(594)	(539)
Placement of fixed deposits pledged	(5)	(6)
Increase in trust receipts	-	1,757
Net cash (used in)/generated from financing activities	<u>(733)</u>	<u>1,084</u>
Net (decrease)/increase in cash and cash equivalents	(13,407)	1,757
Cash and cash equivalents at the beginning of the period	27,832	14,938
Cash and cash equivalents at the end of the period	<u>14,425</u>	<u>16,695</u>
<b>Cash and cash equivalents at the end of the period comprises:</b>		
- Fixed deposits with licensed banks	1,127	1,105
- Cash and bank balances	15,048	17,022
- Bank overdrafts	<u>(623)</u>	<u>(348)</u>
	15,552	17,779
Less: Fixed deposits pledged with licensed banks	<u>(1,127)</u>	<u>(1,084)</u>
Net cash and cash equivalent at the end of the period	<u>14,425</u>	<u>16,695</u>

**Note:**

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2018 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)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019

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### 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 FYE 31 December 2018 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 FYE 31 December 2018. 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 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 – 2017 Cycle:	
-Amendments to MFRS 3	
-Amendments to MFRS 11	
-Amendments to MFRS 112	
-Amendments to MFRS 123	

Adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group except for MFRS 16 Leases as disclosed below:

##### MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019

### A1. Basis of preparation (continued)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has elected to apply MFRS 16 using a modified retrospective approach, whereby the cumulative effect of initial application of MFRS 16 is adjusted to the opening balance of retained earnings at the date of initial application, as shown below:

	<b>RM'000</b>
Retained earnings as at 1 January 2019	30,505
Cumulative effect of initial application of MFRS 16	(46)
Restated retained earnings as at 1 January 2019	<u>30,459</u>

### 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 MASB as they have yet to be effective for the Group.

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>		<b>Effective dates for financial period beginning on and after</b>
MFRS 3	Definition of a Business (Amendments to MFRS 3)	1 January 2020
MFRS 101	Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 108	Definition of Material (Amendments to MFRS 108)	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

### A2. Auditors' report of preceding annual audited financial statements

The audited financial statements of the Group for the FYE 31 December 2018 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, healthcare products, investment holding segment and others (represents dormant companies).

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

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019

### A7. Segmental information (continued)

#### Results for the cumulative 6 months ended 30 June

In RM'000

Business Segments	Q2 2019 (Unaudited)							Q2 2018 (Unaudited)						
	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Others	Adjustment & Elimination	Total Group	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Others	Adjustment & Elimination	Total Group
Revenue (i) external customers	14,874	33,043	4,531	-	-	-	52,448	23,433	25,030	2,578	-	-	-	51,041
(ii) inter-segment	-	-	-	883	-	(883)	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>14,874</b>	<b>33,043</b>	<b>4,531</b>	<b>883</b>	<b>-</b>	<b>(883)</b>	<b>52,448</b>	<b>23,433</b>	<b>25,030</b>	<b>2,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,041</b>
Results-Segment results	1,079	4,345	35	(343)	(14)	(5)	5,097	4,600	3,184	403	(779)	-	690	8,098
Interest income	111	79	13	44	-	-	247	78	40	19	71	-	-	208
Finance costs	(72)	(235)	(21)	(6)	-	-	(334)	(89)	(149)	-	(8)	-	-	(246)
<b>Profit/(Loss) before taxation</b>	<b>1,118</b>	<b>4,189</b>	<b>27</b>	<b>(305)</b>	<b>(14)</b>	<b>(5)</b>	<b>5,010</b>	<b>4,589</b>	<b>3,075</b>	<b>422</b>	<b>(716)</b>	<b>-</b>	<b>690</b>	<b>8,060</b>
Taxation	(267)	(1,071)	(8)	-	^	-	(1,346)	(1,186)	(819)	(140)	-	-	-	(2,145)
<b>Profit/(Loss) after taxation</b>	<b>851</b>	<b>3,118</b>	<b>19</b>	<b>(305)</b>	<b>(14)</b>	<b>(5)</b>	<b>3,664</b>	<b>3,403</b>	<b>2,256</b>	<b>282</b>	<b>(716)</b>	<b>-</b>	<b>690</b>	<b>5,915</b>
<b>Other non cash items:</b>														
-Depreciation of property, plant and equipment	(145)	(154)	(47)	(5)	^	-	(351)	(250)	(286)	(32)	(53)	-	-	(621)
-Depreciation of right-of-use assets	(299)	(211)	(86)	(50)	(2)	-	(648)	-	-	-	-	-	-	-
-Gain on disposal of property, plant and equipment	73	-	-	-	-	-	73	-	179	-	-	-	-	179
-Unrealised (loss)/gain on foreign exchange differences	(6)	(88)	(20)	7	-	-	(107)	-	70	-	-	-	-	70
-Inventories written down	(18)	(35)	-	-	-	-	(53)	-	-	-	-	-	-	-
-Impairment loss on property, plant and equipment	-	-	(36)	-	-	-	(36)	-	(3)	-	-	-	-	(3)
-Reversal of impairment loss on trade receivables	21	13	1	-	-	-	35	-	-	-	-	-	-	-
-Negative goodwill arose from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	690	690
<b>Segment assets</b>	<b>28,272</b>	<b>46,155</b>	<b>7,083</b>	<b>33,518</b>	<b>174</b>	<b>(29,346)</b>	<b>85,856</b>	<b>25,900</b>	<b>33,075</b>	<b>5,648</b>	<b>31,920</b>	<b>-</b>	<b>(28,425)</b>	<b>68,118</b>
<b>Segment liabilities</b>	<b>(10,660)</b>	<b>(30,610)</b>	<b>(2,000)</b>	<b>(1,269)</b>	<b>(178)</b>	<b>10,761</b>	<b>(33,956)</b>	<b>(8,975)</b>	<b>(20,754)</b>	<b>(640)</b>	<b>(390)</b>	<b>-</b>	<b>9,852</b>	<b>(20,907)</b>

^ Represent less than RM1,000

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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019**

**A7. Segmental information (continued)**

**Results for the current 3 months ended 30 June**

In RM'000

Business Segments	Q2 2019 (Unaudited)							Q2 2018 (Unaudited)						
	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Others	Adjustment & Elimination	Total Group	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Others	Adjustment & Elimination	Total Group
Revenue (i) external customers	7,016	14,753	2,667	-	-	-	24,436	9,112	15,915	1,635	-	-	-	26,662
(ii) inter-segment	-	-	-	517	-	(517)	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>7,016</b>	<b>14,753</b>	<b>2,667</b>	<b>517</b>	<b>-</b>	<b>(517)</b>	<b>24,436</b>	<b>9,112</b>	<b>15,915</b>	<b>1,635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,662</b>
Results-Segment results	549	592	108	(173)	(14)	-	1,062	1,930	2,014	160	(417)	-	(58)	3,629
Interest income	48	42	5	28	-	-	123	42	18	12	34	-	-	106
Finance costs	(32)	(107)	(11)	(3)	-	-	(153)	(37)	(74)	-	(4)	-	-	(115)
<b>Profit/(Loss) before taxation</b>	<b>565</b>	<b>527</b>	<b>102</b>	<b>(148)</b>	<b>(14)</b>	<b>-</b>	<b>1,032</b>	<b>1,935</b>	<b>1,958</b>	<b>172</b>	<b>(387)</b>	<b>-</b>	<b>(58)</b>	<b>3,620</b>
Taxation	(135)	(140)	(8)	-	^	-	(283)	(523)	(542)	(140)	-	-	-	(1,205)
<b>Profit/(Loss) after taxation</b>	<b>430</b>	<b>387</b>	<b>94</b>	<b>(148)</b>	<b>(14)</b>	<b>-</b>	<b>749</b>	<b>1,412</b>	<b>1,416</b>	<b>32</b>	<b>(387)</b>	<b>-</b>	<b>(58)</b>	<b>2,415</b>
<b>Other non cash items:</b>														
-Depreciation of property, plant and equipment	(74)	(78)	(25)	(2)	^	-	(179)	(127)	(156)	(21)	(27)	-	-	(331)
-Depreciation of right-of-use assets	(158)	(105)	(50)	(25)	(2)	-	(340)	-	-	-	-	-	-	-
-Gain on disposal of property, plant and equipment	53	-	-	-	-	-	53	-	179	-	-	-	-	179
-Unrealised (loss)/gain on foreign exchange differences	37	(113)	(20)	7	-	-	(89)	-	70	-	-	-	-	70
-Inventories written down	(4)	(33)	-	-	-	-	(37)	-	-	-	-	-	-	-
-Impairment loss on property, plant and equipment	-	-	(36)	-	-	-	(36)	-	(3)	-	-	-	-	(3)
-Reversal of impairment loss on trade receivables	8	3	-	-	-	-	11	-	-	-	-	-	-	-
-Negative goodwill arose from acquisition of a subsidiary-overstated	-	-	-	-	-	-	-	-	-	-	-	-	(58)	(58)

^ Represent less than RM1,000

## **BCM ALLIANCE BERHAD (1135238-U)**

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#### **A8. Dividends paid**

No dividends were paid during the current quarter ended 30 June 2019 (30 June 2018: Nil).

#### **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 2019 except for the disclosure in Note B6(1)(ii).

#### **A11. Changes in the composition of the Group**

Save as disclosed below, there were no changes to the composition of the Group during the current financial quarter under review:

- (i) On 8 April 2019, the Company had incorporated a new wholly-owned subsidiary company, namely Wellness Gate Sdn. Bhd. ("Wellness Gate"). Wellness Gate has issued share capital of RM10,000 comprising 10,000 ordinary shares. Wellness Gate's intended principal activity is to carry on the business of investment holdings.

The incorporation of Wellness Gate is mainly to facilitate the expansion of new business activities of the Group; and

- (ii) On 18 April 2019, CS Laundry System Sdn. Bhd. a wholly-owned subsidiary of the Company, had acquired 100% equity interest in Century Pavilion Sdn. Bhd. ("Century Pavilion") for total cash consideration of RM1. The issued share capital of Century Pavilion is RM1 comprising 1 ordinary share. Century Pavilion's intended principal activity is to carry on the business of general trading. Century Pavilion has not commenced business since its incorporation on 22 February 2019.

This acquisition is intended to allow the Group to expand its future service offerings to include the provision of commercial laundry services.

#### **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.

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**A13. Material events subsequent to the end of the quarter**

There were no 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:

	<b>(Unaudited) Current quarter ended 30 June 2019 RM'000</b>	<b>(Unaudited) Cumulative quarter ended 30 June 2019 RM'000</b>
Rental expense paid to a company connected to certain directors.	48	93

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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS****B1. Review of performance**

	<b>Individual Quarter (Unaudited) 30 June 2019 RM'000</b>	<b>Individual Quarter (Unaudited) 30 June 2018 RM'000</b>	<b>Changes (RM'000 / %)</b>	<b>Cumulative Quarter (Unaudited) 30 June 2019 RM'000</b>	<b>Cumulative Quarter (Unaudited) 30 June 2018 RM'000</b>	<b>Changes (RM'000 / %)</b>
Revenue	24,436	26,662	(2,226)/ (8.35%)	52,448	51,041	1,407/ 2.76%
Operating profit	1,031	3,423	(2,392)/ (69.88%)	4,798	7,100	(2,302)/ (32.42%)
Profit before interest and tax	1,185	3,735	(2,550)/ (68.27%)	5,344	8,306	(2,962)/ (35.66%)
Profit before tax	1,032	3,620	(2,588)/ (71.49%)	5,010	8,060	(3,050)/ (37.84%)
Profit after tax	749	2,415	(1,666)/ (68.99%)	3,664	5,915	(2,251)/ (38.06%)
Profit attributable to owners of the Company	703	2,399	(1,696)/ (70.70%)	3,655	5,777	(2,122)/ (36.73%)

**Current quarter (3 months)**

For the current quarter ended 30 June 2019, the Group recorded revenue of RM24.44 million as compared to RM26.66 million in the corresponding quarter ended 30 June 2018, a decrease of RM2.23 million or 8.35%.

Healthcare products segment increased in revenue by RM1.03 million or 63.12% from RM1.64 million in the corresponding quarter ended 30 June 2018 compared to RM2.67 million in the current quarter ended 30 June 2019, it was mainly attributable to good demand of its core products namely Rossmax and intensive promotion efforts conducted by our marketing team to boost up the sales.

Medical devices business segment decreased in revenue by RM1.16 million or 7.30% from RM15.92 million in the corresponding quarter ended 30 June 2018 compared to RM14.75 million in the current quarter ended 30 June 2019, whilst revenue from commercial laundry equipment business segment decreased by RM2.10 million or 23.00% from RM9.11 million in the corresponding quarter ended 30 June 2018 compared to RM7.02 million in current quarter ended 30 June 2019.

The decrease in revenue contribution from medical devices business segment was mainly attributable to lower billings to customers due to various projects completion timeline for medical imaging equipment sub-segment.

The decrease in revenue contribution from commercial laundry equipment business segment was mainly due to lower demand in current quarter ended 30 June 2019 as affected by the enforcement of the gas system regulation which requires application of the "Sijil Suruhanjaya Tenaga" prior to the launching laundry shop.

Overall, the Group recorded a profit before tax of RM1.03 million as compared to RM3.62 million in the corresponding quarter ended 30 June 2018. The decrease of RM2.59 million or 71.49% was mainly due to lower revenue as mentioned above which was recorded during the current quarter ended 30 June 2019.



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#### **B1. Review of performance (continued)**

##### **Cumulative quarter (6 months)**

For the cumulative six (6) months period ended 30 June 2019, the Group's revenue had increased by RM1.41 million or 2.76% to RM52.45 million as compared to RM51.04 million in the corresponding cumulated quarter ended 30 June 2018. As disclosed in Note A7, the higher revenue were mainly due to higher revenue contribution from medical devices business segment and healthcare products segment by RM8.01 million and RM1.95 million respectively.

The increase in revenue contribution from the medical devices business segment was mainly due to more orders secured by the Group from the existing and new customers for medical imaging equipment and sterilisation equipment in current cumulative quarter ended 30 June 2019.

The increase in revenue contribution from the healthcare products segment was mainly due to good demand of its core products namely Rossmax and intensive promotion efforts conducted by our marketing team to boost up the sales.

However, the lower revenue contribution from commercial laundry equipment business segment in current cumulative quarter ended 30 June 2019 by RM8.56 million or 36.53% mainly due to lower demand during the current cumulative quarter under review as affected by the enforcement of the gas system regulation which requires application of the "Sijil Suruhanjaya Tenaga" prior to the launching laundry shop.

For the current cumulative quarter under review, the Group registered a profit before tax of RM5.01 million as compared to RM8.06 million in the correspondence cumulative quarter ended 30 June 2018. The lower profit of RM3.05 million or 37.84% was mainly due to higher cost of sales caused by depreciation of Ringgit Malaysia which make the purchases of equipment more costly; higher administrative expenses due to increase in staff costs and exclusion of a one-off non-recurring income of RM0.69 million (i.e. negative goodwill income pertaining to the subscription of Cypress Medic Sdn. Bhd which had been recognised in the corresponding cumulative quarter ended 30 June 2018) during the current cumulative quarter under review.

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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****B2. Comparison with immediate preceding quarter's results**

	<----- Quarter ended ----->			
	(Unaudited)	(Unaudited)	Changes	Changes
	30 June 2019	31 March 2019		
	RM'000	RM'000	RM'000	%
Revenue	24,436	28,012	(3,576)	(12.77)
Operating profit	1,031	3,767	(2,736)	(72.63)
Profit before interest and tax	1,185	4,159	(2,974)	(71.51)
Profit before tax	1,032	3,978	(2,946)	(74.06)
Profit after tax	749	2,915	(2,166)	(74.31)
Profit attributable to owners of the Company	703	2,952	(2,249)	(76.19)

For the current quarter ended 30 June 2019, the Group recorded a revenue of RM24.44 million and profit before tax of RM1.03 million as compared to a revenue of RM28.01 million and profit before tax of RM3.98 million in the immediate preceding quarter ended 31 March 2019.

Lower revenue was recorded in the current quarter under review, represents 12.77% or RM3.58 million reduced as compared to the immediate preceding quarter ended 31 March 2019. The lower revenue was mainly due to the decrease in revenue contribution from medical devices business segment and commercial laundry equipment business segment.

The decrease in revenue contribution from medical devices business segment was mainly attributable to lower billings to customers due to various projects completion timeline for medical imaging equipment sub-segment.

The lower revenue contribution from commercial laundry equipment business segment in current quarter by RM0.84 million was mainly due to lower demand from customers.

However, the decrease in Group's revenue was mitigated by an increase in revenue contributed from healthcare products segment of RM0.80 million in the current quarter ended 30 June 2019. The increase in revenue recorded from healthcare products segment was attributable to good demand of its core products named Rossmax and intensive promotion efforts conducted by our marketing team to boost up the sales.

Overall, the Group's profit before tax decreased during the current quarter ended 30 June 2019 by RM2.95 million or 74.06% as compared to profit before tax of RM3.98 million in the immediate preceding quarter ended 31 March 2019. The lower profit recorded was mainly due to lower revenue as mentioned above and higher cost of sales caused by depreciation of Ringgit Malaysia which make the purchases of equipment more costly.

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#### **B3. Prospects**

The Group focus to enhance its revenue growth, optimise margin, business and operation support functions as well as to increase shareholders' value.

BCM intends to achieve its objectives through the following strategies:

- (i) Continuous introduction of our new portfolio of products and brands.

In 2019, BCM aims to aggressively widen its exposure in the domestic medical device industry by introducing more products and brands into the Malaysian market to enhance the Group's future performance.

- (ii) Pursue active business expansion via organic and inorganic growth.

BCM plans to embark on its first overseas business expansion in 2019 as the Group eyes greater diversification and to benefit from other growth markets. Southeast Asia could potentially be the first market to be explored by BCM, particularly in the medical devices and healthcare products segments. The large and growing population of Southeast Asia holds large potential for the healthcare sector, which spells positive opportunities for BCM.

- (iii) Broaden our client base by attracting new customers and enhancing relationship with our existing customers.

BCM plans to add new private hospitals into its portfolio of clients, especially through the supply of big-ticket medical equipment. This will support the Group's continuous effort to widen its product line and after-sales services.

Our management and marketing team are also working proactively to secure new customers to expand our current customer base. We 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 2019.

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

The Group aims to set up five (5) Speed Queen self-service launderette outlets in 2019 and the management is currently assessing options on the suitable locations. These five outlets will be in addition to our existing six outlets. The increasing demand for coin-operated launderettes offer a good business opportunity and continued sales growth for BCM, moving forward. The Group will also explore the opportunity to penetrate into the laundry service business for the healthcare services and hospitality sectors, in order to increase the revenue base.

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 2019 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.

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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****B5. Taxation**

	<b>Individual Quarter Ended (Unaudited)</b>		<b>Cumulative Quarter Ended (Unaudited)</b>	
	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>
Income tax expense:				
-Current financial period	284	1,205	1,348	2,145
Deferred tax income:				
-Current financial period	(1)	-	(2)	-
<b>Total tax expense</b>	<b>283</b>	<b>1,205</b>	<b>1,346</b>	<b>2,145</b>

The Group's effective tax rate for the current quarter and financial period-to-date is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

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

## 1) 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 2019:-

<b>Purpose</b>	<b>Approved Utilisation</b>	<b>Actual Utilised</b>	<b>Balance Unutilised</b>	<b>Estimated Timeframe for utilisation (from the date of Listing)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
i) Working capital requirements, comprising:-				
a) Purchase of brand new commercial laundry equipment and medical devices	8,837	8,837	-	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	1,971	629	Up to 36 months
iii) Estimated listing expenses	2,500	2,500	-	Within 1 month
	<b>16,008</b>	<b>15,379</b>	<b>629</b>	

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

## 2) There was no new corporate proposal in the current quarter under review.

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

	<b>As at 30 June 2019 (Unaudited)</b>		<b>Total RM'000</b>
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	
<b>Secured</b>			
<b>(i) Borrowings</b>			
- Bank overdrafts	-	623	623
- Term loans	2,737	265	3,002
Sub-total	2,737	888	3,625
<b>(ii) Finance lease payables</b>			
- Hire purchase	1,933	720	2,653
- Lease liabilities	426	540	966
Sub-total	2,359	1,260	3,619
Grand total	5,096	2,148	7,244

	<b>As at 31 December 2018 (Audited)</b>		<b>Total RM'000</b>
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	
<b>Secured</b>			
<b>(i) Borrowings</b>			
- Bank overdrafts	-	553	553
- Term loans	2,879	258	3,137
Sub-total	2,879	811	3,690
<b>(ii) Finance lease payables</b>			
- Hire purchase	2,065	619	2,684
Grand total	4,944	1,430	6,374

**Notes:**

- (1) All borrowings are denominated in Ringgit Malaysia and there were no foreign currency denomination borrowings.
- (2) All borrowings are secured and the Group do not have any unsecured borrowings.
- (3) The average effective interest rates per annum are as follows:

	<b>Rates (%)</b>
Term loans	4.47-6.42
Bank overdrafts	10.00-10.85
Hire purchase	4.47-11.01
Lease liabilities	4.84-6.35

- (4) There were additional RM0.23 million lease liabilities arising from rental of outlets and RM0.24 million hire purchase finance for motor vehicles arranged during the current quarter ended 30 June 2019.

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#### **B8. Changes in material litigation**

As at 20 August 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial 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**

Details of the dividend under the single-tier system approved and declared by the Board of Directors during the current financial period is as follows:

##### **Final Ordinary Dividend**

Dividend for the financial year ended	31 December 2018
Declared date	29 April 2019
Dividend per ordinary share	0.2 sen
Approval date	26 June 2019
Entitlement to dividend based on record of	
Depositors as at	28 June 2019
Date paid	12 July 2019

This proposed final dividend had been approved by shareholders at the Annual General Meeting of the Company which held on 26 June 2019. Hence, such dividend had been accounted for in equity as an appropriation of retained earning and recognised as a liability in the financial statement for the current quarter ended 30 June 2019.

Subsequently, this dividend amounting to RM842,500.40 had been fully paid on 12 July 2019.

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#### 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:

	<b>Individual Quarter (Unaudited) 30 June 2019</b>	<b>Individual Quarter (Unaudited) 30 June 2018</b>	<b>Cumulative Quarter (Unaudited) 30 June 2019</b>	<b>Cumulative Quarter (Unaudited) 30 June 2018</b>
Profit attributable to owners of the Company (RM'000)	703	2,399	3,655	5,777
Weighted average number of issuance shares ('000)	421,250	421,250	421,250	421,250
Basic <sup>(1)</sup> /Diluted <sup>(2)</sup> earnings per share (sen)	0.17	0.57	0.87	1.37

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#### Notes:

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

#### B11. Financial Instruments

##### (a) Derivatives

There were no outstanding derivatives as at 30 June 2019.

##### (b) Gain/(Loss) arising from fair value changes in financial assets and liabilities

There were no gain/(loss) arising from fair value changes in financial assets and liabilities during the current quarter and cumulative quarter ended 30 June 2019.

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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019****B12. Disclosure on selected expense/ (income) items as required by the Listing Requirements**

	<b>Quarter ended 30 June 2019 RM'000</b>	<b>Cumulative quarter ended 30 June 2019 RM'000</b>
Profit before taxation is arrived at after charging/(crediting) :-		
- Depreciation of property, plant and equipment	179	351
- Depreciation of right-of-use assets	340	648
- Gain on disposal of property, plant and equipment	(53)	(73)
- (Gain)/ Loss on derivatives	-	-
- (Gain)/ Loss on disposal of quoted or unquoted investments or properties	-	-
- Impairment loss on property, plant and equipment	36	36
- Interest expense	153	334
- Interest income	(123)	(247)
- Inventories written down	37	53
- Other income including investment income	-	-
- Reversal of impairment loss on trade receivables	(11)	(35)
- Unrealised loss on foreign exchange differences	89	107
- Realised gain on foreign exchange differences	(49)	(263)

**B13. 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 2019, the Group has submitted a total of two hundred and thirteen (213) 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 2019, out of the total applications submitted by the Group, there were:-

- (i) One hundred and twenty seven (127) applications that have been successfully approved by MDA;
- (ii) Two (2) applications are still under consideration by the MDA; and
- (iii) Eighty four (84) applications shall either be dropped by the Group due to discontinuance of distribution of certain types of medical devices, or cancellation 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 2019**