

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Revenue	A9	39,772	39,883	39,772	39,883
Cost of sales		(30,000)	(30,794)	(30,000)	(30,794)
<b>Gross profit</b>		9,772	9,089	9,772	9,089
Other income		308	1,476	308	1,476
Marketing and distribution expenses		(1,298)	(1,517)	(1,298)	(1,517)
Administrative expenses		(3,372)	(3,598)	(3,372)	(3,598)
Other operating expenses		(1,895)	(2,360)	(1,895)	(2,360)
<b>Profit from operations</b>		3,515	3,090	3,515	3,090
Finance costs		(181)	(207)	(181)	(207)
<b>Profit before tax</b>		3,334	2,883	3,334	2,883
Tax expense	B6	(891)	(1,012)	(891)	(1,012)
<b>Profit for the financial period</b>		2,443	1,871	2,443	1,871
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign subsidiaries		(156)	(18)	(156)	(18)
<b>Total comprehensive income for the financial period</b>		2,287	1,853	2,287	1,853
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		2,494	1,833	2,494	1,833
Non-controlling interests		(51)	38	(51)	38
<b>Profit for the financial period</b>		2,443	1,871	2,443	1,871
<b>Comprehensive income for the financial period attributable to:</b>					
Owners of the Company		2,407	1,829	2,407	1,829
Non-controlling interests		(120)	24	(120)	24
<b>Total comprehensive income for the financial period</b>		2,287	1,853	2,287	1,853
<b>Earnings per share (sen)</b>					
Basic and diluted	B11	0.33	0.24	0.33	0.24

**Notes:-**

The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit Or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,779	9,971
Right-of-use assets	5,726	6,087
Intangible assets	6,684	6,574
Other investments	60	60
Deferred tax assets	1,693	1,686
	<u>23,942</u>	<u>24,378</u>
<b>Current assets</b>		
Inventories	22,920	20,178
Trade receivables	33,747	31,552
Other receivables	2,333	3,459
Tax recoverable	1,851	2,028
Short-term investments	16,233	18,202
Fixed deposits with financial institutions	18,334	18,244
Cash and bank balances	29,473	32,204
	<u>124,891</u>	<u>125,867</u>
<b>TOTAL ASSETS</b>	<u><u>148,833</u></u>	<u><u>150,245</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	61,180	61,180
Legal reserve	25	25
Translation reserve	(918)	(831)
Merger deficit	(20,228)	(20,228)
Retained earnings	51,426	48,932
Total equity attributable to Owners of the Company	91,485	89,078
Non-controlling interests	1,295	1,415
<b>Total Equity</b>	<u><u>92,780</u></u>	<u><u>90,493</u></u>

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020 (cont'd)**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.03.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	3,888	4,175
Deferred tax liabilities	248	304
Provision for post-employment benefits	798	831
	<u>4,934</u>	<u>5,310</u>
<b>Current liabilities</b>		
Trade payables	21,106	25,956
Other payables	6,440	9,168
Borrowings	14,391	11,454
Lease liabilities	1,279	1,331
Contract liabilities	6,991	5,883
Tax payable	912	650
	<u>51,119</u>	<u>54,442</u>
<b>Total liabilities</b>	<u>56,053</u>	<u>59,752</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>148,833</u>	<u>150,245</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	0.12	0.12

**Notes:-**

The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Attributable to owners of the Group					Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Merger deficit RM'000	Legal reserve RM'000	Translation reserve RM'000	Distributable Retained earnings RM'000			
<b>At 1 January 2020</b>	61,180	(20,228)	25	(831)	48,932	89,078	1,415	90,493
Profit for the financial period	-	-	-	-	2,494	2,494	(51)	2,443
<b>Other comprehensive income</b>								
- Foreign currency translation differences	-	-	-	(87)	-	(87)	(69)	(156)
Total comprehensive income for the financial period	-	-	-	(87)	2,494	2,407	(120)	2,287
<b>At 31 March 2020</b>	<b>61,180</b>	<b>(20,228)</b>	<b>25</b>	<b>(918)</b>	<b>51,426</b>	<b>91,485</b>	<b>1,295</b>	<b>92,780</b>
<b>At 1 January 2019</b>	61,180	(20,228)	25	(1,198)	48,009	87,788	2,133	89,921
Profit for the financial period	-	-	-	-	1,833	1,833	38	1,871
<b>Other comprehensive income</b>								
- Foreign currency translation differences	-	-	-	(4)	-	(4)	(14)	(18)
Total comprehensive income for the financial period	-	-	-	(4)	1,833	1,829	24	1,853
<b>At 31 March 2019</b>	<b>61,180</b>	<b>(20,228)</b>	<b>25</b>	<b>(1,202)</b>	<b>49,842</b>	<b>89,617</b>	<b>2,157</b>	<b>91,774</b>

**Notes:-**

The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED  
 31 MARCH 2020**

	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	3,334	2,883
Adjustments for:		
Amortisation of intangible assets	80	30
Depreciation of property, plant and equipment	547	635
Depreciation of right-of-use assets	359	213
Gain on disposal of property, plant and equipment	-	(140)
Loss/(Gain) on unrealised foreign exchange	860	(346)
Loss allowance on trade receivables	606	73
Interest expenses	181	207
Interest income	(291)	(399)
Inventories written back	156	-
Inventories written down	-	(864)
Inventories written off	-	972
Property, plant and equipment written off	-	3
Provision for post-employment benefits	41	36
	<u>5,873</u>	<u>3,303</u>
<b>Operating profit before working capital changes</b>	<b>5,873</b>	<b>3,303</b>
Inventories	(2,898)	(4,296)
Receivables	(393)	11,798
Payables	(8,133)	(11,216)
	<u>(5,551)</u>	<u>(411)</u>
<b>Cash used in operations</b>	<b>(5,551)</b>	<b>(411)</b>
Income tax refund	9	-
Income tax paid	(524)	(931)
Interest paid	(117)	(136)
Employee benefits paid	(2)	-
<b>Net cash used in operating activities</b>	<b>(6,185)</b>	<b>(1,478)</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(355)	(1,071)
Addition in intangible assets	(190)	(161)
Interest received	291	399
Placement of fixed deposits with financial institutions	(90)	(143)
Proceeds from disposal of property, plant and equipment	-	248
<b>Net cash used in investing activities</b>	<b>(344)</b>	<b>(728)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED  
 31 MARCH 2020 (cont'd)**

	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Financing Activities</b>		
Net drawdown of borrowings	3,673	2,693
Interest paid	(64)	(71)
Repayment of finance lease liabilities	-	(98)
Repayment of lease liabilities	(339)	(335)
<b>Net cash from financing activities</b>	<u>3,270</u>	<u>2,189</u>
<b>Net decrease in cash and cash equivalents</b>	(3,259)	(17)
Foreign currency translation differences	(226)	(16)
Cash and cash equivalents at beginning of the financial period	45,659	51,297
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>42,174</u></u>	<u><u>51,264</u></u>
<b>Cash and cash equivalents comprise the following:</b>		
Short-term investments	16,233	25,868
Fixed deposits with financial institutions	18,334	20,180
Cash and bank balances	29,473	27,526
Bank overdraft	(3,532)	(4,385)
	<u>60,508</u>	<u>69,189</u>
Less: Fixed deposits pledged	(18,334)	(17,925)
	<u><u>42,174</u></u>	<u><u>51,264</u></u>

**Notes:-**

The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**A2. Summary of Significant Accounting Policies**

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019.

At the date of authorisation of these interim financial statements, the followings MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

**Effective for financial period beginning on or after 1 January 2021**

MFRS 17	Insurance Contracts
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**Effective for financial period beginning on or after 1 January 2022**

Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
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**Effective date to be announced**

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The above pronouncements are either not relevant or do not have any material impact on the financial statements of the Group.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (cont'd)**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A3. Auditors' report on preceding annual financial statements**

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

**A4. Seasonal or cyclical factors**

The Group's business operations have not been affected by seasonal or cyclical factors.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

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

**A6. Material changes in estimates**

There was no material change in financial estimates that could materially affect the current financial quarter under review.

**A7. Debt and equity securities**

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter under review.

**A8. Dividend paid**

There was no dividend paid during the current financial quarter under review.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (cont'd)**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A9. Segmental information**

**Results for individual and cumulative quarter ended 31.03.2020**

	Investment Holding RM'000	Equipment RM'000	Materials & Engineering Solutions RM'000	Manufacturing RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
External revenue	-	29,326	6,059	4,387	-	39,772
Inter segment revenue	-	12,259	211	-	(12,470)	-
Total revenue	-	41,585	6,270	4,387	(12,470)	39,772

**Results**

Depreciation and amortisation	-	780	37	175	(6)	986
Other non-cash expenses	-	1,427	75	161	-	1,663
Segment profit/(loss) before tax	(47)	2,940	(38)	473	6	3,334

**Results for individual and cumulative quarter ended 31.03.2019**

	Investment Holding RM'000	Equipment RM'000	Materials & Engineering Solutions RM'000	Manufacturing RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
External revenue	-	31,383	6,042	2,458	-	39,883
Inter segment revenue	-	8,417	15	-	(8,432)	-
Total revenue	-	39,800	6,057	2,458	(8,432)	39,883

**Results**

Depreciation and amortisation	-	692	46	125	15	878
Other non-cash expenses/(income)	-	(119)	(71)	(76)	-	(266)
Segment profit/(loss) before tax	37	3,456	267	(862)	(15)	2,883

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (cont'd)**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A9. Segmental information (cont'd)**

(a) Analysis of revenue by divisions

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	31.03.2020		31.03.2019		31.03.2020		31.03.2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution Division</b>								
<b>Product distribution</b>								
Equipment	21,705	54.6	21,494	53.9	21,705	54.6	21,494	53.9
Materials & Engineering Solutions	5,300	13.3	5,178	13.0	5,300	13.3	5,178	13.0
<b>Services &amp; supply of spare parts</b>								
Equipment	7,801	19.6	9,889	24.8	7,801	19.6	9,889	24.8
Materials & Engineering Solutions	759	1.9	864	2.2	759	1.9	864	2.2
<b>Sub-total</b>	<b>35,565</b>	<b>89.4</b>	<b>37,425</b>	<b>93.9</b>	<b>35,565</b>	<b>89.4</b>	<b>37,425</b>	<b>93.9</b>
<b>Manufacturing Division</b>								
Manufacturing	4,207	10.6	2,458	6.1	4,207	10.6	2,458	6.1
<b>Sub-total</b>	<b>4,207</b>	<b>10.6</b>	<b>2,458</b>	<b>6.1</b>	<b>4,207</b>	<b>10.6</b>	<b>2,458</b>	<b>6.1</b>
<b>Total</b>	<b>39,772</b>	<b>100.0</b>	<b>39,883</b>	<b>100.0</b>	<b>39,772</b>	<b>100.0</b>	<b>39,883</b>	<b>100.0</b>

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	31.03.2020		31.03.2019		31.03.2020		31.03.2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	12,776	32.1	16,070	40.4	12,776	32.1	16,070	40.4
<b>ASEAN (excluding Malaysia)</b>								
Vietnam	8,006	20.1	4,789	12.0	8,006	20.1	4,789	12.0
Singapore	7,695	19.4	3,234	8.1	7,695	19.4	3,234	8.1
Thailand	4,035	10.1	4,963	12.4	4,035	10.1	4,963	12.4
Philippines	3,555	8.9	6,665	16.7	3,555	8.9	6,665	16.7
Indonesia	1,515	3.8	2,659	6.7	1,515	3.8	2,659	6.7
Others	2,011	5.1	1,449	3.6	2,011	5.1	1,449	3.6
China	179	0.5	54	0.1	179	0.5	54	0.1
<b>Total</b>	<b>39,772</b>	<b>100.0</b>	<b>39,883</b>	<b>100.0</b>	<b>39,772</b>	<b>100.0</b>	<b>39,883</b>	<b>100.0</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (cont'd)**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A10. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current financial quarter under review.

**A11. Subsequent events**

Saved as disclosed below, there were no material events subsequent to the financial period ended 31 March 2020 and up to the date of this report, which affected substantially the results of the operation of the Group that have not been reflected in the financial statements for the current quarter and financial period under review.

Malaysia has been under various phases of movement control order ("MCO") due to the Covid-19 pandemic since 18 March 2020 and is expected to end on 9 June 2020. As a result of the pandemic, restrictions on movement of people, goods and services, and containment measures such as factory closures have drastically curtail manufacturing demands. As a result, the global economy is projected to contract sharply in 2020, especially in the second and third quarter of 2020. The recovery of the world economy will depend on an effective public health response strategy in place across the globe especially the development of an effective vaccine against the virus.

Nevertheless, the Group is guarded about the prospects for the year 2020.

**A12. Changes in the composition of the Group**

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

**A13. Contingent assets or contingent liabilities**

The Group has no contingent assets and contingent liabilities as at the date of this report.

**A14. Capital commitments**

The Group has no material capital commitments as at the date of this report.

**A15. Related party transactions**

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020** (cont'd)

**B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of performance**

	INDIVIDUAL AND CUMULATIVE		Changes RM'000	Changes %
	QUARTER			
	31.03.2020 RM'000	31.03.2019 RM'000		
Revenue	39,772	39,883	(111)	(0.3)
Profit before tax	3,334	2,883	451	15.6

The Group recorded revenue of RM39.77 million for the current quarter under review against RM39.88 million in the corresponding quarter last year, representing a marginal decrease of 0.3%. The decrease was mainly due to a drop in sales by RM1.9 million from the distribution division notwithstanding an increase of RM1.8 million from the manufacturing division.

The decrease in revenue from distribution division was mainly due to a decline in services and supply of spare parts. The increase of revenue from manufacturing division was due to increase deliveries of Inspection and Measurement Equipment and Automated Handling Equipment as compared to corresponding quarter last year.

The Group registered a profit before tax ("PBT") of RM3.33 million against PBT of RM2.88 million in the corresponding quarter last year. The higher PBT recorded was mainly due to higher revenue and gross profit margin generated by manufacturing division for the current financial quarter under review.

**B2. Comparison with immediate preceding quarter's results and comments on material changes in PBT**

	Current	Preceding	Changes RM'000	Changes %
	Quarter	Quarter		
	31.03.2020 RM'000	31.12.2019 RM'000		
Revenue	39,772	41,444	(1,672)	(4.0)
Profit before tax	3,334	1,124	2,210	196.6

The Group recorded revenue of RM39.77 million for the current quarter under review against RM41.44 million in the immediate preceding quarter, representing a marginal decrease of 4.0%. The decrease in revenue by RM1.67 million was mainly due to the decrease in revenue from the distribution division by RM5.73 million. However, the decrease was mitigated by an increase in sales from the manufacturing division by RM4.06 million. There was a sales return of RM3.64 million taken up by manufacturing division in immediate preceding quarter.

The Group registered a PBT of RM3.33 million against PBT of RM1.12 million in the immediate preceding quarter mainly due to higher revenue and gross profit margin generated by the manufacturing division.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (cont'd)**

**B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)**

**B3. Prospects and outlook**

The Group is guarded about the outlook of 2020 due to the Covid-19 pandemic which has impacted the worldwide demand and supply, created uncertainties, and suspended business operations worldwide especially during the first half of 2020. The Malaysia's MCO as well as the similar movement restriction in other countries have also adversely affected the Group's productivity for the past two months.

However, the Management remains conservatively guarded that should there be an effective public health response strategy in place across the globe especially the development of an effective vaccine against the virus, there will be a possibility of a potential recovery of the semiconductor, electrical and electronics industries.

**B4. Profit forecast and profit guarantee**

The Group did not issue any profit forecast or profit guarantee during the financial quarter under review and the financial year-to-date.

**B5. Status of corporate proposals**

There were no other corporate proposals announced but not completed as at the date of this report.

**B6. Income tax expenses**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense	962	983	962	983
Deferred tax expense	(71)	29	(71)	29
Total tax expense	891	1,012	891	1,012

**Notes:-**

- (1) The Group's effective tax rate for the individual and cumulative quarter was slightly higher than the statutory income tax rate of 24% mainly due to adjustment on certain expenses not deductible for tax purposes such as depreciation, amortisation of intangible assets, allowance for inventories and impairment losses on trade receivables notwithstanding adjustment for non-taxable and tax exempted income in place.
- (2) Tax expenses is recognised based on management's best estimate.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (cont'd)**

**B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)**

**B7. Utilisation of proceeds from the IPO**

On 28 February 2020, the Company announced its intention to vary the utilisation of proceeds raised from the initial public offering ("IPO") exercise in conjunction with the listing of and the quotation of its entire share capital on the ACE Market of Bursa Malaysia Securities Berhad on 8 March 2018. The Company has raised gross proceeds of approximately RM28.82 million from its IPO proceeds.

The details of utilisation following the variations of the IPO Proceeds are as set out below:

<b>Purposes</b>	<b>Revised Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Revised Expected Timeframe for Utilisation</b>
(i) Development of 3 key products	4,850	2,828	2,022	Within 36 months from 8 March 2018
(ii) General working capital requirements	3,250	3,126	124	Within 36 months from 8 March 2018
(iii) Repayment of bank borrowings	10,200	10,200	-	Within 3 months from 28 February 2020
(iv) Capital expenditure	7,516	6,133	1,383	Within 36 months from 8 March 2018
(v) Estimated listing expenses	3,000	3,000	-	Within 1 month
	<u>28,816</u>	<u>25,287</u>	<u>3,529</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 8 February 2018.

As at the date of this report, save for approximately RM25.29 million that has been utilised for various purposes as disclosed above, the remaining IPO proceeds has not been utilised as at 31 March 2020.

**B8. Group borrowings**

	<b>UNAUDITED As at 31.03.2020 RM'000</b>	<b>AUDITED As at 31.12.2019 RM'000</b>
<b>Current:</b>		
Bank overdrafts	3,532	4,747
Bankers acceptance	674	583
Trust receipts	9,785	5,324
Revolving loan	400	800
<b>Total borrowings</b>	<u>14,391</u>	<u>11,454</u>

The Group's borrowings were denominated in MYR, except for approximately RM7.58 million (USD1.76 million), RM1.06 million (JPY26.54 million) and RM1.05 million (GBP0.20 million) of the above borrowings were denominated in USD, JPY and GBP respectively.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (cont'd)**

**B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)**

**B9. Material litigation**

There were no material litigations pending on the date of this announcement.

**B10. Dividend**

The Board of Directors does not recommend any dividend for the current financial quarter under review.

**B11. Earnings per share ("EPS")**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit for the period attributable to owners of the Company (RM'000)	2,494	1,833	2,494	1,833
Weighted average number of shares ('000)	758,308	758,308	758,308	758,308
Basic and diluted EPS (sen)	0.33	0.24	0.33	0.24

**Notes:-**

Diluted earnings per share of the Company for the individual quarter and year-to-date ended 31 March 2020 is equivalent to the basic earnings per share as the Company does not have any outstanding convertible securities at the end of the reporting period.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (cont'd)**

**B. EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (cont'd)**

**B12. Notes to the Statements of Profit Or Loss and Other Comprehensive Income**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Amortisation of intangible assets	80	30	80	30
Depreciation of property, plant and equipment	547	635	547	635
Depreciation of right-of-use assets	359	213	359	213
Gain on disposal of property, plant and equipment	-	(140)	-	(140)
Loss allowance on trade receivables	606	73	606	73
Interest expenses	181	207	181	207
Interest income	(291)	(399)	(291)	(399)
Inventories written back	-	-	156	-
Inventories written down	156	(864)	-	(864)
Inventories written off	-	972	-	972
Loss/(Gain) on foreign exchange				
- realised	(680)	807	(680)	807
- unrealised	860	(346)	860	(346)
Property, plant and equipment written off	-	3	-	3
Provision for post-employment benefits	41	36	41	36
Rental of premises and motor vehicles	72	152	72	152

Save as disclosed above, other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

**BY ORDER OF THE BOARD**

Andrea Huang Jia Mei  
 Company Secretary  
 29 May 2020