

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Revenue	A9	52,611	39,772	52,611	39,772
Cost of sales		(37,754)	(30,000)	(37,754)	(30,000)
Gross profit		14,857	9,772	14,857	9,772
Other income		1,452	308	1,452	308
Marketing and distribution expenses		(1,348)	(1,298)	(1,348)	(1,298)
Administrative expenses		(3,932)	(3,372)	(3,932)	(3,372)
Other operating expenses		(1,810)	(1,895)	(1,810)	(1,895)
Profits from operation		9,219	3,515	9,219	3,515
Finance costs		(257)	(181)	(257)	(181)
Profit before tax		8,962	3,334	8,962	3,334
Tax expense	B6	(1,547)	(891)	(1,547)	(891)
Profit for the financial period		7,415	2,443	7,415	2,443
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign subsidiaries		27	(156)	27	(156)
Total comprehensive income for the financial period		7,442	2,287	7,442	2,287
Profit for the financial period attributable to:					
Owners of the Company		6,937	2,494	6,937	2,494
Non-controlling interest		478	(51)	478	(51)
Profit for the financial period		7,415	2,443	7,415	2,443
Comprehensive income for the financial period attributable to:					
Owners of the Company		6,959	2,407	6,959	2,407
Non-controlling interest		483	(120)	483	(120)
Total comprehensive income for the financial period		7,442	2,287	7,442	2,287
Earnings per share					
Basic and diluted (sen)	B11	0.83	0.33	0.83	0.33

Notes:-

The basis of preparation of the 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 2020 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

	UNAUDITED	AUDITED
	As at	As at
	31.03.2021	31.12.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,004	10,384
Right-of-use assets	4,536	4,892
Intangible assets	7,120	6,921
Deferred tax assets	1,097	1,139
	<u>45,757</u>	<u>23,336</u>
Current assets		
Inventories	19,012	18,852
Trade receivables	47,731	32,665
Other receivables	6,335	6,920
Tax recoverable	1,481	1,708
Short-term investments	33,526	34,233
Fixed deposits with financial institutions	18,691	18,633
Cash and bank balances	38,410	54,995
	<u>165,186</u>	<u>168,006</u>
TOTAL ASSETS	<u><u>210,943</u></u>	<u><u>191,342</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	80,775	80,775
Legal reserve	25	25
Translation reserve	(909)	(931)
Merger deficit	(20,228)	(20,228)
Retained earnings	64,577	57,640
	<u>124,240</u>	<u>117,281</u>
Total equity attributable to Owners of the Company	124,240	117,281
Non-controlling interests	1,904	1,421
	<u>126,144</u>	<u>118,702</u>
Total Equity	<u>126,144</u>	<u>118,702</u>
Non-current liabilities		
Borrowings	17,123	17,259
Lease liabilities	2,710	3,099
Deferred tax liabilities	113	31
Provision for post-employment benefits	1,136	1,068
	<u>21,082</u>	<u>21,457</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021 (cont'd)

	UNAUDITED As at 31.03.2021 RM'000	AUDITED As at 31.12.2020 RM'000
Current liabilities		
Trade payables	21,474	17,514
Other payables	10,922	11,721
Borrowings	14,844	11,492
Lease liabilities	1,456	1,411
Contract liabilities	13,592	8,164
Tax payable	1,429	881
	<u>63,717</u>	<u>51,183</u>
Total liabilities	<u>84,799</u>	<u>72,640</u>
TOTAL EQUITY AND LIABILITIES	<u>210,943</u>	<u>191,342</u>
Net assets per share attributable to owners of the Company (RM)	0.15	0.14

Notes:-

The basis of preparation of the 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 2020 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 2021

	← Attributable to owners of the Group →					→	Non-controlling interests	Total equity	
	Share capital	Non-distributable Merger deficit	Legal reserve	Translation reserve	Distributable Retained earnings				Total
	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
At 1 January 2021	80,775	(20,228)	25	(931)	57,640	117,281	1,421	118,702	
Profit for the financial period	-	-	-	-	6,937	6,937	478	7,415	
Other comprehensive income									
- Foreign currency translation differences	-	-	-	22	-	22	5	27	
Total comprehensive income for the financial period	-	-	-	22	6,937	6,959	483	7,442	
At 31 March 2021	80,775	(20,228)	25	(909)	64,577	124,240	1,904	126,144	
At 1 January 2020	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	
Other comprehensive income									
- Foreign currency translation differences	-	-	-	(87)	-	(87)	(69)	(156)	
Total comprehensive income for the financial period	-	-	-	(87)	2,494	2,407	(120)	2,287	
At 31 March 2020	61,180	(20,228)	25	(918)	51,426	91,485	1,295	92,780	

Notes:-

The basis of preparation of the 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 2020 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	31.03.2021	31.03.2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	8,962	3,334
Adjustments for:		
Amortisation of intangible assets	126	80
Depreciation of property, plant and equipment	674	547
Depreciation of right-of-use assets	358	359
Gain on disposal of property, plant and equipment	(434)	-
Gain on unrealised foreign exchange	434	860
Interest expenses	257	181
Interest income	(242)	(291)
Inventories written down/(back)	(349)	156
Loss allowance on trade receivables	671	606
Provision for post-employment benefits	64	41
Operating profit before working capital changes	10,521	5,873
Inventories	189	(2,898)
Receivables	(14,946)	(393)
Payables	8,402	(8,133)
Cash from/(used in) operations	4,166	(5,551)
Income tax refund	-	9
Income tax paid	(638)	(524)
Interest paid	(97)	(117)
Post-employee benefits paid	-	(2)
Net cash from/(used in) operating activities	3,431	(6,185)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(23,566)	(355)
Addition in intangible assets	(325)	(190)
Interest received	242	291
Placement of fixed deposits with financial institutions	(59)	(90)
Proceeds from disposal of property, plant and equipment	700	-
Net cash used in investing activities	(23,008)	(344)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (cont'd)

	31.03.2021	31.03.2020
	RM'000	RM'000
Cash Flows from Financing Activities		
Net drawdown of borrowings	4,483	3,673
Interest paid	(160)	(64)
Repayment of lease liabilities	(344)	(339)
Repayment of term loan	(80)	-
Net cash from financing activities	<u>3,899</u>	<u>3,270</u>
Net decrease in cash and cash equivalents	(15,678)	(3,259)
Foreign currency translation differences	(313)	(226)
Cash and cash equivalents at beginning of the financial period	85,359	45,659
Cash and cash equivalents at end of the financial period	<u><u>69,368</u></u>	<u><u>42,174</u></u>
Cash and cash equivalents comprise the following:		
Short-term investments	33,526	16,233
Fixed deposits with financial institutions	18,691	18,334
Cash and bank balances	38,410	29,473
Bank overdrafts	(2,568)	(3,532)
	<u>88,059</u>	<u>60,508</u>
Less: Fixed deposits pledged	(18,691)	(18,334)
	<u><u>69,368</u></u>	<u><u>42,174</u></u>

Notes:-

The basis of preparation of the 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 2020 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 2021

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 2020 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 2020.

At the date of authorization 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:

MFRSs and Interpretations	Effective for financial periods beginning on or after
Amendments to Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts–Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definitions of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The above pronouncements are either not relevant or do not have any material impact on the financial statements of the Group.

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 2020 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (cont'd)

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

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.

A9. Segmental information

Results for individual and cumulative quarter ended 31.03.2021

	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	-	38,668	6,641	7,302	-	52,611
Inter segment revenue	-	23,400	106	-	(23,506)	-
Total revenue	-	62,068	6,747	7,302	(23,506)	52,611
Results						
Depreciation and amortisation	-	855	44	267	(8)	1,158
Other non-cash expenses/(income)	-	872	56	(542)	-	386
Segment profit/(loss) before tax	(1)	6,025	418	2,512	8	8,962

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (cont'd)

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

A9. Segmental information (cont'd)

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

(a) Analysis of revenue by divisions

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	31.03.2021 RM'000	%	31.03.2020 RM'000	%	31.03.2021 RM'000	%	31.03.2020 RM'000	%
Distribution Division								
Product distribution								
Equipment	29,468	56.0	21,039	52.9	29,468	56.0	21,039	52.9
Materials & Engineering Solutions	5,729	10.9	5,300	13.3	5,729	10.9	5,300	13.3
Services & supply of spare parts								
Equipment	9,200	17.5	8,467	21.3	9,200	17.5	8,467	21.3
Materials & Engineering Solutions	912	1.7	759	1.9	912	1.7	759	1.9
Sub-total	45,309	86.1	35,565	89.4	45,309	86.1	35,565	89.4
Manufacturing Division								
Manufacturing	7,302	13.9	4,207	10.6	7,302	13.9	4,207	10.6
Sub-total	7,302	13.9	4,207	10.6	7,302	13.9	4,207	10.6
Total	52,611	100.0	39,772	100.0	52,611	100.0	39,772	100.0

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (cont'd)

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

A9. Segmental information (cont'd)

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	31.03.2021		31.03.2020		31.03.2021		31.03.2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	15,434	29.3	12,776	32.1	15,434	29.3	12,776	32.1
ASEAN (excluding Malaysia)								
Singapore	10,801	20.5	7,695	19.4	10,801	20.5	7,695	19.4
Thailand	6,282	11.9	4,035	10.1	6,282	11.9	4,035	10.1
Vietnam	4,977	9.5	8,006	20.1	4,977	9.5	8,006	20.1
Indonesia	3,985	7.6	1,515	3.8	3,985	7.6	1,515	3.8
Philippines	3,873	7.4	3,555	8.9	3,873	7.4	3,555	8.9
China	4,634	8.8	179	0.5	4,634	8.8	179	0.5
Others	2,625	5.0	2,011	5.1	2,625	5.0	2,011	5.1
Total	52,611	100.0	39,772	100.0	52,611	100.0	39,772	100.0

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (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

There were no subsequent material events as at the date of this report.

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 2021 (cont'd)

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

B1. Review of performance

	INDIVIDUAL AND CUMULATIVE QUARTER		Changes RM'000	Changes %
	31.03.2021 RM'000	31.03.2020 RM'000		
Revenue	52,611	39,772	12,839	32.3
Profit before tax	8,962	3,334	5,628	168.8

The Group recorded a revenue of RM52.61 million for the quarter under review compared to RM39.77 million in the corresponding quarter last year, representing a growth of 32.3% or RM12.84 million. The increase was mainly due to a higher sales of products from both distribution and manufacturing division by RM9.74 million and RM3.10 million respectively.

The profit before tax ("PBT") of RM8.96 million as compared to RM3.33 million in the corresponding quarter last year, was higher by 168.8% or RM5.63 million. The higher PBT recorded was in tandem with the revenue growth, and a better gross profit margin generated from both the distribution and manufacturing division.

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

	Current Quarter	Preceding Quarter	Changes RM'000	Changes %
	31.03.2021 RM'000	31.12.2020 RM'000		
Revenue	52,611	40,599	12,012	29.6
Profit before tax	8,962	2,540	6,422	252.8

The Group's revenue increased from RM40.60 million in the immediate preceding quarter to RM52.61 million in the quarter under review, representing an increase of 29.6% or RM12,01 million. The increased in revenue was mainly due to the increase in revenue from the distribution division by RM14.17 million notwithstanding a decrease of RM2.16 million from manufacturing division.

The favourable market condition led to an increase in sales and deliveries from the distribution division. The decreased of revenue from the manufacturing division was mainly due to lower sales of inspection equipment as compared to the immediate preceding quarter.

The increased in PBT by RM6.42 million was in tandem with the revenue growth, and better gross profit margin generated by the distribution and manufacturing division.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (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 cautiously optimistic on the business prospects for the financial year 2021 with the expectation that the semiconductor market segment is forecasting high growth due to the proliferation of 5G, Internet of Things (IoT), personal computing, electric vehicle and Cloud/Edge Computing. The Group is confident that our operating subsidiaries across ASEAN will gradually resume to normalcy towards the end of the year. The Group is also expecting good growth from the automotive and electrical & electronics market segments this year. On 3 May 2021, the Group announced the signing of a memorandum of understanding with Applied Engineering, Inc (USA) to expand into high technology semiconductor equipment making in Penang. The Group is optimistic in completing this proposed joint venture exercise and begin operations by the fourth quarter of this year.

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

Saved as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report.

A wholly-owned subsidiary, QES Manufacturing Sdn Bhd had on 3 May 2021 entered into a Memorandum of Understanding ("MOU") with Electronic Interface Company, Inc. doing business as ("dba") Applied Engineering, Inc. for a business collaboration through a proposed joint venture company in the state of Penang, Malaysia to provide high-tech electromechanical contract manufacturing services, from prototype to high volume production through its New Product Introduction ("NPI") process and advance custom solution that is tailored to meet the specific needs of its clients in semiconductor equipment manufacturing, life science & medical devices, defense and aerospace market segments.

As at the date of this report, there were no material development to the MOU since the previous announcement made on 4 May 2021.

B6. Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Current tax	1,419	962	1,419	962
Deferred tax	128	(71)	128	(71)
Total tax expense	1,547	891	1,547	891

Notes:-

(1) The Group's effective tax rate for the individual and cumulative quarter was lower than the statutory income tax rate of 24% mainly due to adjustment for non-taxable and tax exempted income as well as tax rebate in place. This is notwithstanding adjustment on certain expenses not deductible for tax purposes such as depreciation, amortisation of intangible assets, allowance for inventories and loss allowance on trade receivable.

(2) Tax expenses is recognised based on management's best estimate.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (cont'd)

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

B7. Utilisation of proceeds

(i) Initial public offering ("IPO")

On 28 February 2020, the Company announced its intention to vary the utilisation of proceeds raised from the 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:

Purposes	Revised Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Revised Expected Timeframe for Utilisation
(i) Development of 3 key products	4,850	4,850	-	Within 36 months from 8 March 2018
(ii) General working capital requirements	3,250	3,250	-	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	7,516	-	Within 36 months from 8 March 2018
(v) Estimated listing expenses	3,000	3,000	-	Within 1 month
	<u>28,816</u>	<u>28,816</u>	<u>-</u>	

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

The IPO proceeds has been fully utilised as at 31 March 2021.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (cont'd)

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

B7. Utilisation of proceeds (cont'd)

(ii) Private Placement ("PP")

On 30 October 2020, the Company raised total gross proceed of RM20.095 million from the private placement of 75,830,800 new ordinary shares.

The details of proposed utilisation are set out below:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Expected Timeframe for Utilisation
(i) Factory capacity expansion	8,200	-	8,200	Within 18 months from 30 Oct 2020
(ii) R&D on future product expansion	5,300	140	5,160	Within 24 months from 30 Oct 2020
(iii) Market expansion to China	1,500	97	1,403	Within 18 months from 30 Oct 2020
(iv) Future working capital and acquisition related investment	4,595	-	4,595	Within 24 months from 30 Oct 2020
(v) Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
	20,095	737	19,358	

Save for approximately RM0.74 million that has been utilised for various purposes as disclosed above, the remaining PP proceeds has not been utilised as at 31 March 2021.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (cont'd)

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

B8. Group borrowings

	UNAUDITED	AUDITED
	As at	As at
	31.03.2021	31.12.2020
	RM'000	RM'000
Current:		
Bank overdrafts	2,568	3,869
Bankers acceptance	992	864
Trust receipts	10,437	5,368
Revolving loan	200	800
Term loans	647	591
	<u>14,844</u>	<u>11,492</u>
Non-current:		
Term loans	<u>17,123</u>	<u>17,259</u>
Total		
Bank overdrafts	2,568	3,869
Bankers acceptance	992	864
Trust receipts	10,437	5,368
Revolving loan	200	800
Term loans	<u>17,770</u>	<u>17,850</u>
	<u>31,967</u>	<u>28,751</u>

The Group's borrowings were denominated in MYR, except for approximately RM6.35 million (USD1.53 million), RM3.57 million (JPY94.84 million) and RM0.52 million (GBP0.09 million) of the above borrowings were denominated in USD, JPY and GBP respectively.

B9. Material litigation

There are 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (cont'd)

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

B11. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit for the period attributable to owners of the Company (RM'000)	6,937	2,494	6,937	2,494
Weighted average number of shares ('000)	834,139	758,308	834,139	758,308
Basic and diluted EPS (sen)	0.83	0.33	0.83	0.33

Notes:-

Diluted earnings per share of the Company for the individual quarter and year-to-date ended 31 March 2021 is equivalent to the basic earnings per share as the Company does not have any outstanding convertible securities at the end of the reporting year.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	126	80	126	80
Depreciation of property, plant and equipment	674	547	674	547
Depreciation of right-of-use assets	358	359	358	359
Gain on disposal of property, plant and equipment	(434)	-	(434)	-
Loss allowance on trade receivables	671	606	671	606
Interest expenses	257	181	257	181
Interest income	(242)	(291)	(242)	(291)
Inventories written down/(back)	(349)	156	(349)	156
Loss/(Gain) on foreign exchange				
- realised	(671)	(680)	(671)	(680)
- unrealised	434	860	434	860
Provision for post-employment benefits	64	41	64	41
Rental of premises	101	72	101	72

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 Huong Jia Mei
 Company Secretary
 19 May 2021