

QES GROUP BERHAD

Company Registration No.: 201401042911 (1119086-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Revenue	A9	66,335	52,611	66,335	52,611
Cost of sales		(49,467)	(37,932)	(49,467)	(37,932)
Gross profit		16,868	14,679	16,868	14,679
Other income		756	1,452	756	1,452
Marketing and distribution expenses		(1,469)	(1,164)	(1,469)	(1,164)
Administrative expenses		(4,557)	(3,933)	(4,557)	(3,933)
Other operating expenses		(1,642)	(1,815)	(1,642)	(1,815)
Profits from operation		9,956	9,219	9,956	9,219
Finance costs		(206)	(257)	(206)	(257)
Share of result of an associate, net of tax		(328)	-	(328)	-
Profit before tax		9,422	8,962	9,422	8,962
Tax expense	B6	(2,598)	(1,547)	(2,598)	(1,547)
Profit for the financial period		6,824	7,415	6,824	7,415
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit plan		17	-	17	-
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign subsidiaries		37	27	37	27
Total other comprehensive income		54	27	54	27
Total comprehensive income for the financial period		6,878	7,442	6,878	7,442
Profit for the financial period attributable to:					
Owners of the Company		6,718	6,937	6,718	6,937
Non-controlling interest		106	478	106	478
Profit for the financial period		6,824	7,415	6,824	7,415

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (cont'd)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		RM'000	RM'000	RM'000	RM'000
Comprehensive income for the financial period attributable to:					
Owners of the Company		6,761	6,959	6,761	6,959
Non-controlling interest		117	483	117	483
Total comprehensive income for the financial period		6,878	7,442	6,878	7,442
Earnings per share					
Basic and diluted (sen)	B11	0.81	0.83	0.81	0.83

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 2021 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	UNAUDITED	AUDITED
	As at	As at
	31.03.2022	31.12.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,755	34,033
Right-of-use assets	2,286	1,812
Intangible assets	7,940	7,638
Investment in associates	702	1,030
Deferred tax assets	928	986
	<u>53,611</u>	<u>45,499</u>
Current assets		
Inventories	30,527	20,738
Trade receivables	56,082	52,590
Other receivables	16,995	9,068
Tax recoverable	369	1,112
Short-term investments	25,486	40,101
Fixed deposits with financial institutions	19,239	19,174
Short-term deposits	400	16,350
Cash and bank balances	48,226	25,508
	<u>197,324</u>	<u>184,641</u>
TOTAL ASSETS	<u><u>250,935</u></u>	<u><u>230,140</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	80,775	80,775
Legal reserve	25	25
Translation reserve	(1,159)	(1,193)
Merger deficit	(20,228)	(20,228)
Retained earnings	79,719	76,329
	<u>139,132</u>	<u>135,708</u>
Total equity attributable to Owners of the Company	139,132	135,708
Non-controlling interests	2,091	2,171
	<u>141,223</u>	<u>137,879</u>
Total Equity	<u>141,223</u>	<u>137,879</u>
Non-current liabilities		
Borrowings	16,489	16,660
Lease liabilities	1,001	670
Deferred tax liabilities	632	471
Provision for post-employment benefits	1,345	1,301
	<u>19,467</u>	<u>19,102</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022 (cont'd)

	UNAUDITED As at 31.03.2022 RM'000	AUDITED As at 31.12.2021 RM'000
Current liabilities		
Trade payables	37,988	26,573
Other payables	19,869	19,098
Borrowings	18,637	10,261
Lease liabilities	796	738
Contract liabilities	11,453	15,189
Tax payable	1,502	1,300
	<u>90,245</u>	<u>73,159</u>
Total liabilities	<u>109,712</u>	<u>92,261</u>
TOTAL EQUITY AND LIABILITIES	<u>250,935</u>	<u>230,140</u>
Net assets per share attributable to owners of the Company (RM)	0.17	0.16

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 2021 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 2022

	Attributable to owners of the Group					Total	Non-controlling interests	Total equity
	Share capital	Non-distributable Merger deficit	Legal reserve	Translation reserve	Distributable Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	80,775	(20,228)	25	(1,193)	76,329	135,708	2,171	137,879
Profit for the financial period	-	-	-	-	6,718	6,718	106	6,824
Other comprehensive income								
- Foreign currency translation differences	-	-	-	34	-	34	3	37
- Remeasurement of defined benefit plan	-	-	-	-	9	9	8	17
	-	-	-	34	9	43	11	54
Total comprehensive income for the financial period	-	-	-	34	6,727	6,761	117	6,878
Transactions with Owners of the Company								
Dividends	-	-	-	-	(3,337)	(3,337)	(197)	(3,534)
At 31 March 2022	80,775	(20,228)	25	(1,159)	79,719	139,132	2,091	141,223

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Company Registration No.: 201401042911 (1119086-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (cont'd)

	Attributable to owners of the Group				Distributable Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Non-distributable Merger deficit	Legal reserve	Translation reserve				
	RM'000	RM'000	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

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 2021 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 2022

	31.03.2022	31.03.2021
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	9,422	8,962
Adjustments for:		
Amortisation of intangible assets	68	126
Bad debts written off	8	-
Depreciation of property, plant and equipment	707	674
Depreciation of right-of-use assets	325	358
Gain on disposal of property, plant and equipment	(277)	(434)
Gain on lease modification	(22)	-
Loss on unrealised foreign exchange	297	434
Interest expenses	206	257
Interest income	(232)	(242)
Inventories written down/(back)	47	(349)
(Reversal)/Addition of loss allowance on trade receivables	(15)	671
Property, plant and equipment written off	443	-
Provision for post-employment benefits	66	64
Shares of profit of associates, net of tax	328	-
Operating profit before working capital changes	11,371	10,521
Inventories	(9,835)	189
Receivables	(11,977)	(14,946)
Payables	9,010	8,402
Cash (used in)/from operations	(1,431)	4,166
Income tax paid	(1,443)	(638)
Interest paid	(140)	(97)
Net cash (used in)/from operating activities	(3,014)	3,431
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(8,925)	(23,566)
Addition in intangible assets	(371)	(325)
Interest received	232	242
Placement of fixed deposits with financial institutions	(66)	(59)
Proceeds from disposal of property, plant and equipment	333	700
Net cash used in investing activities	(8,797)	(23,008)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED
 31 MARCH 2022 (cont'd)**

	31.03.2022	31.03.2021
	RM'000	RM'000
Cash Flows from Financing Activities		
Dividend paid	(3,534)	-
Net drawdown of borrowings	8,442	4,483
Interest paid	(66)	(160)
Repayment of lease liabilities	(411)	(344)
Repayment of term loan	(165)	(80)
Net cash from financing activities	<u>4,266</u>	<u>3,899</u>
Net decrease in cash and cash equivalents	(7,545)	(15,678)
Foreign currency translation differences	(462)	(313)
Cash and cash equivalents at beginning of the financial period	79,393	85,359
Cash and cash equivalents at end of the financial period	<u><u>71,386</u></u>	<u><u>69,368</u></u>
Cash and cash equivalents comprise the following:		
Short-term investments	25,486	33,526
Short term deposits	400	-
Fixed deposits with financial institutions	19,239	18,691
Cash and bank balances	48,226	38,410
Bank overdrafts	(2,726)	(2,568)
	<u>90,625</u>	<u>88,059</u>
Less: Fixed deposits pledged	(19,239)	(18,691)
	<u><u>71,386</u></u>	<u><u>69,368</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 2021 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 2022

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 2021 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 2021.

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 17: Initial application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definitions of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 2021 was not subject to any qualification.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (cont'd)

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

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

On 23 February 2022, the Board declared a final dividend of 0.40 sen per ordinary share in respect of the financial year ending 31 December 2021 amounting to RM3,336,555 which was paid on 31 March 2022. The entitlement to the dividend was determined based on the record of depositors as at 10 March 2022.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (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 31.03.2022

	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	-	50,004	10,423	5,908	-	66,335
Intra segment revenue	-	24,268	-	-	(24,268)	-
Inter segment revenue	-	269	129	-	(398)	-
Total revenue	-	74,541	10,552	5,908	(24,666)	66,335

Results

Depreciation and amortisation	-	815	58	238	(11)	1,100
Other non-cash expenses	-	631	63	181	-	875
Segment profit/(loss) before tax	(117)	8,200	907	663	(231)	9,422

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
Intra segment revenue	-	23,283	-	-	(23,283)	-
Inter segment revenue	-	117	106	-	(223)	-
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 2022 (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			
	31.03.2022		31.03.2021		31.03.2022		31.03.2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Distribution Division								
Product distribution								
Equipment	40,660	61.3	29,468	56.0	40,660	61.3	29,468	56.0
Materials & Engineering Solutions	9,368	14.1	5,729	10.9	9,368	14.1	5,729	10.9
Services & supply of spare parts								
Equipment	9,344	14.1	9,200	17.5	9,344	14.1	9,200	17.5
Materials & Engineering Solutions	1,055	1.6	912	1.7	1,055	1.6	912	1.7
Sub-total	60,427	91.1	45,309	86.1	60,427	91.1	45,309	86.1
Manufacturing Division								
Manufacturing	5,908	8.9	7,302	13.9	5,908	8.9	7,302	13.9
Sub-total	5,908	8.9	7,302	13.9	5,908	8.9	7,302	13.9
Total	66,335	100.0	52,611	100.0	66,335	100.0	52,611	100.0

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	31.03.2022		31.03.2021		31.03.2022		31.03.2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	31,636	47.7	15,434	29.3	31,636	47.7	15,434	29.3
ASEAN (excluding Malaysia)								
Singapore	9,195	13.9	10,801	20.5	9,195	13.9	10,801	20.5
Vietnam	6,464	9.6	4,977	9.5	6,464	9.6	4,977	9.5
Philippines	5,822	8.8	3,873	7.4	5,822	8.8	3,873	7.4
Thailand	4,236	6.4	6,282	11.9	4,236	6.4	6,282	11.9
Indonesia	1,958	3.0	3,985	7.6	1,958	3.0	3,985	7.6
Other ASEAN	406	0.6	438	0.8	406	0.6	438	0.8
China	6,549	9.9	4,634	8.8	6,549	9.9	4,634	8.8
Others	69	0.1	2,187	4.2	69	0.1	2,187	4.2
Total	66,335	100.0	52,611	100.0	66,335	100.0	52,611	100.0

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (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

31.03.2022
RM'000
(Unaudited)

Commitment not provided for in the financial statements is as follows:

Capital expenditure commitment

- authorised and contracted for

1,348

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 2022 (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 %
	31.03.2022 RM'000	31.03.2021 RM'000		
Revenue	66,335	52,611	13,724	26.1
Profit before tax	9,422	8,962	460	5.1

The Group recorded a revenue of RM66.34 million for the current quarter under review compared to RM52.61 million in the corresponding quarter last year, representing a growth of 26.1% or RM13.72 million. The increase of revenue was mainly contributed by higher sales from the distribution division by RM15.11 million notwithstanding a decrease of sales from the manufacturing division by RM1.39 million.

The increase in sales and deliveries from the distribution division is attributed to the continued strong global demand in the semiconductor, automotive and electrical and electronic industries. The decrease in sales of manufacturing division was mainly due to the lower sales of inspection and handling equipment to semiconductor customers.

The profit before tax ("PBT") of RM9.42 million as compared to RM8.96 million in the corresponding quarter last year, was higher by 5.1% or RM0.46 million. The higher PBT recorded was due to the current quarter revenue growth.

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

	Current Quarter	Preceding Quarter	Changes RM'000	Changes %
	31.03.2022 RM'000	31.12.2021 RM'000		
Revenue	66,335	64,257	2,078	3.2
Profit before tax	9,422	5,704	3,718	65.2

The Group's revenue increased from RM64.26 million in the preceding quarter to RM66.34 million in the quarter under review, representing an increase of 3.2% or RM2.08 million. The increase in revenue was mainly due to the higher revenue generated from the distribution division by RM5.35 million notwithstanding a decrease of sales from manufacturing division by RM3.27 million.

The increase in the distribution division was mainly due to an increase in deliveries and sales of equipment. The decrease of revenue from the manufacturing division was mainly due to lower sales of inspection and handling equipment to semiconductor customers as compared to the preceding quarter and partially offset with sales of measurement equipment.

The increase in PBT by RM3.72 million was contributed by higher gross margin in current quarter as compared to preceding quarter, while the Company achieved its highest quarterly revenue.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (cont'd)

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

B3. Prospects and outlook

Despite the anticipation of global supply chain disruptions due to global material shortages, the Group achieved another notable Q1 compared to the preceding year corresponding period mainly attributable to the continual growth in the semiconductor industry. The Board remains cautiously optimistic that the performance of the Group for FYE 2022 to be satisfactory and achieve growth as the order momentum for the products and services of the Group remains strong.

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.

On 15 September 2021, QES Mechatronic Sdn. Bhd. ("QMC"), a subsidiary of the Group had entered into a Sale and Purchase Agreement ("the Agreement") with The Penang Development Corporation ("the Vendor" or "PDC") for the proposed acquisition of all that piece of land situated in Daerah Seberang Perai Selatan and forming part of Mukim 13, the site whereof is marked SV 64, Batu Kawan Industrial Park ("the Land") for a total cash consideration of RM4,791,600.

On 16 March 2022, QMC had fully paid to PDC as per the terms of the Agreement.

B6. Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Current tax	2,385	1,419	2,385	1,419
Deferred tax	213	128	213	128
Total tax expense	2,598	1,547	2,598	1,547

Notes:-

- (1) The Group's effective tax rate for cumulative quarter was higher than the statutory income tax rate of 24% mainly due to impact from the adjustment of deferred tax liability on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. This is coupled with the adjustment on certain expenses not deductible for tax purposes such as depreciation, amortisation of intangible assets and allowance for inventories.
- (2) Tax expenses is recognised based on management's best estimate.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (cont'd)

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

B7. Utilisation of proceeds from Private Placements

On 4 March 2022, the Company announced its intentions to vary the utilisation of proceeds raised from the private placement ("PP") on 30 October 2020. The Company has raised total gross proceeds of RM20.095 million from its private placement.

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

Purposes	Revised Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Revised Expected Timeframe for Utilisation
(i) Factory capacity expansion	8,200	7,033	1,167	Within 18 months from 30 Oct 2020
(ii) R&D on future product expansion	5,300	557	4,743	Within 36 months from 30 Oct 2020
(iii) Market expansion to China	97	97	-	Within 18 months from 30 Oct 2020
(iv) Future working capital and acquisition related investment	5,998	4,770	1,228	Within 36 months from 30 Oct 2020
(v) Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
	<u>20,095</u>	<u>12,957</u>	<u>7,138</u>	

Save for approximately RM12.96 million that has been utilised for various purposes as disclosed above, the remaining PP proceeds has not been utilised as at 31 March 2022.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (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
	31.03.2022	31.12.2021
	RM'000	RM'000
Current:		
Bank overdrafts	2,726	2,566
Bankers acceptance	1,706	1,664
Trust receipts	12,638	4,869
Revolving loan	900	500
Term loan	667	662
	<u>18,637</u>	<u>10,261</u>
Non-current:		
Term loan	<u>16,489</u>	<u>16,660</u>
Total		
Bank overdrafts	2,726	2,566
Bankers acceptance	1,706	1,664
Trust receipts	12,638	4,869
Revolving loan	900	500
Term loan	17,156	17,322
	<u>35,126</u>	<u>26,921</u>

The Group's borrowings were denominated in MYR, except for approximately RM7.27 million (USD1.73 million), RM3.92 million (JPY113.78 million), RM1.25 million (EUR0.27 million) and RM0.20 million (GBP0.04 million) of the above borrowings were denominated in USD, JPY, EUR 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 2022 (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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Profit for the period attributable to owners of the Company (RM'000)	6,718	6,937	6,718	6,937
Weighted average number of shares ('000)	834,139	834,139	834,139	834,139
Basic and diluted EPS (sen)	0.81	0.83	0.81	0.83

Notes:-

Diluted earnings per share of the Company for the individual quarter and year-to-date ended 31 March 2022 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 2022 (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	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Amortisation of intangible assets	68	126	68	126
Bad debts written off	8	-	8	-
Depreciation of property, plant and equipment	707	674	707	674
Depreciation of right-of-use assets	325	358	325	358
Gain on disposal of property, plant and equipment	(277)	(434)	(277)	(434)
Gain on lease modification	(22)	-	(22)	-
(Gain)/Loss on foreign exchange				
- realised	(354)	(671)	(354)	(671)
- unrealised	297	434	297	434
(Reversal)/Addition of loss allowance on trade receivables	(15)	671	(15)	671
Interest expenses	206	257	206	257
Interest income	(232)	(242)	(232)	(242)
Inventories written down/(back)	47	(349)	47	(349)
Property, plant and equipment written off	443	-	443	-
Provision for post-employment benefits	66	64	66	64
Rental of premises	99	101	99	101

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
18 May 2022