

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Revenue	A9	71,982	51,671	191,440	158,585
Cost of sales		(50,049)	(39,708)	(139,707)	(119,503)
<b>Gross profit</b>		21,933	11,963	51,733	39,082
Other income		707	545	2,995	2,274
Marketing and distribution expenses		(2,104)	(1,753)	(5,137)	(4,106)
Administrative expenses		(5,628)	(4,022)	(15,148)	(12,418)
Other operating expenses		(1,398)	(1,261)	(4,182)	(4,400)
<b>Profits from operation</b>		13,510	5,472	30,261	20,432
Finance costs		(472)	(184)	(978)	(751)
Share of result of an associate, net of tax		55	-	(504)	-
<b>Profit before tax</b>		13,093	5,288	28,779	19,681
Tax expense	B6	(2,885)	(1,578)	(6,927)	(4,677)
<b>Profit for the financial period</b>		10,208	3,710	21,852	15,004
<b>Other comprehensive income, net of tax</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit plan		19	-	54	-
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign subsidiaries		(18)	(214)	198	(339)
Total other comprehensive income		1	(214)	252	(339)
<b>Total comprehensive income for the financial period</b>		10,209	3,496	22,104	14,665
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		9,515	3,774	20,959	14,567
Non-controlling interest		693	(64)	893	437
<b>Profit for the financial period</b>		10,208	3,710	21,852	15,004

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 (cont'd)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<b>Comprehensive income for the financial period attributable to:</b>					
Owners of the Company		9,486	3,547	21,139	14,210
Non-controlling interest		723	(51)	965	455
<b>Total comprehensive income for the financial period</b>		<b>10,209</b>	<b>3,496</b>	<b>22,104</b>	<b>14,665</b>
<b>Earnings per share</b>					
Basic and diluted (sen)	B11	1.14	0.45	2.51	1.75

**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 30 SEPTEMBER 2022**

	UNAUDITED As at 30.09.2022 RM'000	AUDITED As at 31.12.2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44,101	34,033
Right-of-use assets	3,056	1,812
Intangible assets	8,433	7,638
Investment in an associate	526	1,030
Deferred tax assets	700	986
	<u>56,816</u>	<u>45,499</u>
<b>Current assets</b>		
Inventories	34,058	20,738
Trade receivables	58,647	52,590
Other receivables	12,786	9,068
Tax recoverable	165	1,112
Short-term investments	22,550	40,101
Fixed deposits with financial institutions	19,377	19,174
Short-term deposits	17,740	16,350
Cash and bank balances	32,054	25,508
	<u>197,377</u>	<u>184,641</u>
<b>TOTAL ASSETS</b>	<u><u>254,193</u></u>	<u><u>230,140</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	80,775	80,775
Legal reserve	25	25
Translation reserve	(1,043)	(1,193)
Merger deficit	(20,228)	(20,228)
Retained earnings	93,981	76,329
	<u>153,510</u>	<u>135,708</u>
Total equity attributable to Owners of the Company	153,510	135,708
Non-controlling interests	3,293	2,171
	<u>156,803</u>	<u>137,879</u>
<b>Total Equity</b>	<u>156,803</u>	<u>137,879</u>
<b>Non-current liabilities</b>		
Borrowings	16,187	16,660
Lease liabilities	1,309	670
Deferred tax liabilities	803	471
Provision for post-employment benefits	1,480	1,301
	<u>19,779</u>	<u>19,102</u>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (cont'd)**

	<b>UNAUDITED</b> <b>As at</b> <b>30.09.2022</b> <b>RM'000</b>	<b>AUDITED</b> <b>As at</b> <b>31.12.2021</b> <b>RM'000</b>
<b>Current liabilities</b>		
Trade payables	19,465	26,573
Other payables	17,051	19,098
Borrowings	26,699	10,261
Lease liabilities	814	738
Contract liabilities	11,229	15,189
Tax payable	2,353	1,300
	<u>77,611</u>	<u>73,159</u>
<b>Total liabilities</b>	<u>97,391</u>	<u>92,261</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>254,193</u>	<u>230,140</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	0.18	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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	Attributable to owners of the Group					Total	Non-controlling interests ("NCI")	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
<b>At 1 January 2022</b>	80,775	(20,228)	25	(1,193)	76,329	135,708	2,171	137,879
Profit for the financial period	-	-	-	-	20,959	20,959	893	21,852
<b>Other comprehensive income</b>								
- Foreign currency translation differences	-	-	-	150	-	150	48	198
- Remeasurement of defined benefit plan	-	-	-	-	30	30	24	54
<b>Total comprehensive income for the financial period</b>	-	-	-	150	20,989	21,139	965	22,104
<b>Transactions with Owners of the Company</b>								
Dividends	-	-	-	-	(3,337)	(3,337)	(1,016)	(4,353)
Subscription of shares by NCI in subsidiaries	-	-	-	-	-	-	1,173	1,173
<b>Total transaction with Owners</b>	-	-	-	-	(3,337)	(3,337)	157	(3,180)
<b>At 30 September 2022</b>	80,775	(20,228)	25	(1,043)	93,981	153,510	3,293	156,803

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 (cont'd)**

	Attributable to owners of the Group				Total	Non-controlling interests ("NCI")	Total equity	
	Share capital	Non-distributable Merger deficit	Legal reserve	Distributable Retained earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2021</b>	80,775	(20,228)	25	(931)	57,640	117,281	1,421	118,702
Profit for the financial period	-	-	-	-	14,567	14,567	437	15,004
<b>Other comprehensive income</b>								
- Foreign currency translation differences	-	-	-	(357)	-	(357)	18	(339)
<b>Total comprehensive income for the financial period</b>	-	-	-	(357)	14,567	14,210	455	14,665
<b>At 30 September 2021</b>	80,775	(20,228)	25	(1,288)	72,207	131,491	1,876	133,367

**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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	28,779	19,681
Adjustments for:		
Amortisation of intangible assets	293	379
Bad debts written off	46	-
Depreciation of property, plant and equipment	2,543	1,896
Depreciation of right-of-use assets	735	1,076
Gain on disposal of property, plant and equipment	(500)	(738)
Gain on lease modification	(22)	-
(Gain)/Loss on unrealised foreign exchange	(158)	285
Interest expenses	978	751
Interest income	(533)	(1,014)
Inventories written down	130	43
(Reversal)/Addition of loss allowance on trade receivables	(567)	1,040
Property, plant and equipment written off	313	-
Provision for post-employment benefits	220	208
Share of result of an associate, net of tax	504	-
<b>Operating profit before working capital changes</b>	<b>32,761</b>	<b>23,607</b>
Inventories	(13,450)	(6,493)
Receivables	(7,885)	(24,125)
Payables	(14,271)	12,154
<b>Cash (used in)/from operations</b>	<b>(2,845)</b>	<b>5,143</b>
Income tax refund	70	-
Income tax paid	(4,462)	(1,630)
Interest paid	(489)	(348)
<b>Net cash (used in)/from operating activities</b>	<b>(7,726)</b>	<b>3,165</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(13,024)	(26,166)
Addition in intangible assets	(1,089)	(988)
Increase in right-of-use assets	(832)	-
Interest received	533	1,014
Subscription of shares by NCI in subsidiaries	1,173	-
Placement of fixed deposits with financial institutions	(203)	(152)
Proceeds from disposal of property, plant and equipment	611	1,810
<b>Net cash used in investing activities</b>	<b>(12,831)</b>	<b>(24,482)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022** (cont'd)

	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Financing Activities</b>		
Dividend paid	(4,353)	-
Drawdown of term loan		-
Net drawdown of borrowings	19,013	9,986
Interest paid	(488)	(403)
Repayment of lease liabilities	(442)	(1,050)
Repayment of term loan	(487)	(404)
<b>Net cash from financing activities</b>	<u>13,243</u>	<u>8,129</u>
<b>Net decrease in cash and cash equivalents</b>	(7,315)	(13,188)
Foreign currency translation differences	231	(670)
Cash and cash equivalents at beginning of the financial period	<u>79,393</u>	<u>85,359</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>72,309</u></u>	<u><u>71,501</u></u>
<b>Cash and cash equivalents comprise the following:</b>		
Short-term investments	22,550	40,359
Short term deposits	17,740	-
Fixed deposits with financial institutions	19,377	18,785
Cash and bank balances	32,054	36,043
Bank overdrafts	(35)	(4,901)
	<u>91,686</u>	<u>90,286</u>
Less: Fixed deposits pledged	(19,377)	(18,785)
	<u><u>72,309</u></u>	<u><u>71,501</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 THIRD QUARTER ENDED 30 SEPTEMBER 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:

<b>MFRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
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 16: Lease Liability in a Sale and Leaseback	1 January 2024
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 THIRD QUARTER ENDED 30 SEPTEMBER 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**

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 quarter ended 30.09.2022**

	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	-	50,947	9,582	11,453	-	71,982
Intra segment revenue	-	26,647	-	-	(26,647)	-
Inter segment revenue	-	3,586	89	-	(3,675)	-
<b>Total revenue</b>	<b>-</b>	<b>81,180</b>	<b>9,671</b>	<b>11,453</b>	<b>(30,322)</b>	<b>71,982</b>
<b>Results</b>						
Depreciation and amortisation	-	917	58	320	8	1,303
Other non-cash income	-	(164)	(89)	(295)	-	(548)
Segment profit/(loss) before tax	(1,015)	10,338	813	3,964	(1,007)	13,093

**Results for individual quarter ended 30.09.2021**

	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	-	41,175	5,468	5,028	-	51,671
Intra segment revenue	-	22,812	41	-	(22,853)	-
Inter segment revenue	-	553	8	-	(561)	-
<b>Total revenue</b>	<b>-</b>	<b>64,293</b>	<b>5,764</b>	<b>5,028</b>	<b>(23,414)</b>	<b>51,671</b>
<b>Results</b>						
Depreciation and amortisation	-	681	72	290	(8)	1,035
Other non-cash expenses/(income)	-	347	44	(1)	-	390
Segment profit/(loss) before tax	(95)	6,254	(272)	(607)	8	5,288

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
(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 cumulative quarter ended 30.09.2022**

	<b>Investment Holding RM'000</b>	<b>Equipment RM'000</b>	<b>Materials &amp; Engineering Solutions RM'000</b>	<b>Manufacturing RM'000</b>	<b>Adjustments and Eliminations RM'000</b>	<b>Consolidated RM'000</b>
External revenue	-	141,639	25,907	23,894	-	191,440
Intra segment revenue	-	67,294	-	-	(67,294)	-
Inter segment revenue	-	4,727	380	-	(5,107)	-
<b>Total revenue</b>	<b>-</b>	<b>213,660</b>	<b>26,287</b>	<b>23,894</b>	<b>(72,401)</b>	<b>191,440</b>
<b>Results</b>						
Depreciation and amortisation	-	2,565	173	849	(16)	3,571
Other non-cash income	-	(7)	(8)	(19)	-	(34)
Segment profit/(loss) before tax	(1,222)	23,957	2,298	4,972	(1,226)	28,779

**Results for cumulative quarter ended 30.09.2021**

	<b>Investment Holding RM'000</b>	<b>Equipment RM'000</b>	<b>Materials &amp; Engineering Solutions RM'000</b>	<b>Manufacturing RM'000</b>	<b>Adjustments and Eliminations RM'000</b>	<b>Consolidated RM'000</b>
External revenue	-	122,121	20,181	16,283	-	158,585
Intra segment revenue	-	64,159	286	-	(64,445)	-
Inter segment revenue	1,500	783	116	-	(2,399)	-
<b>Total revenue</b>	<b>1,500</b>	<b>187,063</b>	<b>20,583</b>	<b>16,283</b>	<b>(66,844)</b>	<b>158,585</b>
<b>Results</b>						
Depreciation and amortisation	-	2,400	165	809	(23)	3,351
Other non-cash expenses/(income)	-	1,173	133	(468)	-	838
Segment profit/(loss) before tax	1,399	17,130	1,047	1,582	(1,477)	19,681

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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			
	30.09.2022		30.09.2021		30.09.2022		30.09.2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution Division</b>								
<b>Product distribution</b>								
Equipment	39,277	54.6	31,261	60.5	109,194	57.0	91,855	57.9
Materials & Engineering Solutions	8,114	11.3	4,463	8.7	22,221	11.6	16,847	10.6
<b>Services &amp; supply of spare parts</b>								
Equipment	11,670	16.2	9,666	18.7	32,445	17.0	30,266	19.1
Materials & Engineering Solutions	1,467	2.0	1,253	2.4	3,686	1.9	3,334	2.1
<b>Sub-total</b>	<b>60,528</b>	<b>84.1</b>	<b>46,643</b>	<b>90.3</b>	<b>167,546</b>	<b>87.5</b>	<b>142,302</b>	<b>89.7</b>
<b>Manufacturing Division</b>								
Manufacturing	11,454	15.9	5,028	9.7	23,894	12.5	16,283	10.3
<b>Sub-total</b>	<b>11,454</b>	<b>15.9</b>	<b>5,028</b>	<b>9.7</b>	<b>23,894</b>	<b>12.5</b>	<b>16,283</b>	<b>10.3</b>
<b>Total</b>	<b>71,982</b>	<b>100.0</b>	<b>51,671</b>	<b>100.0</b>	<b>191,440</b>	<b>100.0</b>	<b>158,585</b>	<b>100.0</b>

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	30.09.2022		30.09.2021		30.09.2022		30.09.2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	31,845	44.2	21,739	42.1	81,617	42.6	63,280	39.9
<b>ASEAN (excluding Malaysia)</b>								
Singapore	18,182	25.3	9,353	18.1	33,596	17.5	26,911	17.0
Vietnam	7,514	10.4	7,525	14.6	21,542	11.3	16,111	10.2
Thailand	5,508	7.7	4,853	9.4	15,798	8.3	15,852	10.0
Philippines	4,261	5.9	2,698	5.2	14,612	7.6	12,169	7.7
Indonesia	1,527	2.1	2,806	5.4	6,889	3.6	9,832	6.2
Other ASEAN	169	0.2	750	1.5	693	0.4	1,832	1.1
China	828	1.2	227	0.4	10,448	5.5	7,843	4.9
Others	2,148	3.0	1,720	3.3	6,245	3.2	4,755	3.0
<b>Total</b>	<b>71,982</b>	<b>100.0</b>	<b>51,671</b>	<b>100.0</b>	<b>191,440</b>	<b>100.0</b>	<b>158,585</b>	<b>100.0</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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**

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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
(cont'd)

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

**B1. Review of performance**

**(i) Results for current quarter**

	<b>INDIVIDUAL QUARTER</b>		<b>Changes RM'000</b>	<b>Changes %</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>		
	<b>RM'000</b>	<b>RM'000</b>		
Revenue	71,982	51,671	20,311	39.3
Profit before tax	13,093	5,288	7,805	147.6

The Group recorded a revenue of RM71.98 million for the current quarter under review compared to RM51.67 million in the corresponding quarter last year, representing an increase of 39.3% or RM20.31 million. The increase of revenue was mainly attributed by higher sales from both distribution and manufacturing division by RM13.89 million and RM6.42 million respectively.

The increase in sales from the distribution division is mainly due to higher deliveries of equipment in the current quarter. The increase in sales of manufacturing division was mainly due to the higher sales of handling and measurement equipment to semiconductor customers.

The profit before tax ("PBT") of RM13.09 million as compared to RM5.29 million in the corresponding quarter last year, was higher by 147.6% or RM7.81 million. The higher PBT recorded was due to better revenue growth, and gross profit generated from both the manufacturing and distribution division.

**(ii) Results for financial year-to-date**

	<b>CUMULATIVE QUARTER</b>		<b>Changes RM'000</b>	<b>Changes %</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>		
	<b>RM'000</b>	<b>RM'000</b>		
Revenue	191,440	158,585	32,855	20.7
Profit before tax	28,779	19,681	9,098	46.2

The Group recorded a revenue of RM191.44 million for the current cumulative quarter under review compared to RM158.59 million in the cumulative quarter last year, representing a growth of 20.7% or RM32.86 million. The increase was mainly due to higher sales from both distribution and manufacturing division by RM25.25 million and RM7.61 million respectively.

The profit before tax ("PBT") of RM28.78 million as compared to RM19.68 million in the cumulative quarter last year, was higher by 46.2% or RM9.10 million. The higher PBT recorded was in tandem with the revenue growth, and a better gross profit generated from both the distribution and manufacturing division.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
(cont'd)

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

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

	<b>Current Quarter 30.09.2022 RM'000</b>	<b>Preceding Quarter 30.06.2022 RM'000</b>	<b>Changes RM'000</b>	<b>Changes %</b>
Revenue	71,982	53,123	18,859	35.5
Profit before tax	13,093	6,264	6,829	109.0

The Group's revenue increased from RM53.12 million in the preceding quarter to RM71.98 million in the quarter under review, representing an increase of 35.5% or RM18.86 million. The increase in revenue was mainly due to the higher revenue generated from both distribution and manufacturing division by RM13.94 million and RM4.92 million respectively.

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

The increase in PBT by RM6.83 million was in tandem with higher revenue and gross profit in current quarter as compared to preceding quarter.

**B3. Prospects and outlook**

Despite the macro-economic uncertainties, rising inflation and geopolitical tensions, the Group achieved a notable result in Q3 mainly attributable to the continual growth in the 3 main industries that we participate in, which are semiconductor, automotive and electrical and electronics. Amidst mixed news on the semiconductor industry outlook, the Board expects the Group's performance for FY2022 to be satisfactory and the Board remains cautiously positive on the prospect for FY2023.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
 (cont'd)

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

**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 1 June 2022, the Group proposed to undertake the proposed transfer of the listing of and quotation for the entire issued share capital of QES from the ACE Market to the Main Market of Bursa Securities ("Proposed Transfer").

The Proposed Transfer had been submitted to Securities Commission on 7 July 2022.

**B6. Income tax expenses**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax	2,605	1,610	6,327	4,512
Deferred tax	280	(32)	600	165
<b>Total tax expense</b>	<b>2,885</b>	<b>1,578</b>	<b>6,927</b>	<b>4,677</b>

**Notes:-**

- (1) The Group's effective tax rate for cumulative quarter was slightly 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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:

<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) Factory capacity expansion	8,200	8,200	-	Within 18 months from 30 Oct 2020
(ii) R&D on future product expansion	5,300	699	4,601	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	5,489	509	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>14,985</u>	<u>5,110</u>	

Save for approximately RM14.99 million that has been utilised for various purposes as disclosed above, the remaining PP proceeds has not been utilised as at 30 September 2022.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
 (cont'd)

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

**B8. Group borrowings**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>30.09.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current:</b>		
Bank overdrafts	35	2,566
Bankers acceptance	2,458	1,664
Trust receipts	23,458	4,869
Revolving loan	100	500
Term loan	648	662
	<u>26,699</u>	<u>10,261</u>
<b>Non-current:</b>		
Term loan	<u>16,187</u>	<u>16,660</u>
<b>Total</b>		
Bank overdrafts	35	2,566
Bankers acceptance	2,458	1,664
Trust receipts	23,458	4,869
Revolving loan	100	500
Term loan	16,835	17,322
	<u>42,886</u>	<u>26,921</u>

The Group's borrowings were denominated in MYR, except for approximately RM11.01 million (JPY346.66 million), RM9.17 million (USD1.98 million), RM3.19 million (EUR0.71 million) and RM0.09 million (SGD0.03 million) of the above borrowings were denominated in JPY, USD, EUR and SGD 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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
(cont'd)

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

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>30.09.2022</u>	<u>30.09.2021</u>	<u>30.09.2022</u>	<u>30.09.2021</u>
Profit for the period attributable to owners of the Company (RM'000)	<u>9,515</u>	<u>3,774</u>	<u>20,959</u>	<u>14,567</u>
Weighted average number of shares ('000)	<u>834,139</u>	<u>834,139</u>	<u>834,139</u>	<u>834,139</u>
Basic and diluted EPS (sen)	<u>1.14</u>	<u>0.45</u>	<u>2.51</u>	<u>1.75</u>

**Notes:-**

Diluted earnings per share of the Company for the individual quarter and year-to-date ended 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 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	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Amortisation of intangible assets	123	126	293	379
Bad debts written off	-	-	46	-
Depreciation of property, plant and equipment	955	550	2,543	1,896
Depreciation of right-of-use assets	225	359	735	1,076
(Gain)/Loss on disposal of property, plant and equipment	61	(122)	(500)	(738)
Gain on lease modification	-	-	(22)	-
(Gain)/Loss on foreign exchange				
- realised	217	(11)	(654)	(378)
- unrealised	(605)	(2)	(158)	285
(Reversal)/Addition of loss allowance on trade receivables	(23)	196	(567)	1,040
Interest expenses	472	184	978	751
Interest income	(111)	(521)	(533)	(1,014)
Inventories written down	19	252	130	43
Property, plant and equipment written off	-	-	313	-
Provision for post-employment benefits	55	66	220	208
Rental of premises	96	92	313	269

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  
22 November 2022