

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Revenue	A9	54,165	71,982	178,374	191,440
Cost of sales		(38,911)	(50,049)	(130,537)	(139,707)
<b>Gross profit</b>		15,254	21,933	47,837	51,733
Other income		543	707	3,858	2,995
Marketing and distribution expenses		(2,628)	(2,067)	(7,113)	(5,029)
Administrative expenses		(5,506)	(5,665)	(16,035)	(15,256)
Other expenses		(2,287)	(1,398)	(5,519)	(4,182)
<b>Profit from operation</b>		5,376	13,510	23,028	30,261
Finance costs		(388)	(472)	(1,264)	(978)
Share of result of an associate, net of tax		488	55	(42)	(504)
<b>Profit before tax</b>		5,476	13,093	21,722	28,779
Tax expense	B6	(1,043)	(2,885)	(5,014)	(6,927)
<b>Profit for the financial period</b>		4,433	10,208	16,708	21,852
<b>Other comprehensive income, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign subsidiaries		(448)	(18)	873	198
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit plan		14	19	53	54
<b>Total other comprehensive income</b>		(434)	1	926	252
<b>Total comprehensive income for the financial period</b>		3,999	10,209	17,634	22,104
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		4,314	9,515	15,952	20,959
Non-controlling interests		119	693	756	893
<b>Profit for the financial period</b>		4,433	10,208	16,708	21,852

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 (cont'd)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<b>Comprehensive income for the financial period attributable to:</b>					
Owners of the Company		3,928	9,486	16,645	21,139
Non-controlling interests		71	723	989	965
<b>Total comprehensive income for the financial period</b>		<b>3,999</b>	<b>10,209</b>	<b>17,634</b>	<b>22,104</b>
<b>Earnings per share</b>					
Basic and Diluted (sen)	B11	0.52	1.14	1.91	2.51

**Notes:-**

The basis of preparation of the Condensed Consolidated Statements of 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 2022 and the accompanying explanatory notes attached to this interim financial report.

---

The rest of this page is intentionally left blank

---

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	<b>UNAUDITED</b> <b>As at</b> <b>30.09.2023</b> <b>RM'000</b>	<b>AUDITED</b> <b>As at</b> <b>31.12.2022</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44,993	43,516
Right-of-use assets	7,631	2,910
Intangible assets	10,261	9,538
Investment in an associate	2,156	1,898
Deferred tax assets	901	578
	<u>65,942</u>	<u>58,440</u>
<b>Current assets</b>		
Inventories	36,505	27,260
Trade receivables	53,271	59,957
Other receivables	9,704	10,001
Tax recoverable	2,319	3,378
Short-term investments	19,905	23,651
Fixed deposits with financial institutions	21,077	20,507
Short-term deposits	18,016	14,380
Cash and bank balances	42,868	33,318
	<u>203,665</u>	<u>192,452</u>
<b>TOTAL ASSETS</b>	<u>269,607</u>	<u>250,892</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	80,775	80,775
Legal reserve	25	25
Translation reserve	(361)	(1,024)
Merger deficit	(20,228)	(20,228)
Retained earnings	111,238	99,427
Total equity attributable to Owners of the Company	171,449	158,975
Non-controlling interests	4,444	3,659
<b>TOTAL EQUITY</b>	<u>175,893</u>	<u>162,634</u>
<b>Non-current liabilities</b>		
Borrowings	17,905	16,041
Lease liabilities	928	1,064
Deferred tax liabilities	829	932
Provision for post-employment benefits	1,739	1,458
	<u>21,401</u>	<u>19,495</u>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023** (cont'd)

	<b>UNAUDITED</b> <b>As at</b> <b>30.09.2023</b> <b>RM'000</b>	<b>AUDITED</b> <b>As at</b> <b>31.12.2022</b> <b>RM'000</b>
<b>Current liabilities</b>		
Trade payables	22,937	24,007
Other payables	20,985	24,343
Borrowings	13,019	7,004
Lease liabilities	937	879
Contract liabilities	12,554	10,471
Tax payable	1,881	2,059
	<u>72,313</u>	<u>68,763</u>
<b>TOTAL LIABILITIES</b>	<u>93,714</u>	<u>88,258</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>269,607</u>	<u>250,892</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	0.21	0.19

**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 2022 and the accompanying explanatory notes attached to this interim financial report.

---

The rest of this page is intentionally left blank

---

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

	Attributable to Owners of the Company				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	
<b>At 1 January 2023</b>	80,775	(20,228)	25	(1,024)	99,427	158,975	3,659	162,634
Profit for the financial period	-	-	-	-	15,952	15,952	756	16,708
<b>Other comprehensive income</b>								
- Foreign currency translation differences	-	-	-	663	-	663	210	873
- Remeasurement of defined benefit plan	-	-	-	-	30	30	23	53
	-	-	-	663	30	693	233	926
<b>Total comprehensive income for the financial period</b>	-	-	-	663	15,982	16,645	989	17,634
<b>Transactions with Owners of the Company</b>								
Dividend paid	-	-	-	-	(4,171)	(4,171)	(204)	(4,375)
<b>At 30 September 2023</b>	80,775	(20,228)	25	(361)	111,238	171,449	4,444	175,893

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 (cont'd)**

	Attributable to Owners of the Company					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
	-	-	-	150	30	180	72	252
<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>								
Dividend paid	-	-	-	-	(3,337)	(3,337)	(1,016)	(4,353)
Subscription of shares by NCI in a subsidiary	-	-	-	-	-	-	1,173	1,173
<b>Total transaction with Owners of the Company</b>	-	-	-	-	(3,337)	(3,337)	157	(3,180)
<b>At 30 September 2022</b>	<b>80,775</b>	<b>(20,228)</b>	<b>25</b>	<b>(1,043)</b>	<b>93,981</b>	<b>153,510</b>	<b>3,293</b>	<b>156,803</b>

**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 2022 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 2023**

	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	21,722	28,779
Adjustments for:		
Amortisation of intangible assets	507	293
Bad debts written off	-	46
Depreciation of property, plant and equipment	3,131	2,543
Depreciation of right-of-use assets	724	735
Gain on disposal of property, plant and equipment	(1,459)	(500)
Gain on lease modification	-	(22)
Gain on unrealised foreign exchange	(735)	(158)
Interest expenses	1,264	978
Interest income	(558)	(533)
Inventories written down	455	130
Inventories written off	10	-
Net addition/(reversal) of loss allowance on trade receivables	694	(567)
Property, plant and equipment written off	2	313
Provision for post-employment benefits	262	220
Realised/unrealised gain on short-term investments	(756)	(268)
Share of result of an associate, net of tax	42	504
<b>Operating profit before working capital changes</b>	<b>25,305</b>	<b>32,493</b>
Inventories	(9,710)	(13,450)
Receivables	6,902	(7,885)
Payables	(4,562)	(10,267)
Contract liabilities	2,009	(4,004)
<b>Cash generated from/(used in) operations</b>	<b>19,944</b>	<b>(3,113)</b>
Income tax refunded	2,328	70
Income tax paid	(6,954)	(4,462)
Interest paid	(633)	(489)
<b>Net cash from/(used in) operating activities</b>	<b>14,685</b>	<b>(7,994)</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(5,636)	(13,024)
Addition in right-of-use assets	(5,012)	(832)
Addition in intangible assets	(1,230)	(1,089)
Subscription of shares in an associates	(300)	-
Increase in short-term investments	756	268
Interest received	558	533
Placement of pledged fixed deposits with financial institutions	(571)	(203)
Proceeds from disposal of property, plant and equipment	2,714	611
Proceeds from subscription of shares by NCI in a subsidiary	-	1,173
<b>Net cash used in investing activities</b>	<b>(8,721)</b>	<b>(12,563)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023** (cont'd)

	<b>30.09.2023</b> <b>RM'000</b>	<b>30.09.2022</b> <b>RM'000</b>
<b>Cash Flows from Financing Activities</b>		
Dividend paid	(4,375)	(4,353)
Net drawdown of borrowings	7,964	18,526
Interest paid	(631)	(488)
Repayment of lease liabilities	(563)	(442)
<b>Net cash from financing activities</b>	<u>2,395</u>	<u>13,243</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	8,359	(7,315)
Foreign currency translation differences	1,061	231
Cash and cash equivalents at beginning of the financial period	<u>70,928</u>	<u>79,393</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>80,348</u></u>	<u><u>72,309</u></u>
<b>Cash and cash equivalents comprise the following:</b>		
Short-term investments	19,905	22,550
Short-term deposits	18,016	17,740
Fixed deposits with financial institutions	21,077	19,377
Cash and bank balances	42,868	32,054
Bank overdrafts	(441)	(35)
	<u>101,425</u>	<u>91,686</u>
Less: Fixed deposits pledged	(21,077)	(19,377)
	<u><u>80,348</u></u>	<u><u>72,309</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 2022 and the accompanying explanatory notes attached to this interim financial report.

---

The rest of this page is intentionally left blank

---



**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**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 Main 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 2022 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 2022.

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>
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: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition 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 112: International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
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 2022 was not subject to any qualification.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(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.

---

The rest of this page is intentionally left blank

---

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(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 30.09.2023**

	<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	-	39,289	4,792	10,084	-	54,165
Intra segment revenue	-	26,517	-	6	(26,523)	-
Inter segment revenue	-	545	84	-	(629)	-
<b>Total revenue</b>	<b>-</b>	<b>66,351</b>	<b>4,876</b>	<b>10,090</b>	<b>(27,152)</b>	<b>54,165</b>
<b>Results</b>						
Depreciation and amortisation	-	1,064	49	483	(9)	1,587
Other non-cash expenses/(income)	(488)	1,218	30	36	-	796
<b>Segment profit before tax</b>	<b>407</b>	<b>3,946</b>	<b>59</b>	<b>1,417</b>	<b>(353)</b>	<b>5,476</b>

**Results for individual 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	-	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	(55)	(164)	(89)	(240)	-	(548)
<b>Segment profit/(loss) before tax</b>	<b>(963)</b>	<b>10,338</b>	<b>813</b>	<b>3,912</b>	<b>(1,007)</b>	<b>13,093</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(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 30.09.2023**

	<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	-	136,066	16,273	26,035	-	178,374
Intra segment revenue	-	66,960	-	6	(66,966)	-
Inter segment revenue	2,000	1,645	329	-	(3,974)	-
<b>Total revenue</b>	<b>2,000</b>	<b>204,671</b>	<b>16,602</b>	<b>26,041</b>	<b>(70,940)</b>	<b>178,374</b>
<b>Results</b>						
Depreciation and amortisation	-	3,030	167	1,192	(27)	4,362
Other non-cash expenses/(income)	42	83	(151)	(703)	-	(729)
<b>Segment profit before tax</b>	<b>1,750</b>	<b>18,759</b>	<b>981</b>	<b>2,567</b>	<b>(2,335)</b>	<b>21,722</b>

**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 expenses/(income)	504	(7)	(8)	(523)	-	(34)
<b>Segment profit/(loss) before tax</b>	<b>(1,733)</b>	<b>23,957</b>	<b>2,298</b>	<b>5,483</b>	<b>(1,226)</b>	<b>28,779</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(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			
	30.09.2023		30.09.2022		30.09.2023		30.09.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution Division</b>								
<b>Product distribution</b>								
Equipment	25,038	46.2	39,277	54.6	96,774	54.3	109,194	57.0
Materials & Engineering Solutions	3,130	5.8	8,114	11.3	11,240	6.3	22,221	11.6
<b>Services &amp; supply of spare parts</b>								
Equipment	14,250	26.3	11,670	16.2	39,292	22.0	32,445	17.0
Materials & Engineering Solutions	1,663	3.1	1,467	2.0	5,033	2.8	3,686	1.9
<b>Sub-total</b>	<b>44,081</b>	<b>81.4</b>	<b>60,528</b>	<b>84.1</b>	<b>152,339</b>	<b>85.4</b>	<b>167,546</b>	<b>87.5</b>
<b>Manufacturing Division</b>								
Manufacturing	10,084	18.6	11,454	15.9	26,035	14.6	23,894	12.5
<b>Sub-total</b>	<b>10,084</b>	<b>18.6</b>	<b>11,454</b>	<b>15.9</b>	<b>26,035</b>	<b>14.6</b>	<b>23,894</b>	<b>12.5</b>
<b>Total</b>	<b>54,165</b>	<b>100.0</b>	<b>71,982</b>	<b>100.0</b>	<b>178,374</b>	<b>100.0</b>	<b>191,440</b>	<b>100.0</b>

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	30.09.2023		30.09.2022		30.09.2023		30.09.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	22,540	41.7	31,845	44.2	70,310	39.4	81,617	42.6
<b>ASEAN (excluding Malaysia)</b>								
Singapore	9,924	18.3	18,182	25.3	29,100	16.3	33,596	17.5
Philippines	3,868	7.1	4,261	5.9	22,052	12.4	14,612	7.6
Thailand	7,462	13.8	5,508	7.7	17,954	10.1	15,798	8.3
Vietnam	5,887	10.9	7,514	10.4	17,897	10.0	21,542	11.3
Indonesia	3,324	6.1	1,527	2.1	7,911	4.4	6,889	3.6
Other ASEAN	53	0.1	169	0.2	1,054	0.6	693	0.4
China	166	0.3	828	1.2	3,073	1.7	10,448	5.5
Others	941	1.7	2,148	3.0	9,023	5.1	6,245	3.2
<b>Total</b>	<b>54,165</b>	<b>100.0</b>	<b>71,982</b>	<b>100.0</b>	<b>178,374</b>	<b>100.0</b>	<b>191,440</b>	<b>100.0</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(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 subsequent material events as at the date of this report.

On 03 July 2023, the Board announced that the Company had received a Notice of Resignation from Messrs. Moore Stephens Associates PLT ("MSA") informing the Company of their resignation as Auditors of the Company for the financial year ending 31 December 2023. The resignation of MSA is on a voluntary basis.

On 07 July 2023, the Board announced that Messrs. KPMG PLT be and is hereby appointed as the new Auditors of the Company in place of the outgoing Auditors, MSA, for the financial year ending 31 December 2023. MSA term of office ended on 7 July 2023 upon appointment of the new auditor.

**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**

**30.09.2023**  
**RM'000**  
**(Unaudited)**

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

**Capital expenditure commitment**

- authorised and contracted for

565

**A15. Related party disclosures**

All related party transactions and balances within the Group had been entered into in the normal course of business and were carried out on normal commercial terms during the current quarter and year-to-date ended 30 September 2023.

---

The rest of this page is intentionally left blank

---

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(cont'd)

**B. EXPLANATORY NOTES PURSUANT TO MAIN 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>30.09.2023 RM'000</b>	<b>30.09.2022 RM'000</b>		
Revenue	54,165	71,982	(17,817)	(24.8)
Profit before tax	5,476	13,093	(7,617)	(58.2)

The Group recorded a revenue of RM54.17 million for the current quarter under review compared to RM71.98 million in the corresponding quarter last year, representing a decrease of 24.8% or RM17.82 million. The decrease in revenue was mainly attributed by the decrease in sales from both distribution and manufacturing division by RM16.45 million and RM1.37 million respectively.

The decrease in revenue from the distribution division is mainly due to lower deliveries of equipment in the current quarter. The decrease in revenue of the manufacturing division was primarily due to lower sales of automated handling system (AHS) series and smart manufacturing solution ("SMS").

The profit before tax ("PBT") of RM5.48 million as compared to RM13.09 million in the corresponding quarter last year, was lower by 58.2% or RM7.62 million. The decrease in revenue and PBT was primarily attributable to lower sales volume in line with softer market demand.

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

	<b>CUMULATIVE QUARTER</b>		<b>Changes RM'000</b>	<b>Changes %</b>
	<b>30.09.2023 RM'000</b>	<b>30.09.2022 RM'000</b>		
Revenue	178,374	191,440	(13,066)	(6.8)
Profit before tax	21,722	28,779	(7,057)	(24.5)

The Group recorded a revenue of RM178.37 million for the current cumulative quarter under review compared to RM191.44 million in the cumulative quarter last year, representing a decrease of 6.8% or RM13.07 million. The decrease was mainly due to lower sales of products from the distribution division by RM15.21 million notwithstanding a higher sales recorded from the manufacturing division by RM2.14 million.

The decrease in sales from the distribution division is mainly due to lower deliveries of equipment in the current cumulative quarter. The increase in sales of the manufacturing division was mainly due to the higher sales of automatic optical inspection (AOI) and SMS.

The PBT of RM21.72 million as compared to RM28.78 million in the cumulative quarter last year, was lower by 24.5% or RM7.06 million. The lower PBT recorded was mainly due to decline in revenue and gross profit.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(cont'd)

**B. EXPLANATORY NOTES PURSUANT TO MAIN 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 30.09.2023 RM'000</b>	<b>Preceding Quarter 30.06.2023 RM'000</b>	<b>Changes RM'000</b>	<b>Changes %</b>
Revenue	54,165	66,954	(12,789)	(19.1)
Profit before tax	5,476	9,744	(4,268)	(43.8)

The Group's revenue decreased from RM66.95 million in the preceding quarter to RM54.17 million in the quarter under review, representing a decrease of 19.1% or RM12.79 million. The decrease was mainly due to lower sales of products from both distribution and manufacturing division by RM12.68 million and RM0.11 million respectively.

The decrease in the distribution division was mainly due to lower deliveries of equipment in the current quarter. The decrease in revenue from the manufacturing division was mainly due to the lower sales of AHS and SMS despite higher sales in advance wafer measurement system (AMS) series.

The PBT of RM5.48 million as compared to RM9.74 million in the preceding quarter, was lower by 43.8% or RM4.27 million. The lower PBT recorded was in tandem with the lower revenue and gross profit in the current quarter as compared to preceding quarter.

**B3. Prospects and outlook**

The Group remains optimistic on the overall business conditions for the financial year ending 2023 to be profitable despite the market slowdown. The Group anticipates that the operating environment will continue to be challenging for the remainder of 2023, nevertheless the Group will continue to focus on its business strategies in expanding during the slowdown and maximizing operational efficiencies. The new financial year ahead ("FY 2024") is expected to remain challenging owing to the heightened market ambiguities arising from macroeconomic issues and global economic growth which has been forecasted to be moderate. Grounding upon our strategic plans, a healthy order book and prudent management, the Group remains cautiously optimistic that there will be pockets of growth that we are able to leverage on to grow the business further in FY 2024.

---

The rest of this page is intentionally left blank

---



**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
 (cont'd)

**B. EXPLANATORY NOTES PURSUANT TO MAIN 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**

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

On 1 July 2019, the Company announced to extend the duration of the exercisable of unexercised employee' share option scheme ("ESOS") shares, expiring on 30 June 2024 for another 5 years to 30 June 2029 in accordance with the provisions of the ESOS By-Laws. The ESOS extension is not subject to any approval from Bursa Malaysia Securities Berhad, the Securities Commission Malaysia and the shareholders of the Company.

**B6. Income tax expenses**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>30.09.2023</u>	<u>30.09.2022</u>	<u>30.09.2023</u>	<u>30.09.2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax	975	2,605	5,430	6,327
Deferred tax	68	280	(416)	600
Total tax expense	<u>1,043</u>	<u>2,885</u>	<u>5,014</u>	<u>6,927</u>

**Notes:-**

(1) The Group's effective tax rate for cumulative quarter was marginally lower as compared to the statutory income tax rate of 24% mainly due to adjustment on certain non-taxable income and double deduction allowance; notwithstanding adjustment on certain expenses not deductible for tax purposes such as depreciation, amortization of intangible assets, allowance for inventories and impairment losses on trade receivables.

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

---

The rest of this page is intentionally left blank

---

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
 (cont'd)

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

**B7. Utilization of proceeds from Private Placements**

On 4 March 2022, the Company announced its intentions to vary the utilization 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 utilization 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	5,300	-	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	5,998	-	Within 36 months from 30 Oct 2020
(v) Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
	20,095	20,095	-	

As at the date of this report, the PP proceeds has been fully utilised.

---

The rest of this page is intentionally left blank

---

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(cont'd)**B. EXPLANATORY NOTES PURSUANT TO MAIN 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>30.09.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current:</b>		
Bankers acceptance	1,190	2,048
Bank overdrafts	441	421
Trust receipts	10,374	3,296
Revolving loan	300	600
Term loan	714	639
	<u>13,019</u>	<u>7,004</u>
<b>Non-current:</b>		
Term loan	<u>17,905</u>	<u>16,041</u>
<b>Total</b>		
Bankers acceptance	1,190	2,048
Bank overdrafts	441	421
Trust receipts	10,374	3,296
Revolving loan	300	600
Term loan	18,619	16,680
	<u>30,924</u>	<u>23,045</u>

The Group's borrowings were denominated in MYR, except for approximately RM5.58 million (JPY177.27 million), RM3.88 million (USD0.83 million), RM0.61 million (GBP0.11 million) and RM0.30 million (EUR0.06 million) of the above borrowings were denominated in JPY, USD, GBP and EUR 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.

**QES GROUP BERHAD**

Company Registration No.: 201401042911 (1119086-U)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(cont'd)**B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD** (cont'd)**B11. Earnings per share ("EPS")**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>30.09.2023</u>	<u>30.09.2022</u>	<u>30.09.2023</u>	<u>30.09.2022</u>
Profit for the period attributable to owners of the Company (RM'000)	<u>4,314</u>	<u>9,515</u>	<u>15,952</u>	<u>20,959</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>0.52</u>	<u>1.14</u>	<u>1.91</u>	<u>2.51</u>

**Notes:-**

Diluted earnings per share of the Company for the individual quarter and year-to-date ended 30 September 2023 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.

---

The rest of this page is intentionally left blank

---

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(cont'd)

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

**B12. Notes to the Statements of Other Comprehensive Income**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Amortisation of intangible assets	244	123	507	293
Bad debts written off	-	-	-	46
Depreciation of property, plant and equipment	1,094	955	3,131	2,543
Depreciation of right-of-use assets	249	225	724	735
Gain on disposal of property, plant and equipment	(88)	61	(1,459)	(500)
Gain on lease modification	-	-	-	(22)
(Gain)/Loss on foreign exchange				
- realised	(490)	217	(155)	(654)
- unrealised	581	(605)	(735)	(158)
Interest expenses	388	472	1,264	978
Interest income	(236)	(111)	(558)	(533)
Inventories written down	120	19	455	130
Inventories written off	-	-	10	-
Net addition/(reversal) of loss allowance on trade receivables	587	(23)	694	(567)
Property, plant and equipment written off	-	-	2	313
Provision for post-employment benefits	84	55	262	220
Realised/unrealised gain on short-term investments	(271)	(171)	(756)	(268)

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  
23 November 2023