

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME ⁽¹⁾**

(The figures have not been audited)

	Note	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
		(Unaudited) Current year quarter 30 June 2019 RM'000	(Unaudited) Preceding year quarter 30 June 2018 RM'000	(Unaudited) Current year quarter 30 June 2019 RM'000	(Unaudited) Preceding year quarter 30 June 2018 RM'000
Revenue	A7	18,358	N/A	35,372	N/A
Cost of Sales		(15,236)	N/A	(26,436)	N/A
Gross Profit		3,122	N/A	8,936	N/A
Other operating income		103	N/A	194	N/A
Selling and distribution expenses		(224)	N/A	(453)	N/A
Administrative expenses ⁽³⁾		(4,643)	N/A	(6,693)	N/A
Other operating expenses		*	N/A	(45)	N/A
Finance costs		(285)	N/A	(558)	N/A
(Loss)/Profit before taxation		(1,927)	N/A	1,381	N/A
Taxation	B5	(624)	N/A	(986)	N/A
(Loss)/Profit for the financial period		(2,551)	N/A	395	N/A
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the financial period		(2,551)	N/A	395	N/A
Weighted average number of ordinary shares in issue (‘000)	B10	579,912	N/A	291,558	N/A
Earnings per share attributable to owners of the Company (sen):					
- Basic ⁽⁴⁾	B10	(0.44)	N/A	0.14	N/A
- Diluted ⁽⁵⁾	B10	(0.44)	N/A	0.14	N/A

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

(The figures have not been audited)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the second (2nd) quarter ended 30 June 2019 is announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 18 June 2019, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Administration expenses included one-off listing expenses of RM3.05 million. For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off listing expenses is as follow:

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 30 June 2019 RM'000	(Unaudited) 30 June 2018 RM'000	(Unaudited) 30 June 2019 RM'000	(Unaudited) 30 June 2018 RM'000
PBT	(1,927)	N/A	1,381	N/A
Add: Listing expenses	3,049	N/A	3,049	N/A
Adjusted PBT	1,122	N/A	4,430	N/A

- (4) Basic earnings per share is calculated based on the weighted average number of ordinary shares in Mestron Holdings Berhad ("**MHB**") in issuance of 579,912,088 shares for the current quarter and 291,558,012 shares for the cumulative quarter.
- (5) Diluted earnings per share of the Group for the current quarter and cumulative quarter ended 30 June 2019 is equivalent to the basic earnings per share as the Group does not have convertible securities as at the end of the reporting period.

N/A – Not applicable

** – Negligible*

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019 ⁽¹⁾

(The figures have not been audited)

	Note	(Unaudited) As at 30 June 2019 RM'000	(Unaudited) As at 30 June 2018 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		28,918	N/A
Investment properties		1,343	N/A
TOTAL NON-CURRENT ASSETS		30,261	N/A
CURRENT ASSETS			
Inventories		12,001	N/A
Trade receivables		20,429	N/A
Other receivables		1,003	N/A
Tax recoverable		559	N/A
Cash and bank balances		26,144	N/A
TOTAL CURRENT ASSETS		60,136	N/A
Asset held-for-sales		4,377	N/A
TOTAL ASSETS		94,774	N/A
EQUITY AND LIABILITIES			
EQUITY			
Share capital		56,078	N/A
Merger deficit		(29,333)	N/A
Retained earnings		34,026	N/A
TOTAL EQUITY		60,771	N/A
NON-CURRENT LIABILITIES			
Borrowings	B7	17,746	N/A
Finance lease liabilities	B7	964	N/A
Deferred tax liabilities		298	N/A
TOTAL NON-CURRENT LIABILITIES		19,008	N/A

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019 (cont'd) ⁽¹⁾
(The figures have not been audited)

	Note	(Unaudited) As at 30 June 2019 RM'000	(Unaudited) As at 30 June 2018 RM'000
CURRENT LIABILITIES			
Trade payables		11,527	N/A
Other payables and accruals		717	N/A
Borrowings	B7	1,607	N/A
Finance lease liabilities	B7	1,144	N/A
TOTAL CURRENT LIABILITIES		14,995	N/A
TOTAL LIABILITIES		34,003	N/A
TOTAL EQUITY AND LIABILITIES		94,774	N/A
Net assets per share (RM) ⁽³⁾		0.08	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the second (2nd) quarter ended 30 June 2019 is announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 18 June 2019, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Net assets per share is calculated based on the ordinary shares in MHB in issuance of 790,000,000 shares.

N/A – Not applicable

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾
(The figures have not been audited)

	←-Non-distributable-→ Share Capital RM'000	Merger Deficit RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
As at 1 January 2019	3,200	-	33,631	36,831
Total comprehensive income for the period	-	-	395	395
Transaction with owners:				
Issue of new ordinary shares	56,880	-	-	56,880
Acquisition of subsidiary	(3,200)	(29,333)	-	(32,533)
Share issuance expenses	(802)	-	-	(802)
Total transaction with owners	52,878	(29,333)	-	23,545
As at 30 June 2019	56,078	(29,333)	34,026	60,771

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the second (2nd) quarter ended 30 June 2019 is announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 18 June 2019, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

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MESTRON HOLDINGS BERHAD**Company No: 1280732 - K**

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾***(The figures have not been audited)*

	<-- Cumulative Quarter -->	
	(Unaudited)	(Unaudited)
	30 June	30 June
	2019	2018
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,381	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	820	N/A
Gain on disposal of property, plant and equipment	(73)	N/A
Amortisation of investment properties	12	N/A
Interest expenses	558	N/A
Operating profit before working capital changes	<u>2,698</u>	N/A
Changes in working capital:-		
Inventories	(2,293)	N/A
Receivables	4,128	N/A
Payables	(1,004)	N/A
Cash generated from operations	<u>3,529</u>	N/A
Tax paid	(1,612)	N/A
Net cash generated from operating activities	<u>1,917</u>	N/A
Cash Flows From Investing Activities		
Purchase of property, plant and equipments	(5,490)	N/A
Proceeds from disposal of property, plant and equipment	81	N/A
Net cash used in investing activities	<u>(5,409)</u>	N/A
Cash Flows From Financing Activities		
Repayment of bank borrowings	(1,314)	N/A
Drawdown of bank borrowings	4,594	N/A
Repayment of finance lease payables	(562)	N/A
Interest paid	(558)	N/A
Proceeds from issuance of shares	23,545	N/A
Net cash generated from financing activities	<u>25,705</u>	N/A

MESTRON HOLDINGS BERHAD**Company No: 1280732 - K**

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) ⁽¹⁾***(The figures have not been audited)*

	<-- Cumulative Quarter -->	
	(Unaudited)	(Unaudited)
	30 June	30 June
	2019	2018
	RM'000	RM'000
Cash and cash equivalents		
Net changes	22,213	N/A
At the beginning of the period	3,931	N/A
At the end of the period	<u>26,144</u>	<u>N/A</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the second (2nd) quarter ended 30 June 2019 is announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 18 June 2019, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

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MESTRON HOLDINGS BERHAD

Company No: 1280732 - K

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

NOTES TO THE INTERIM FINANCIAL REPORT

EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and Rules 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement").

This is the second interim financial statements on the Group's unaudited condensed consolidated financial results for the second (2nd) quarter ended 30 June 2019 announced by the Group in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding period.

The interim financial statements should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

Adoption of new and amended standard

During the financial period, the Group has adopted the following amendments for MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period.

- MFRS 9 Prepayment Features with Negative Compensation (Amended to MFRS 9),
- MFRS 16 Leases,
- MFRS 128 Long-term Interests in Associates and Joint Ventures (Amended to MFRS 128),
- Annual Improvements to MFRS Standards 2015 – 2017 Cycle
- MFRS 119 Plan Amendment, Curtailment or Settlement (Amended to MFRS 119)
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Adoption of the above standards and interpretations did not have any material impact to the financial statements of the Group.

MFRS 16 Leases – effective 1 January 2019

MRFS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations.

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group is required to account for major part of their operating leases in the statement of financial position by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group.

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

A1. Basis of preparation (cont'd)

The Group applied the simplified retrospective approach. Under this approach, the Group is not required to restate the comparatives and the MFRS 16 adjustments will be reflected in the opening retained earnings at 1 January 2019, being the date of initial application. The adoption of MFRS 16 has no material impact to the financial statements of the Group.

Standards issued but not yet effective

At the date of authorisation for issue of this interim financial report, the new and revised Standards and Amendments, which were in issue but not yet effective and have not been early adopted by the Group are as follow:-

Standards	Effective dates for financial period beginning on and after
MFRS 101 Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 3 Business Combinations (Amendments to MFRS 3)	1 January 2020
MFRS 108 Definition of Material (Amendments to MFRS 108)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

A2. Auditors' report of preceding annual audited financial statements

The audited combined financial statements of the Group for the financial year ended 31 December 2018 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group's operations are not significantly affected by seasonal or cyclical effects, albeit marginal slowdown during festive periods such as Chinese New Year and Hari Raya as most of the Group's customers do not operate during these periods and large lorries are not allowed to transport goods due to traffic control. Nevertheless, the impact of the marginal slowdown is unlikely to be significant to the Group.

A4. Unusual items

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

A5. Material changes in estimates

There were no changes in the estimates in the current financial quarter under review.

MESTRON HOLDINGS BERHAD

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**A6. Debt and equity securities**

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and financial period-to-date.

On 12 October 2018, the Company had entered into a conditional Share Sale Agreement ("**SSA**") with the vendors of Mestron Engineering Sdn Bhd ("**Mestron Engineering**") to acquire the entire equity interest in Mestron Engineering comprising 2,500,000 ordinary shares for a total purchase consideration of RM31,599,999.90. The purchase consideration was satisfied by the issuance of 631,999,998 new shares of the Company to the vendors of Mestron Engineering Sdn Bhd at an issue price of RM0.05 each. The acquisition of Mestron Engineering was completed on 25 April 2019.

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has undertaken an initial public offering ("**IPO**") comprising:-

- (i) Public issue of 158,000,000 new ordinary shares in the Company at an issue price of RM0.16 per share ("**IPO Price**") allocated in the following manner:-
- 39,500,000 new shares available for application by the Malaysian Public;
 - 8,750,000 new shares available for application by our eligible directors and employees;
 - 30,750,000 new shares by way of private placement to selected investors; and
 - 79,000,000 new shares by way of private placement to identified Bumiputra investors approved by the Ministry of International Trade and Industry, Malaysia.
- (ii) Offer for sale of 79,000,000 existing shares by way of private placement to selected investors at IPO price.

A7. Segmental information

The Group's segmental information for the current financial quarter ended 30 June 2019 is as follows:-

- (a) Analysis of revenue by business segments

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 30 June 2019 RM'000	(Unaudited) 30 June 2018 RM'000	(Unaudited) 30 June 2019 RM'000	(Unaudited) 30 June 2018 RM'000
Manufacturing	14,629	N/A	27,030	N/A
Trading	3,729	N/A	8,342	N/A
Total	18,358	N/A	35,372	N/A

MESTRON HOLDINGS BERHAD

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**A7. Segmental information (cont'd)**

(b) Analysis of revenue by geographical location

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	16,224	N/A	30,777	N/A
Australia	407	N/A	742	N/A
Singapore	798	N/A	996	N/A
Korea	929	N/A	2,800	N/A
Others ⁽²⁾	-	N/A	57	N/A
Total	18,358	N/A	35,372	N/A

Notes:

(1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

(2) Others include Sri Lanka and Maldives.

N/A – Not applicable

A8. Dividends Paid

No dividends were paid during the current quarter under review.

A9. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter.

A10. Capital commitments

There were no material capital commitments of the Group as at 30 June 2019.

MESTRON HOLDINGS BERHAD

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

A11. Changes in the composition of the Group

Save as disclosed in Note A6, there were no changes in the composition of the Group during the current financial quarter under review, except for the following:-

- (i) On 22 January 2019, Mestron Engineering entered into conditional SSA with the vendors of Max Lighting Solution Sdn Bhd to acquire the remaining 30.0% equity interest, comprising 60,000 ordinary shares in Max Lighting Solution Sdn Bhd for a purchase consideration of RM134,907 which was wholly satisfied by cash.

The acquisition of Max Lighting Solution Sdn Bhd was completed on 25 April 2019 and resulted in Max Lighting Solution Sdn Bhd becoming a wholly-owned subsidiary of Mestron Engineering.

- (ii) On 22 January 2019, Mestron Engineering entered into conditional SSA with the vendors of Meslite Sdn Bhd to acquire the remaining 40.0% equity interest, comprising 200,000 ordinary shares in Meslite Sdn Bhd for a purchase consideration of RM358,320 which was wholly satisfied by cash.

The acquisition of Meslite Sdn Bhd was completed on 25 April 2019 and resulted in Meslite Sdn Bhd becoming a wholly-owned subsidiary of Mestron Engineering.

A12. Contingent liabilities and contingent assets

There are no material contingent liabilities and contingent assets to be disclosed as at the date of this interim financial.

A13. Material events subsequent to the end of the quarter

Save as disclosed below, there were no other material events subsequent to the end of the current quarter, except for the following:-

- (i) On 8 July 2019, the Group's wholly owned subsidiary, Mestron Engineering entered into a Memorandum of Understanding with Platinum Core Solutions Sdn Bhd to explore a joint venture arrangement to collaborate in providing centralised system for base band unit;
- (ii) On 1 August 2019, the Group's wholly owned subsidiary, Mestron Engineering entered into a sales and purchase agreement with Lim Jii Yan in relation to the disposal of a piece of freehold land held under individual title Geran 150625, Lot 16732, Mukim Dengkil, Daerah Sepang, Negeri Selangor together with one and half story linked factory erected thereon and bearing postal address No. 41, Jalan Meranti Jaya 12, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan for a cash consideration of RM1,125,000 ("Proposed Disposal of Link Factory A"); and
- (iii) On 1 August 2019, the Group's wholly owned subsidiary, Meslite Sdn Bhd entered into a sales and purchase agreement with Lim Woan Yun in relation to the disposal of a piece of freehold land held under individual title Geran 150626, Lot 16733, Mukim Dengkil, Daerah Sepang, Negeri Selangor together with one and half story linked factory erected thereon and bearing postal address No. 39, Jalan Meranti Jaya 12, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan for a cash consideration of RM1,125,000 ("Proposed Disposal of Link Factory B").

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

A14. Related party transactions

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

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MESTRON HOLDINGS BERHAD

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS****B1. Review of performance**

	<-- Individual Quarter -->		Changes (RM'000 / %)	<-- Cumulative Quarter -->		Changes (RM'000 / %)
	(Unaudited) 30 June 2019 RM'000	(Unaudited) 30 June 2018 RM'000		(Unaudited) 30 June 2019 RM'000	(Unaudited) 30 June 2018 RM'000	
Revenue	18,358	N/A	N/A	35,372	N/A	N/A
Gross profit	3,122	N/A	N/A	8,936	N/A	N/A
(Loss)/Profit before tax	(1,927)	N/A	N/A	1,381	N/A	N/A
(Loss)/Profit after tax	(2,551)	N/A	N/A	395	N/A	N/A

Note:

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

Current quarter (3 months)

The Group recorded revenue of RM18.36 million for the current financial quarter ended 30 June 2019.

The Group's revenue was principally derived from the manufacturing segment accounting for approximately 79.69% of the total revenue for the current financial quarter ended 30 June 2019 which is driven by the sales of specialty poles in telecommunication and oil and gas sector. The group's revenue from the trading segment has slowed down due to a greater demand in the previous quarter.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 88.38% of the total revenue for the current financial quarter ended 30 June 2019.

Overall, the Group registered a loss before tax of RM1.93 million in the current financial quarter under review as compared with a profit before tax of RM3.30 million recorded in previous financial quarter ended 31 March 2019, as a result of recognition of the listing expenses. If excluding the listing expenses of RM3.05 million, the adjusted profit before tax would have been RM1.12 million in the current financial quarter.

MESTRON HOLDINGS BERHAD

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019

B1. Review of performance (cont'd)

Cumulative quarter (6 months)

The Group recorded revenue of RM35.37 million for the cumulative financial quarter ended 30 June 2019.

The Group's revenue was principally derived from the manufacturing segment accounting for approximately 76.42% of the total revenue for the cumulative financial quarter ended 30 June 2019 which is driven by the sales of specialty poles in telecommunication and oil and gas sector.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 87.01% of the total revenue for the cumulative financial quarter ended 30 June 2019.

Overall, the Group registered a profit before tax of RM1.38 million in the cumulative financial quarter under review. If excluding the listing expenses of RM3.05 million, the adjusted profit before tax would have been RM4.43 million for the cumulative financial quarter.

B2. Comparison with immediate preceding quarter's results

There are no comparative figures for the preceding quarter available as this is the second interim financial report for the first quarter ended 30 June 2019 announcement in compliance with the Listing Requirements.

B3. Prospects

As disclosed in the Prospectus of the Company dated 23 May 2019 the group has put in place a series of future plans as follows:-

(a) Expansion of our revenue stream from our specialty pole business segment

The Group intends to reduce the dependency on the construction industry by expanding in the telecommunication industry. The growth in broadband penetration indicates growth in demand for telecommunication infrastructures, including telecommunication monopoles.

(b) Expansion of geographical presence in international markets

The Group plans to enhance the presence in international markets such as Brunei, Sri Lanka and New Zealand in light of positive market prospects for their construction industry in these countries.

We may appoint local electrical product distributors in the respective country as master distributors. These master distributors will be sole distributors to represent the Group in marketing the Group's products, as well as provide on-site and off-site technical support in these markets.

We have yet to appoint any local distributors in these countries.

MESTRON HOLDINGS BERHAD**Company No: 1280732 - K**

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**B3. Prospects (cont'd)**(c) Enhance presence and increase market share in street light pole industry

The Group currently has a strong presence for the street light pole industry in Malaysia. We intend to expand our main manufacturing facility and acquire additional machinery and equipment to enable us to capitalise on the anticipated growth in the street light pole industry.

No new machinery and equipment have been acquired due to space constraints.

(d) Enhance presence and increase market share in outdoor lighting products

We expect to continue to benefit from the growing outdoor lighting market due to the growing trend in usage of energy-saving outdoor lighting products in light of several Government initiatives under Budget 2019.

B4. Profit forecast or profit guarantee

The Group does not have any profit forecast or profit guarantee for the current quarter under review in any public documents.

B5. Taxation

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Current financial period	624	N/A	986	N/A
Total tax expense	624	N/A	986	N/A
Effective tax rate (%)	32.4	N/A	71.3	N/A

Notes:

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (2) The Group's effective tax rate is higher than the statutory income tax rate due to non-deductible expenses such as depreciation, amortisation, interest expenses and one-off listing expenses.

N/A – Not applicable

MESTRON HOLDINGS BERHAD**Company No: 1280732 - K**

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**B6. Status of corporate proposals and utilisation of proceeds****Status of corporate proposals**

Save for the Proposed Disposal of Link Factory A and Proposed Disposal of Link Factory B, the Group does not have any other corporate exercises which have been announced but pending completion.

Utilisation of proceeds

The gross proceeds raised from the Public Issue amounting to RM25.28 million is intended to be utilised in the following manner:-

Purpose	Proposed Utilisation	Actual Utilised	Unutilised Amount	Estimated Timeframe for utilisation (from the date of Listing)
	RM'000	RM'000	RM'000	
i) Expansion of our Main Manufacturing Facility and acquisition of manufacturing machineries and equipment	13,000	-	13,000	Within 24 months
ii) Working capital	5,180	-	5,180	Within 12 months
iii) Repayment of bank borrowings	4,000	-	4,000	Within 6 months
iv) Estimated listing expenses	3,100	3,100	-	Within 1 months
	<u>25,280</u>	<u>3,100</u>	<u>22,180</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 23 May 2019.

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FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**B7. Finance Lease Payable & Borrowings**

The Group's finance lease payable and borrowings were as follows:-

	(Unaudited) As at 30 June 2019 RM'000	(Unaudited) As at 30 June 2018 RM'000
Secured:		
Current		
Finance lease payable	1,144	N/A
Term loan	748	N/A
Bankers acceptance	859	N/A
	<u>2,751</u>	<u>N/A</u>
Secured:		
Non-current		
Finance lease payable	964	N/A
Term loan	17,746	N/A
	<u>18,710</u>	<u>N/A</u>
	<u>21,461</u>	<u>N/A</u>
Total bank borrowings	<u>21,461</u>	<u>N/A</u>

Notes:

- (1) All the Group borrowings are denominated in Ringgit Malaysia and there are no foreign currency denomination borrowings.
- (2) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

B8. Changes in material litigation

As at the date of this report, the Group is not involved in any litigations or arbitrations either as a defendant or plaintiff, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

B9. Dividends Proposed

There were no dividends proposed for the current financial period under review.

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(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**B10. Earnings per share**

The basic and diluted earnings per share for the current quarter and financial period is calculated as follows:-

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
(Loss)/Profit attributable to owners of the Company (RM'000)	(2,551)	N/A	395	N/A
Weighted average number of ordinary shares ('000) ⁽¹⁾	579,912	N/A	291,558	N/A
Basic earnings per share (sen) ⁽²⁾	(0.44)	N/A	0.14	N/A
Diluted earnings per share (sen) ⁽³⁾	(0.44)	N/A	0.14	N/A

Notes:

- (1) Based on the weighted average number of ordinary shares in issuance of 579,912,088 shares for the current quarter and 291,558,012 shares for the cumulative quarter.
- (2) Basic earnings per share for the quarter and year is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and year respectively.
- (3) Diluted earnings per share of the Company for the current quarter and financial period to date ended 30 June 2019 is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period
- (4) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

MESTRON HOLDINGS BERHAD**Company No: 1280732 - K**

(Incorporated in Malaysia)

FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2019**B11. Disclosure on selected expense/ (income) items as required by the Listing Requirements**

	<-- Individual Quarter --> (Unaudited)		<-- Cumulative Quarter--> (Unaudited)	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipments	439	N/A	820	N/A
Gain on disposal of property, plant and equipment	(48)	N/A	(73)	N/A
Amortisation of investment properties	6	N/A	12	N/A
Rental income	(18)	N/A	(36)	N/A
Realised loss on foreign exchange	*	N/A	4	N/A
Interest expense	285	N/A	558	N/A

Notes:

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (2) Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable. The Group does not have the following items for the financial period under review:-
- (i) Interest income;
 - (ii) other income including investment income;
 - (iii) provision for and write off of receivables;
 - (iv) provision for and write off of inventories;
 - (v) gain or loss on disposal of quoted or unquoted investments or properties;
 - (vi) impairment of assets; and
 - (vii) gain or loss on derivatives.

*N/A – Not applicable*** – Negligible*