

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

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

(The figures have not been audited)

		<-- Individual Quarter -->		<-- Cumulative Quarter -->	
		Current	Preceding	Current	Preceding
		year quarter	year quarter	year quarter	year quarter
		31 December	31 December	31 December	31 December
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	A7	18,603	15,658	56,640	68,977
Cost of Sales		(11,449)	(12,819)	(38,309)	(53,793)
Gross Profit		7,154	2,839	18,331	15,184
Other income		69	1,280	425	2,767
Finance income		49	212	268	213
Selling and distribution expenses		(89)	(107)	(402)	(765)
Administrative expenses		(3,871)	(2,665)	(9,617)	(12,133)
Other operating expenses		*	(47)	(6)	(137)
Finance costs		(73)	(95)	(341)	(901)
Profit before taxation		3,239	1,417	8,658	4,228
Taxation	B5	(968)	(613)	(2,518)	(1,961)
Profit for the financial period		2,271	804	6,140	2,267
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		2,271	804	6,140	2,267
Earnings per share attributable to owners of the Company (sen):					
- Basic ⁽²⁾	B10	0.29	0.10	0.78	0.42
- Diluted ⁽³⁾	B10	0.29	0.10	0.78	0.42

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

**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 the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share is calculated based on the weighted average number of ordinary shares in issuance for the comparative current quarter and cumulative quarter.
- (3) Diluted earnings per share of the Group for the current quarter and cumulative quarter is equivalent to the basic earnings per share as the Group does not have convertible securities as at the end of the respective reporting period.

* – *Negligible*

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2020 ⁽¹⁾

(The figures have not been audited)

	Note	(Unaudited) As at 31 December 2020 RM'000	(Audited) As at 31 December 2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		16,395	13,644
Right-of-use assets		16,633	16,979
TOTAL NON-CURRENT ASSETS		33,028	30,623
CURRENT ASSETS			
Inventories		14,783	10,494
Trade receivables		20,630	18,223
Other receivables		1,350	1,954
Tax recoverable		560	939
Cash and bank balances		18,493	22,323
TOTAL CURRENT ASSETS		55,816	53,933
TOTAL ASSETS		88,844	84,556
EQUITY AND LIABILITIES			
EQUITY			
Share capital		55,938	55,496
Merger deficit		(29,100)	(29,100)
Retained earnings		40,223	34,083
TOTAL EQUITY		67,061	60,479
NON-CURRENT LIABILITIES			
Borrowings	B7	7,336	8,180
Lease liabilities	B7	761	887
Deferred tax liabilities		715	533
TOTAL NON-CURRENT LIABILITIES		8,812	9,600

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2020 (cont'd) ⁽¹⁾
(The figures have not been audited)

	Note	(Unaudited) As at 31 December 2020 RM'000	(Audited) As at 31 December 2019 RM'000
CURRENT LIABILITIES			
Trade payables		9,453	9,561
Other payables		2,250	1,692
Dividend payable		-	1,580
Borrowings	B7	436	597
Lease liabilities	B7	832	1,048
TOTAL CURRENT LIABILITIES		12,971	14,478
TOTAL LIABILITIES		21,783	24,078
TOTAL EQUITY AND LIABILITIES		88,844	84,556
Net assets per share (RM) ⁽²⁾		0.08	0.08

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the ordinary shares in MHB in issuance of 793,500,000 shares as at 31 December 2020 and 790,000,000 shares as at 31 December 2019.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

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 2020	55,496	(29,100)	34,083	60,479
Total comprehensive income for the year	-	-	6,140	6,140
Transaction with owners:				
Issuance of ordinary shares	442	-	-	442
Total transaction with owners	442	-	-	442
As at 31 December 2020	55,938	(29,100)	40,223	67,061

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

(The figures have not been audited)

	<-- Cumulative Quarter -->	
	31 December 2020	31 December 2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	8,658	4,228
Adjustments for:-		
Depreciation of property, plant and equipment	957	872
Depreciation of right-of-use asset	1,256	949
Gain on disposal of property, plant and equipment	(2)	(449)
Gain on disposal of investment properties	-	(909)
Gain on disposal of right-of-use assets	-	(48)
Gain on disposal of asset held for sale	-	(1,123)
Bad debts written off	-	52
Amortisation of investment properties	-	14
Interest expenses	341	901
Interest income	(268)	(213)
Operating profit before working capital changes	10,942	4,274
Changes in working capital:-		
Inventories	(4,289)	(787)
Receivables	(1,803)	4,892
Payables	289	(1,977)
Cash generated from operations	5,139	6,402
Interest received	268	213
Tax paid	(1,795)	(2,797)
Tax refund	-	63
Net cash generated from operating activities	3,612	3,881
Cash Flows From Investing Activities		
Acquisition of subsidiaries	-	(31,600)
Acquisition of equity share of subsidiaries from non-controlling interest	-	(493)
Purchase of property, plant and equipment	(3,707)	(2,949)
Purchase of right-of-use asset	(327)	(4,944)
Proceeds from disposal of property, plant and equipment	2	466
Proceeds from disposal of investment properties	-	2,250
Proceeds from disposal of right-of-use assets	-	56
Proceeds from disposal of asset held for sale	-	5,500
Net cash used in investing activities	(4,032)	(31,714)

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) ⁽¹⁾
(The figures have not been audited)

	<-- Cumulative Quarter -->	
	31 December 2020 RM'000	31 December 2019 RM'000
Cash Flows From Financing Activities		
Repayment to directors	-	(18)
Repayment of bank borrowings	(1,005)	(10,646)
Drawdown of bank borrowings	-	3,350
Repayment of finance lease liabilities	(927)	(1,055)
Interests paid	(341)	(901)
Dividend paid	(1,580)	-
Proceeds from issuance of share capital	442	55,496
Net cash (used in)/generated from financing activities	(3,411)	46,226
Cash and cash equivalents		
Net changes	(3,830)	18,392
At the beginning of the year	22,323	3,931
At the end of the year	18,493	22,323

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

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 third interim financial statements on the Group's unaudited condensed consolidated financial results for the fourth (4th) quarter ended 31 December 2020 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 audited financial statements for the financial year ended 31 December 2019 and accompanying 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 2019. 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.

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 "Definition of Material"
- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 7, MFRS 9 and MFRS 139 "Disclosures – Interest Rate Benchmark Reform"

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

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

A1. Basis of preparation (cont'd)

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 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 "Classification of Liabilities as Current or Non-Current"	1 January 2022
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 2019 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
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

A6. Debt and equity securities

There were no issuance and repayment of the debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial year to-date except for the following:

- (i) Issuance of 3,500,000 new ordinary shares pursuant to a private placement at an issue price of RM0.1520 per ordinary share.

A7. Segmental information

The Group's segmental information for the current financial quarter ended 31 December 2020 is as follows:-

- (a) Analysis of revenue by business segments

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 31 December 2020 RM'000	(Unaudited) 31 December 2019 RM'000	(Unaudited) 31 December 2020 RM'000	(Unaudited) 31 December 2019 RM'000
Manufacturing	8,585	11,864	34,745	53,261
Trading	10,018	3,794	21,895	15,716
Total	18,603	15,658	56,640	68,977

- (b) Analysis of revenue by geographical location

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 31 December 2020 RM'000	(Unaudited) 31 December 2019 RM'000	(Unaudited) 31 December 2020 RM'000	(Unaudited) 31 December 2019 RM'000
Malaysia	17,957	13,958	53,428	59,972
Australia	538	484	2,232	1,741
Singapore	108	333	865	1,697
Korea	-	883	-	5,304
Philippines	-	-	-	205
Others ⁽²⁾	-	-	115	58
Total	18,603	15,658	56,640	68,977

Notes:

- (1) Others include Sri Lanka and Maldives.

A8. Dividends Paid

No dividends were paid during the current quarter under review.

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

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

Capital expenditure not provided for in the financial statements are as follows:

	As at 31 December 2020 RM'000
Acquisition of property, plant and equipment: - approved by Directors and contracted for	<u>1,202</u>

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review

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

There were no other material events subsequent to the end of the current quarter.

A14. Related party transactions

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

	<-- Individual Quarter -->		Changes	<-- Cumulative Quarter -->		Changes
	(Unaudited) 31 December 2020 RM'000	(Unaudited) 31 December 2019 RM'000		(Unaudited) 31 December 2020 RM'000	(Unaudited) 31 December 2019 RM'000	
Revenue	18,603	15,658	18.8	56,640	68,977	(17.9)
Gross profit	7,154	2,839	152.0	18,331	15,184	20.7
Profit before tax	3,239	1,417	128.6	8,658	4,228	104.8
Profit after tax	2,271	804	182.5	6,140	2,267	171.0

Current quarter (3 months)

The Group recorded revenue of RM18.60 million for the current financial quarter ended 31 December 2020 as compared to the revenue of RM15.66 million recorded for the previous year's financial quarter ended 31 December 2019.

The Group's revenue was principally derived from the trading segment which accounts for approximately 53.9% of the total revenue for the current financial quarter ended 31 December 2020. The revenue from trading segment is mainly derived from trading of outdoor lighting products which saw an increase in demand due to Government's continuous initiative to replace street lights nationwide with Light Emitting Diode (LED) lighting units.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 96.5% of the total revenue for the current financial quarter ended 31 December 2020.

Overall, the Group registered a higher profit before tax of RM3.24 million in the current financial quarter under review as compared with a profit before tax of RM1.42 million recorded in previous financial quarter ended 31 December 2019 as a result of higher revenue and sales of higher margin products such as decorative poles, specialty poles and outdoor lighting products.

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

B1. Review of performance (cont'd)

Cumulative quarter (12 months)

The Group recorded revenue of RM56.64 million for the cumulative financial period ended 31 December 2020 as compared to the revenue of RM68.98 million recorded for the previous year's cumulative financial period ended 31 December 2019. The decrease in revenue was predominantly due to the slowdown of the Group's business as a result of the implementation of Movement Control Order. The restriction imposed as a result of the Movement Control Order ("MCO") has resulted in delay and postponement in product delivery schedule and the subsequent recognition of revenue.

The Group's revenue was principally derived from the manufacturing segment accounting for approximately 61.3% of the total revenue for the cumulative financial quarter ended 31 December 2020 which is driven by the sales of standard light poles, decorative poles and trading of outdoor lighting products. The lower overall revenue was also attributable to the temporary slowdown in our sales in the second quarter of 2020 as a result of the implementation of MCO.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 94.3% of the total revenue for the cumulative financial quarter ended 31 December 2020.

Overall, the Group registered a profit before tax of RM8.66 million in the cumulative financial quarter under review compared with a profit before tax of RM4.26 million recorded in previous cumulative financial quarter ended 31 December 2019 as a result of the absence of a one-off listing expenses of RM3.05 million incurred in the previous cumulative financial quarter ended 31 December 2019. Profit before tax adjusted for the one-off listing expenses would have been RM7.31 million for the cumulative financial quarter ended 31 December 2019.

B2. Comparison with immediate preceding quarter's results

	<-- Individual Quarter -->		<-- Changes -->	
	(Unaudited) 31 December 2020 RM'000	(Unaudited) 30 September 2020 RM'000	RM'000	%
Revenue	18,603	19,070	(467)	(2.4)
Profit before tax	3,239	4,194	(955)	(22.8)

For the current financial quarter ended 31 December 2020, the Group recorded lower revenue of RM18.60 million and a lower profit before tax of RM3.24 million as compared to RM19.07 million and profit before tax of RM4.19 million respectively in the immediate preceding financial quarter ended 30 September 2020.

The decrease is mainly due to lower demand for manufactured products due to the reintroduction of the conditional movement control order ("CMCO") from 9 November 2020 which has slowed down our scheduled deliveries of products.

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

B3. Prospects and outlook

The recent outbreak of the COVID-19 virus since the end of 2019 had disrupted the global operating environments and restricting global travelling and the outbreak had softened economic growth both in Malaysia and internationally.

The World Health Organisation had on 11 March 2020 declared the outbreak to be a pandemic and the Malaysian Government had imposed the Movement Control Order (“MCO”) commencing 18 March 2020 and has reintroduced it on 11 January 2021 and has been extended to March 4 2021. The measures undertaken by the Government, such as international and domestic travel restrictions, control of non-essential services, reduced operating hours and work force, are necessary to curb and slow down the spread of the COVID-19.

Whilst the Government has gradually eased the restriction and businesses are allowed to operate under strict standard operating procedures, the recovery of our economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

With the current uncertainty in the local and international economy due to the COVID-19 outbreak, the performance of the Group for the financial year ending 31 December 2021 will remain challenging. However, the Group will exercise extra vigilance in the business and will strive to deliver satisfactory performance for the year despite the COVID-19 pandemic.

The Group has also lately entered into a joint venture agreement with Samdo Smart Solar (M) Sdn Bhd to jointly procure the completion of the service of engineering, procurement, construction and commissioning (“EPCC”) in respect of only six (6) solar power systems for telecommunication towers located in Peninsular and East Malaysia which will provide recurring income as a source of our business income. The group will also explore other opportunities and is looking to diversify the business to expand our sources of revenue and include other sources of recurring income as a source of our business income.

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)
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Current tax expense	786	378	2,336	1,726
Deferred tax expense	182	235	182	235
Total tax expense	968	613	2,518	1,961
Effective tax rate (%)	29.9	43.3	29.1	46.1

Notes:

- (1) The Group’s effective tax rate is higher than the statutory income tax rate due to non-deductible expenses such as depreciation and interest expenses.

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

B6. Status of corporate proposals and utilisation of proceeds

Status of corporate proposals

On 18 August 2020, the Company had announced that the Company wishes to undertake the private placement of up to 158,000,000 new ordinary shares in Mestron ("**Placement Shares**"), representing up to approximately 20% of the total number of issued shares of Mestron, to independent third party investor(s) to be identified later at an issue price to be determined later ("**Private Placement**").

The additional listing application for the new ordinary shares in Mestron to be issued pursuant to the Private Placement was approved by Bursa Securities on 7 September 2020.

The Company have since issued a total of 92,500,000 Placement Shares and raised a total of RM16.46 million. The remaining Placement Shares to be issued under the Private Placement amount to 65,500,000 Placement Shares.

Save for the Private Placement, the Group does not have any corporate exercises which have been announced but pending completion.

Utilisation of proceeds

(a) Public Issue

On 26 May 2019, the Company issued its prospectus in relation to the public issue of 158,000,000 new ordinary shares ("**Public Issue**") at issue price of RM0.16 per ordinary share. The listing exercise of the Company's enlarged share capital of 790,000,000 shares on the ACE Market of Bursa Securities was completed on 18 June 2019.

The gross proceeds raised from the Public Issue amounting to RM25.28 million are 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	10,500	3,594	6,906 ⁽²⁾	Within 24 months ⁽²⁾
ii) Working capital ⁽¹⁾	7,680	7,640	40 ⁽²⁾	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>18,334</u>	<u>6,946</u>	

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

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

B6. Status of corporate proposals and utilisation of proceeds (cont'd)

Notes:

- (1) Utilisation of working capital includes purchase of raw materials mainly consisting of steel plates and pipes, outdoor lighting products and galvanising of work-in-progress steel products.
- (2) The Group had on 19 May 2020 announced the variation on the utilisation of proceed raised from the initial public offering exercise. RM2.50 million of the proceeds earmarked for the expansion of the Group's main manufacturing facility and acquisition of manufacturing machineries and equipment has been reallocated for to finance the Group's working capital requirement such as fixed overhead cost and purchase of raw materials. The estimated timeframe for utilisation of proceeds allocated for expansion of the Group's main manufacturing facility and acquisition of manufacturing machineries and equipment has also been extended for an additional 6 months.

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

(b) Private Placement Proceeds

Private Placement of up to 20% of the issued shares of the Company, involving up to 158,000,000 Placement Shares approved on 7 September 2020.

At 8 December 2020, Mestron had issued 3,500,000 Placement Shares at an issue price of RM0.1520 each and raised total proceeds of RM532,000.00.

At 8 January 2021, Mestron has issued 89,000,000 Placement Shares at an issue price of RM0.179 each and raised total proceeds of RM15,931,000.00.

The status of the utilisation of total gross proceeds from the two tranches of private placement are as below:-

Purpose	Proposed Utilisation	<-- As at 23.2.2021 -->		Estimated Timeframe for utilisation (from the date of Listing)
		Actual Utilised	Unutilised Amount	
	RM'000	RM'000	RM'000	
i) Future business projects/investments	7,399	-	7,399	Within 24 months
ii) Repayment of bank borrowings	3,083	-	3,083	Within 12 months
iii) Working capital	5,735	-	5,735	Within 18 months
iv) Estimated expenses for the private placement	246	59	187	Within 1 months
	<u>16,463</u>	<u>59</u>	<u>16,404</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Announcement of the Company dated 18 August 2020.

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

B7. Finance Lease Payable & Borrowings

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

	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Secured:		
Current		
Lease liabilities	832	1,048
Term loan	436	597
	1,268	1,645
Secured:		
Non-current		
Lease liabilities	761	887
Term loan	7,336	8,180
	8,097	9,067
	9,365	10,712
Total bank borrowings	9,365	10,712

Notes:

- (1) All the Group borrowings are denominated in Ringgit Malaysia and there are no foreign currency denomination borrowings.

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

On 31 December 2020, the Directors declared an interim single-tier dividend of RM0.0015 per ordinary share in Mestron Holdings Berhad in respect of the financial year ending 31 December 2020 amounting to RM1,190,250. This amount has been paid on 29 January 2021.

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

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)
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Profit attributable to owners of the Company (RM'000)	2,271	805	6,140	2,265
Weighted average number of ordinary shares ('000) ⁽¹⁾	793,239	790,000	793,239	542,827
Basic earnings per share (sen) ⁽²⁾	0.29	0.10	0.78	0.42
Diluted earnings per share (sen) ⁽³⁾	0.29	0.10	0.78	0.42

Notes:

- (1) Weighted average number of ordinary shares is based on the weighted average number of ordinary shares in issuance for the financial year and financial quarter.
- (2) Basic earnings per share for the current quarter and financial year is calculated based on the net profit divided by the weighted average number of ordinary shares.
- (3) Diluted earnings per share of the Company for the current quarter and financial period to date ended 31 December 2020 is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

B11. Disclosure on selected expense/(income) items as required by the Listing Requirements

	<-- Individual Quarter -->		<-- Cumulative Quarter-->	
	(Unaudited) 31 December 2020 RM'000	(Unaudited) 31 December 2019 RM'000	(Unaudited) 31 December 2020 RM'000	(Unaudited) 31 December 2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	272	224	957	757
Depreciation of right-of-use assets	343	237	1,256	949
Gain on disposal of property, plant and equipment	(2)	(1,351)	(2)	(2,132)
Amortisation of investment properties	-	-	-	14
Rental income	-	(7)	-	(61)
Realised loss/(gain) on foreign exchange	36	(3)	223	(8)
Interest income	(49)	(100)	(268)	(212)
Interest expenses	73	95	341	901

Notes:

- (1) 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) Provision for and write off of receivables;
 - (ii) provision for and write off of inventories;
 - (iii) gain or loss on disposal of quoted or unquoted investments or properties;
 - (iv) impairment of assets; and
 - (v) gain or loss on derivatives.