

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

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

(The figures have not been audited)

	Note	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
		Current year quarter 31 March 2021 RM'000	Preceding year quarter 31 March 2020 RM'000	Current year quarter 31 March 2021 RM'000	Preceding year quarter 31 March 2020 RM'000
Revenue	A7	11,627	11,127	11,627	11,127
Cost of Sales		(7,576)	(7,529)	(7,576)	(7,529)
Gross Profit		4,051	3,598	4,051	3,598
Other income		57	24	57	24
Finance income		91	98	91	98
Selling and distribution expenses		(167)	(216)	(167)	(216)
Administrative expenses		(2,128)	(2,171)	(2,128)	(2,171)
Other operating expenses		(38)	(1)	(38)	(1)
Finance costs		(67)	(113)	(67)	(113)
Profit before taxation		1,799	1,219	1,799	1,219
Taxation	B5	(297)	(415)	(297)	(415)
Profit for the financial period		1,502	804	1,502	804
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		1,502	804	1,502	804
Earnings per share attributable to owners of the Company (sen):					
- Basic ⁽²⁾	B10	0.17	0.10	0.17	0.10
- Diluted ⁽³⁾	B10	0.17	0.10	0.17	0.10

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

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

**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.

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FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2021 ⁽¹⁾

(The figures have not been audited)

	(Unaudited) As at 31 March 2021 RM'000	(Audited) As at 31 December 2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	18,929	16,395
Right-of-use assets	16,324	16,633
TOTAL NON-CURRENT ASSETS	35,253	33,028
CURRENT ASSETS		
Inventories	15,542	14,783
Trade receivables	15,017	20,630
Other receivables	483	1,348
Tax recoverable	1,178	560
Cash and bank balances	34,606	18,493
TOTAL CURRENT ASSETS	66,826	55,814
TOTAL ASSETS	102,079	88,842
EQUITY AND LIABILITIES		
EQUITY		
Share capital	76,490	55,958
Merger deficit	(29,100)	(29,100)
Retained earnings	40,696	38,897
TOTAL EQUITY	88,086	65,755
NON-CURRENT LIABILITIES		
Borrowings	4,523	7,336
Lease liabilities	790	761
Deferred tax liabilities	714	714
TOTAL NON-CURRENT LIABILITIES	6,027	8,811

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2021 (cont'd) ⁽¹⁾
(The figures have not been audited)

	Note	(Unaudited) As at 31 March 2021 RM'000	(Audited) As at 31 December 2020 RM'000
CURRENT LIABILITIES			
Trade payables		6,689	9,433
Other payables		874	2,251
Dividend payable		-	1,324
Borrowings	B7	184	436
Lease liabilities	B7	219	832
TOTAL CURRENT LIABILITIES		7,966	14,276
TOTAL LIABILITIES		13,993	23,087
TOTAL EQUITY AND LIABILITIES		102,079	88,842
Net assets per share (RM) ⁽²⁾		0.10	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 906,900,000 shares as at 31 March 2021 and 793,500,000 shares as at 31 December 2020.

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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 2021	55,958	(29,100)	38,897	65,755
Total comprehensive income for the year	-	-	1,799	1,799
Transaction with owners:				
Issuance of ordinary shares	20,689	-	-	20,689
Share issuance expenses	(157)	-	-	(157)
Total transaction with owners	20,532	-	1,799	22,331
As at 31 March 2021	76,490	(29,100)	40,696	88,086

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.

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FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

(The figures have not been audited)

	<-- Cumulative Quarter -->	
	31 March 2021	31 December 2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,799	8,656
Adjustments for:-		
Depreciation of property, plant and equipment	269	957
Depreciation of right-of-use asset	153	1,256
Gain on disposal of property, plant and equipment	-	(2)
Interest expenses	34	341
Interest income	(91)	(268)
Operating profit before working capital changes	<u>2,164</u>	<u>10,940</u>
Changes in working capital:-		
Inventories	(760)	(4,289)
Receivables	6,478	(1,801)
Payables	(4,343)	427
Cash generated from operations	<u>3,539</u>	<u>5,277</u>
Tax paid	(399)	(1,957)
Net cash generated from operating activities	<u>3,140</u>	<u>3,320</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,802)	(3,707)
Purchase of right-of-use asset	-	(172)
Proceeds from disposal of property, plant and equipment	-	2
Net cash used in investing activities	<u>(2,802)</u>	<u>(3,877)</u>

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FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) ⁽¹⁾

(The figures have not been audited)

	<-- Cumulative Quarter -->	
	31 March 2021	31 December 2020
	RM'000	RM'000
Cash Flows From Financing Activities		
Repayment to directors	-	5
Repayment of bank borrowings	(3,064)	(1,005)
Repayment of lease liabilities	(427)	(1,075)
Interests paid	(34)	(341)
Dividend paid	(1,324)	(1,580)
Proceeds from issuance of share capital	20,533	461
Net cash generated from/(used in) financing activities	15,684	(3,535)
Cash and cash equivalents		
Net changes	16,113	(3,830)
At the beginning of the year	18,493	22,323
At the end of the year	34,606	18,493

Note:

- (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.

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FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

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 interim financial statements on the Group's unaudited condensed consolidated financial results for the first (1st) quarter ended 31 March 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 2020 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 2020. 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.

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

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

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
Amendments to MFRS 3 Business Combinations	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 4 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures	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 2020 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.

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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 89,000,000 new ordinary shares pursuant to a private placement at an issue price of RM0.1790 per ordinary share on 8 January 2021; and
- (ii) Issuance of 24,400,000 new ordinary shares pursuant to a private placement at an issue price of RM0.1950 per ordinary share on 5 March 2021.

A7. Segmental information

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

- (a) Analysis of revenue by business segments

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 March 2020 RM'000	(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 March 2020 RM'000
Manufacturing	8,746	7,419	8,746	7,419
Trading	2,881	3,708	2,881	3,708
Total	11,627	11,127	11,627	11,127

- (b) Analysis of revenue by geographical location

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 March 2020 RM'000	(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 March 2020 RM'000
Malaysia	10,845	10,455	10,845	10,455
Australia	365	179	365	179
Singapore	293	493	293	493
Sri Lanka	124	-	124	-
Total	11,627	11,127	11,627	11,127

A8. Dividends Paid

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 RM1,323,750. This amount has been paid on 29 January 2021.

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.

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

A10. Capital commitments

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

	As at 31 March 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

On 4 March 2021, the Group incorporated a new subsidiary, Mestron Energy Sdn. Bhd. With paid-up capital of RM2,000 comprising 2,000 ordinary shares.

On 24 March 2021, the Company subscribed 998,000 new ordinary shares in Mestron Energy Sdn. Bhd. for a cash consideration of RM998,000.

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

- (i) On 6 April 2021, the Company proposed to undertake the proposed bonus issue of free warrant ("Warrants") on the basis of 1 warrant for every 2 existing ordinary shares in the Company held by the entitled shareholders on an entitlement date to be determined later; and
- (ii) On 16 April 2021, the Company entered into a share purchase agreement for the purchase of 3,311,000 ordinary shares of Premier Radiant Builders ("PRB"), representing 70% of the issued and paid-up share capital of PRB for a consideration of RM2,800,000. PRB is principally involved in property development.

A14. Related party transactions

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

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

	<-- Individual Quarter -->		Changes	<-- Cumulative Quarter -->		Changes
	(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 March 2020 RM'000		(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 March 2020 RM'000	
Revenue	11,627	11,127	4.49	11,627	11,127	4.49
Gross profit	4,051	3,598	12.59	4,051	3,598	12.59
Profit before tax	1,799	1,219	47.58	1,799	1,219	47.58
Profit after tax	1,502	804	86.69	1,502	804	86.69

Current quarter (3 months)

The Group recorded revenue of 11.63 million for the current financial quarter ended 31 March 2021 as compared to the revenue of RM11.13 million recorded for the previous year's financial quarter ended 31 March 2020.

The Group's revenue was principally derived from the manufacturing segment which accounts for approximately 75.2% of the total revenue for the current financial quarter ended 31 March 2021. The revenue from manufacturing segment is mainly driven by the sale of specialty poles mainly for the telecommunication segment.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 93.3% of the total revenue for the current financial quarter ended 31 March 2021.

Overall, the Group registered a higher profit before tax of RM1.80 million in the current financial quarter under review as compared with a profit before tax of RM1.22 million recorded in previous financial quarter ended 31 March 2020 as a result of higher revenue and sales of higher margin products such as specialty poles.

Cumulative quarter (3 months)

The Group recorded revenue of 11.63 million for the current financial quarter ended 31 March 2021 as compared to the revenue of RM11.13 million recorded for the previous year's financial quarter ended 31 March 2020.

The Group's revenue was principally derived from the manufacturing segment which accounts for approximately 75.2% of the total revenue for the current financial quarter ended 31 March 2021. The revenue from manufacturing segment is mainly driven by the sale of specialty poles mainly for the telecommunication segment.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 93.3% of the total revenue for the current financial quarter ended 31 March 2021.

Overall, the Group registered a higher profit before tax of RM1.80 million in the current financial quarter under review as compared with a profit before tax of RM1.22 million recorded in previous financial quarter ended 31 March 2020 as a result of higher revenue and sales of higher margin products such as specialty poles.

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

B2. Comparison with immediate preceding quarter's results

	<-- Individual Quarter -->		<-- Changes -->	
	(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 December 2020 RM'000	RM'000	%
Revenue	11,627	18,603	(6,976)	(37.50)
Profit before tax	1,799	3,239	(1,440)	(44.46)

For the current financial quarter ended 31 March 2021, the Group recorded lower revenue of RM11.63 million and a lower profit before tax of RM1.80 million as compared to revenue of RM18.60 million and profit before tax of RM3.24 million respectively in the immediate preceding financial quarter ended 31 December 2020.

The decrease is mainly due to lower demand for our products due to the reintroduction of the movement control order ("MCO") from 13 January 2021 which has resulted in delayed in our scheduled deliveries of products.

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 soften 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 MCO commencing 18 March 2020 and has been extended to 20 May 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 March 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 on 18 December 2020 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.

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

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 March	31 March	31 March	31 March
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Current tax expense	297	415	297	415
Total tax expense	297	415	297	415
Effective tax rate (%)	16.5	34.0	16.5	34.0

Notes:

- (1) The Group's effective tax rate is lower than the statutory income tax rate due to there being a loss making subsidiary in the quarter under review.

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**") ("**Announcement**").

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.

On 6 April 2021, the Company had announced that the Company wishes to undertake the bonus issue of warrant of up to 474,000,000 warrants on the basis of 1 Warrant for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date ("**Proposed Bonus Issue of Warrants**").

The additional listing application for the Proposed Bonus Issue of Warrants has been submitted to Bursa Securities on 28 April 2021 and is pending approval.

FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2021

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

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	2,453	8,047 ⁽²⁾	Within 30 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>17,193</u>	<u>8,087</u>	

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

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.

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

(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 had issued 89,000,000 Placement Shares at an issue price of RM0.1790 each and raised total proceeds of RM15,931,000.00.

At 5 March 2021, Mestron had issued 24,400,000 Placement Shares at an issue price of RM0.1950 each and raised total proceeds of RM4,758,000.00.

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

Purpose	Proposed Utilisation	Actual Utilised	Unutilised Amount	Estimated Timeframe for utilisation (from the date of Listing)
	RM'000	RM'000	RM'000	
i) Future business projects/investments	9,537	-	9,537	Within 24 months
ii) Repayment of bank borrowings	3,974	3,188	786	Within 12 months
iii) Working capital	7,393	-	7,393	Within 18 months
iv) Estimated expenses for the private placement	453	215	238	Within 1 month
	<u>21,357</u>	<u>3,403</u>	<u>17,954</u>	

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

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B7. Finance Lease Payable & Borrowings

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

	As at 31 March 2021 RM'000	As at 31 March 2020 RM'000
Secured:		
Current		
Lease liabilities	219	1,108
Term loan	184	816
	<u>403</u>	<u>1,924</u>
Secured:		
Non-current		
Lease liabilities	790	931
Term loan	4,523	7,734
	<u>5,313</u>	<u>8,665</u>
Total bank borrowings	<u><u>5,716</u></u>	<u><u>10,589</u></u>

Note:

- (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 RM1,323,750. This amount has been paid on 29 January 2021.

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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) 31 March 2021	(Unaudited) 31 March 2020	(Unaudited) 31 March 2021	(Unaudited) 31 March 2020
Profit attributable to owners of the Company (RM'000)	1,501	804	1,501	804
Weighted average number of ordinary shares ('000) ⁽¹⁾	906,900	790,000	906,900	790,000
Basic earnings per share (sen) ⁽²⁾	0.17	0.10	0.17	0.10
Diluted earnings per share (sen) ⁽³⁾	0.17	0.10	0.17	0.10

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 March 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 FIRST (1st) QUARTER ENDED 31 MARCH 2021

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

	<-- Individual Quarter -->		<-- Cumulative Quarter-->	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	268	215	268	215
Depreciation of right-of-use assets	153	303	153	303
Realised loss on foreign exchange	12	68	12	68
Interest income	(91)	(98)	(91)	(98)
Interest expenses	34	113	34	113

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) Gain on disposal of property, plant and equipment;
- (ii) amortisation of investment properties;
- (iii) rental income;
- (iv) provision for and write off of receivables;
- (v) provision for and write off of inventories;
- (vi) gain or loss on disposal of quoted or unquoted investments or properties;
- (vii) impairment of assets; and
- (viii) gain or loss on derivatives.