

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

**FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2022**

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

*(The figures have not been audited)*

	Note	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
		Current year quarter 31 March 2022 RM'000	Preceding year quarter 31 March 2021 RM'000	Current year quarter 31 March 2022 RM'000	Preceding year quarter 31 March 2021 RM'000
Revenue	A7	21,409	11,627	21,409	11,627
Cost of Sales		(17,169)	(7,576)	(17,169)	(7,576)
Gross Profit		4,240	4,051	4,240	4,051
Other income		245	57	245	57
Finance income		146	91	146	91
Selling and distribution expenses		(248)	(167)	(248)	(167)
Administrative expenses		(2,767)	(2,128)	(2,767)	(2,128)
Other operating expenses		(47)	(38)	(47)	(38)
Finance costs		(18)	(67)	(18)	(67)
Profit before taxation		1,551	1,799	1,551	1,799
Taxation	B5	(200)	(297)	(200)	(297)
<b>Profit for the financial period</b>		<b>1,351</b>	<b>1,502</b>	<b>1,351</b>	<b>1,502</b>
Attributable to:					
- Owners of the Company		1,376	1,502	1,376	1,502
- Non-controlling interests		(25)	-	(25)	-
		1,351	1,502	1,351	1,502
Earnings per share attributable to owners of the Company (sen):					
- Basic <sup>(2)</sup>	B10	0.14	0.17	0.14	0.17
- Diluted <sup>(3)</sup>	B10	0.14	0.17	0.14	0.17

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

*(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 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022 <sup>(1)</sup>**

*(The figures have not been audited)*

	Note	(Unaudited) As at 31 March 2022 RM'000	(Audited) As at 31 December 2021 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		41,197	35,646
Right-of-use assets		15,251	13,936
Land held for property development		3,523	3,522
Investment in associates		6,000	-
Goodwill on consolidation		3,973	3,973
<b>TOTAL NON-CURRENT ASSETS</b>		<b>69,944</b>	<b>57,077</b>
<b>CURRENT ASSETS</b>			
Inventories		20,439	15,765
Trade receivables		22,003	19,123
Other receivables		1,779	3,548
Fixed deposit with licensed banks		1,128	128
Cash and bank balances		12,829	30,292
Tax recoverable		1,791	1,644
<b>TOTAL CURRENT ASSETS</b>		<b>59,969</b>	<b>70,500</b>
<b>TOTAL ASSETS</b>		<b>129,913</b>	<b>127,577</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		83,553	83,553
Merger deficit		(29,100)	(29,100)
Retained earnings		42,275	40,899
Total shareholders' funds		96,728	95,352
Non-controlling interests		970	995
<b>TOTAL EQUITY</b>		<b>97,698</b>	<b>96,347</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	B7	11,339	4,117
Lease liabilities	B7	116	133
Deferred tax liabilities		1,299	1,299
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,754</b>	<b>5,549</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 March 2022 (cont'd) <sup>(1)</sup>**

*(The figures have not been audited)*

	Note	(Unaudited) As at 31 March 2022 RM'000	(Audited) As at 31 December 2021 RM'000
<b>CURRENT LIABILITIES</b>			
Trade payables		11,749	14,837
Other payables		7,383	9,264
Dividend payable		-	1,210
Borrowings	B7	189	233
Lease liabilities	B7	140	137
<b>TOTAL CURRENT LIABILITIES</b>		<b>19,461</b>	<b>25,681</b>
<b>TOTAL LIABILITIES</b>		<b>32,215</b>	<b>31,230</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>129,913</b>	<b>127,577</b>
Net assets per share (RM) <sup>(2)</sup>		0.10	0.10

**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 Mestron of 930,450,000 shares as at 31 March 2022 and 31 December 2021 respectively.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <sup>(1)</sup>**

*(The figures have not been audited)*

	←-Non-distributable-→		Distributable		Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Retained Earnings RM'000	Total RM'000		
As at 1 January 2022	83,553	(29,100)	40,899	95,352	995	96,347
Total comprehensive income for the year	-	-	1,376	1,376	(25)	1,351
As at 31 March 2022	83,553	(29,100)	42,275	96,728	970	97,698

**Note:**

- (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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>**

*(The figures have not been audited)*

	<b>&lt;-- Cumulative Quarter --&gt;</b>	
	<b>31 March 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	1,551	4,678
<b>Adjustments for:-</b>		
Property, plant and equipment written off	-	6
Bad debts written off	-	5
Depreciation of property, plant and equipment	425	1,361
Depreciation of right-of-use asset	148	1,220
Gain on disposal of property, plant and equipment	-	(10)
Interest expenses	6	98
Interest income	(146)	(355)
Allowance for expected credit losses on trade receivables	-	39
Reversal of allowance for expected credit losses on receivables	-	(31)
Operating profit before working capital changes	1,984	7,011
Changes in working capital:-		
Inventories	(4,675)	(982)
Receivables	(1,111)	5,588
Payables	(4,862)	(322)
Cash (used in)/generated from operations	(8,664)	11,295
Interest received	146	355
Tax paid	(347)	(1,984)
Net cash (used in)/generated from operating activities	(8,865)	9,666
<b>Cash Flows From Investing Activities</b>		
Acquisition of subsidiaries and associates, net of cash	(6,000)	(6,250)
Proceeds from disposal of property, plant and equipment	-	10
Placement of fixed deposits	(1,000)	(128)
Purchase of property, plant and equipment	(5,977)	(12,776)
Purchase of right-of-use assets	(1,315)	-
Purchase of land held for property development	-	(41)
Net cash used in investing activities	(14,292)	(19,185)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) <sup>(1)</sup>**  
*(The figures have not been audited)*

	<b>&lt;-- Cumulative Quarter --&gt;</b>	
	<b>31 March 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Repayment to directors	(106)	(1)
Proceeds from issuance of share capital	-	27,595
Repayment of lease liabilities	(162)	(1,432)
Drawdown of borrowings	7,292	-
Repayment of borrowings	(114)	(3,422)
Interests paid	(6)	(98)
Dividend paid	(1,210)	(1,324)
Net cash generated from financing activities	<u>5,694</u>	<u>21,318</u>
<b>Cash and cash equivalents</b>		
Net changes	(17,463)	11,799
At the beginning of the year	<u>30,292</u>	<u>18,493</u>
At the end of the year	<u>12,829</u>	<u>30,292</u>

**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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**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") 134 *Interim Financial Reporting* and Paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2021. 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.



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**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:-

<b>Standards</b>	<b>Effective dates for financial period beginning on and after</b>
Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract-Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9-Comparative Information	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 123 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 Consolidated Financial Statements	Deferred
MFRS 128 Investments in Associates and Joint Ventures	Deferred

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 2021 was not subject to any qualification.

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**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.

**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.

**A7. Segmental information**

The Group's segmental information for the current financial quarter ended 31 March 2022 is as follows:-

(a) Analysis of revenue by business segments

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 31 March 2022 RM'000	(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 March 2022 RM'000	(Unaudited) 31 March 2021 RM'000
Manufacturing	16,966	8,746	16,966	8,746
Trading	4,443	2,881	4,443	2,881
<b>Total</b>	<b>21,409</b>	<b>11,627</b>	<b>21,409</b>	<b>11,627</b>

(b) Analysis of revenue by geographical location

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 31 March 2022 RM'000	(Unaudited) 31 March 2021 RM'000	(Unaudited) 31 March 2022 RM'000	(Unaudited) 31 March 2021 RM'000
Malaysia	20,457	10,845	20,457	10,845
Australia	654	365	654	365
Singapore	298	293	298	293
Sri Lanka	-	124	-	124
<b>Total</b>	<b>21,409</b>	<b>11,627</b>	<b>21,409</b>	<b>11,627</b>

**FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2022**

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**A8. Dividends Paid**

On 22 November 2021, the Directors declared a first interim single tier dividend of RM0.0013 per ordinary share in respect of the financial year ended 31 December 2021. The dividend has been paid on 28 January 2022 to shareholders registered in the Register of Members at the close of business on 17 January 2022.

**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 31 March 2022.

**A11. Changes in the composition of the Group**

There are 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 are no material events subsequent to the end of the quarter to be disclosed as at the date of this interim financial.

**A14. Related party transactions**

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

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

**B1. Review of performance**

	<-- Individual Quarter -->			<-- Cumulative Quarter -->		
	(Unaudited) 31 March 2022 RM'000	(Unaudited) 31 March 2021 RM'000	Changes %	(Unaudited) 31 March 2022 RM'000	(Unaudited) 31 March 2021 RM'000	Changes %
Revenue	21,409	11,627	84.13	21,409	11,627	84.13
Gross profit	4,240	4,051	4.66	4,240	4,051	4.66
Profit before tax	1,551	1,799	(13.78)	1,551	1,799	(13.78)
Profit after tax	1,351	1,502	(10.05)	1,351	1,502	(10.05)

**Current quarter (3 months)**

For the current financial quarter ended 31 March 2022, the Group recorded revenue of RM21.41 million as compared to the revenue of RM11.63 million recorded for the previous year's financial quarter ended 31 March 2021. The increase in revenue was mainly due increase in sales demands of standard poles and specialty poles mainly for the telecommunication segment for the current year's financial quarter ended 31 March 2022.

The Group's revenue was principally derived from the manufacturing segment which accounts for approximately 79.3% of the total revenue for the current financial quarter ended 31 March 2022. The revenue from manufacturing segment is mainly driven by the sale of standard poles and specialty poles mainly for the telecommunication segment.

The Malaysian market remains as the largest market contributing to the Group's revenue accounting for approximately 95.6% of the total revenue for the current financial quarter ended 31 March 2022.

Overall, the Group registered a lower profit before tax of RM1.55 million in the current financial quarter under review as compared with a profit before tax of RM1.80 million recorded in previous financial quarter ended 31 March 2021 due to there being loss making subsidiaries and fluctuations in the price of raw materials (i.e. steel plates and steel pipes) which fluctuates according to global steel prices.

**Cumulative quarter (3 months)**

The Group recorded revenue of RM21.41 million for the current financial quarter ended 31 March 2022 as compared to the revenue of RM11.63 million recorded for the previous year's financial quarter ended 31 March 2021. The increase in revenue was mainly due increase in sales demands of standard poles and specialty poles mainly for the telecommunication segment for the current year's financial quarter ended 31 March 2022.

The Group's revenue was principally derived from the manufacturing segment which accounts for approximately 79.3% of the total revenue for the current financial quarter ended 31 March 2022. The revenue from manufacturing segment is mainly driven by the sale of standard poles and specialty poles mainly for the telecommunication segment.

The Malaysian market remains as the largest market contributing to the Group's revenue accounting for approximately 95.6% of the total revenue for the current financial quarter ended 31 March 2022.

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**B1. Review of performance (cont'd)**

**Cumulative quarter (3 months) (cont'd)**

Overall, the Group registered a lower profit before tax of RM1.55 million in the current financial quarter under review as compared with a profit before tax of RM1.80 million recorded in previous financial quarter ended 31 March 2021 due to there being loss making subsidiaries and fluctuations in the price of raw materials (i.e. steel plates and steel pipes) which fluctuates according to global steel prices.

**B2. Comparison with immediate preceding quarter's results**

	<-- Individual Quarter -->		<-- Changes -->	
	(Unaudited) 31 March 2022 RM'000	(Unaudited) 31 December 2021 RM'000	RM'000	%
Revenue	21,409	21,490	(81)	(0.37)
Profit before tax	1,551	1,724	(173)	(10.03)

For the current financial quarter ended 31 March 2022, the Group recorded lower revenue of RM21.41 million and a lower profit before tax of RM1.55 million as compared to revenue of RM21.49 million and profit before tax of RM1.73 million respectively in the immediate preceding financial quarter ended 31 December 2021.

The decrease in profit before tax is mainly due to fluctuations in the price of raw materials (i.e. steel plates and steel pipes) in view of ongoing Russia-Ukraine conflict for current financial quarter ended 31 March 2022.

**B3. Prospects and outlook**

The 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 28 September 2021. The government implemented MCO 3.0 commencing 1 June 2021 and subsequently moved to Phase 1 of NRP starting 29 June 2021 to 10 September 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.

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**B3. Prospects and outlook (cont'd)**

The ongoing Russia-Ukraine conflict and the lockdown in China's major cities as a result of the new wave of infections, would have impacts for the lengthened global supply chain. This has led to the rising global commodity and raw material prices as well as global logistic disruptions and high shipping costs. In addition, the recent implementation of the new minimum wage standard in Malaysia will result in higher operating costs for the manufacturing sector.

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 2022 will remain challenging. However, the Group will exercise extra vigilance in the business and will strive to deliver satisfactory performance for the year. The group will 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 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Income tax expense:</b>				
Current tax expense	200	297	200	297
Total tax expense	200	297	200	297
Effective tax rate (%)	12.9	16.5	12.9	16.5

**Note:**

- (1) The Group's effective tax rate is lower than the statutory income tax rate as the Group entitled for higher allowances and incentives due to increased in purchase of plant and machinery in year 2021.

**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 exercise 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 Placement Shares was approved by Bursa Securities on 7 September 2020. The Company have since issued a total of 140,450,000 Placement Shares and raised total gross proceeds of RM28.32 million. The Private Placement has lapsed on 30 September 2021.

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

**Status of corporate proposals (cont'd)**

On 20 August 2021, the Company has completed the bonus issue of warrants exercise following the listing and quotation for 453,450,000 Warrants on the ACE Market of Bursa Securities.

Save for the Private Placement and bonus issue of warrants, the Group does not have any corporate exercises which have been announced.

**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 September 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	5,104	5,396 <sup>(1)</sup>	Within 30 months <sup>(1)</sup>
ii) Working capital	7,680	7,680	-	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>19,884</u>	<u>5,396</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) 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.

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

**(b) Private Placement**

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

140,450,000 new Placement Shares were issued pursuant to the Private Placement and were subsequently listed and quoted on the Ace Market of Bursa Malaysia Securities Berhad.

On 30 September 2021, Mestron has resolved to withdraw the Extension of Time ("EOT") Application. As such, the Private Placement has lapsed on 30 September 2021.

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

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilised</b>	<b>Unutilised Amount</b>	<b>Estimated Timeframe for utilisation (from the date of Listing)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
i) Future business projects/investments	12,728	12,300	428	Within 24 months
ii) Repayment of bank borrowings	5,303	3,915	1,388	Within 12 months
iii) Working capital	9,866	9,865	1	Within 18 months
iv) Estimated expenses for the private placement	424	252	172	Within 1 month
	<u>28,321</u>	<u>26,332</u>	<u>1,989</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:-

	<b>As at 31 March 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b>Secured:</b>		
<b>Current</b>		
Lease liabilities	140	137
Term loan	189	233
	<u>329</u>	<u>370</u>
<b>Secured:</b>		
<b>Non-current</b>		
Lease liabilities	116	133
Term loan	11,339	4,117
	<u>11,455</u>	<u>4,250</u>
<b>Total bank borrowings</b>	<u>11,784</u>	<u>4,620</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**

There are no dividends proposed during the current financial quarter under review.

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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:-

	<b>&lt;-- Individual Quarter --&gt;</b>		<b>&lt;-- Cumulative Quarter --&gt;</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit attributable to owners of the Company (RM'000)	1,376	1,502	1,376	1,502
Weighted average number of ordinary shares ('000) <sup>(1)</sup>	930,450	906,900	930,450	906,900
Basic earnings per share (sen) <sup>(2)</sup>	0.14	0.17	0.14	0.17
Diluted earnings per share (sen) <sup>(3)</sup>	0.14	0.17	0.14	0.17

**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 2022 is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period.

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**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
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	425	268	425	268
Depreciation of right-of-use assets	148	153	148	153
Realised loss on foreign exchange	145	12	145	12
Interest income	(146)	(91)	(146)	(91)
Interest expenses	6	34	6	34

**Note:**

(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) amortisation of investment properties;
- (ii) rental 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.