

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year-To-Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Revenue	A9	27,181	21,565	66,966	77,731
Cost of sales		(18,919)	(17,591)	(46,739)	(55,230)
Gross profit ("GP")		8,262	3,974	20,227	22,501
Other income		248	169	1,692	646
Selling and distribution expenses		(138)	(294)	(672)	(1,018)
Administrative expenses		(4,884)	(2,945)	(11,447)	(10,793)
Other expenses		(242)	(150)	(570)	(465)
Profit from Operations		3,246	754	9,230	10,871
Finance costs		(9)	(31)	(75)	(570)
Profit before tax ("PBT")	B12	3,237	723	9,155	10,301
Taxation	B6	(672)	(375)	(1,537)	(1,766)
Profit after tax ("PAT")		2,565	348	7,618	8,535
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		1	16	(3)	55
Total comprehensive income for the financial period		2,566	364	7,615	8,590
Profit for the financial period attributable to:					
• Owners of the Company		2,565	348	7,618	8,405
• Non-controlling interests		-	-	-	130
		2,565	348	7,618	8,535
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		2,566	364	7,615	8,462
• Non-controlling interests		-	-	-	128
		2,566	364	7,615	8,590
Earnings per share attributable to owners of the Company					
• Basic (sen)	B11	0.21	0.03	0.62	1.10
• Diluted (sen)	B11	0.21	0.03	0.62	1.10

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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

	UNAUDITED	AUDITED
	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,729	23,087
Right-of-use asset	102	184
Investment property	278	284
Goodwill on consolidation	856	856
Total non-current assets	23,965	24,411
Current Assets		
Inventories	6,041	5,487
Trade receivables	25,516	24,439
Other receivables	1,211	581
Cash and cash equivalents	27,128	24,140
Total current assets	59,896	54,647
TOTAL ASSETS	83,861	79,058
EQUITY AND LIABILITIES		
Equity		
Share capital	54,516	54,516
Retained earnings	31,324	26,760
Reserves	(14,554)	(15,993)
Total Equity	71,286	65,283
Liabilities		
Non-current liabilities		
Hire purchase payables	-	1,150
Lease liabilities	22	106
Deferred tax liabilities	699	651
Total non-current liabilities	721	1,907
Current liabilities		
Trade payables	5,004	5,349
Other payables	6,046	5,756
Current tax liabilities	720	285
Hire purchase payables	-	398
Lease liabilities	84	80
Total current liabilities	11,854	11,868
TOTAL LIABILITIES	12,575	13,775
TOTAL EQUITY AND LIABILITIES	83,861	79,058
NET ASSETS PER SHARE (RM) ⁽²⁾	0.06	0.05

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on share capital of 1,221,477,200 shares in issuance as at 31 December 2020.

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AIMFLEX BERHAD (FORMERLY KNOWN AS I-STONE GROUP BERHAD) (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾

	Non-distributable			Distributable		Total attributable to owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Translation reserve RM'000	Merger Reserve RM'000	Retained Earnings RM'000				
As at 1 January 2019	~ ⁽²⁾	-	-	(1,274)		(1,274)	-	(1,274)
Acquisition of subsidiary companies	16,612	579	(16,628)	21,300		21,863	853	22,716
Total comprehensive income:								
- Profit for the year	-	-	-	8,406		8,406	130	8,536
- Foreign currency translation differences for foreign operations	-	56	-	-		56	(2)	54
	-	56	-	8,406		8,462	128	8,590
Total transactions with owners:								
- Issue of ordinary shares	39,087	-	-	-		39,087	-	39,087
- Shares issuance expenses	(1,183)	-	-	-		(1,183)	-	(1,183)
- Dividends distribution	-	-	-	(1,832)		(1,832)	-	(1,832)
	37,904	-	-	(1,832)		36,072	-	36,072
Changes in ownership interests in a subsidiary	-	-	-	160		160	(981)	(821)
	37,904	-	-	(1,672)		36,232	(981)	35,251
As at 31 December 2019	54,516	635	(16,628)	26,760		65,283	-	65,283

AIMFLEX BERHAD (FORMERLY KNOWN AS I-STONE GROUP BERHAD) (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾ (CONT'D)

	Non-distributable				Distributable	Total attributable to owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Translation reserve RM'000	Merger Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000			
As at 1 January 2020	54,516	635	(16,628)	-	26,760	65,283	-	65,283
Total comprehensive income:								
- Profit for the year	-	-	-	-	7,618	7,618	-	7,618
- Foreign currency translation differences for foreign operations	-	(3)	-	-	-	(3)	-	(3)
	-	(3)	-	-	7,618	7,615	-	7,615
Total transactions with owners:								
- Share-based payments	-	-	-	1,442	-	1,442	-	1,442
- Dividends distribution	-	-	-	-	(3,054)	(3,054)	-	(3,054)
	-	-	-	1,442	(3,054)	(1,612)	-	(1,612)
As at 31 December 2020	54,516	632	(16,628)	1,442	31,324	71,286	-	71,286

AIMFLEX BERHAD (FORMERLY KNOWN AS I-STONE GROUP BERHAD) (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) The share capital as at 1 January 2019 is RM100.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾

	CUMULATIVE QUARTER	
	Current Year- To-Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	9,155	10,301
Adjustments for:		
Depreciation of property, plant and equipment	1,432	1,331
Depreciation of right-of-use asset	82	41
Depreciation of investment property	6	6
Impairment losses on receivables	17	-
Interest expense	70	558
Property, plant and equipment written off	36	58
Provision for warranty	42	-
Dividend income	(539)	(202)
Gain on disposal of property, plant and equipment	(69)	(20)
Interest income	(75)	(61)
Lease rental waived	(13)	-
Rental income	(28)	(26)
Share-based payments	1,442	-
Unrealised (gain)/loss on foreign exchange	(25)	90
Operating profit before working capital changes	<u>11,533</u>	<u>12,076</u>
Change in working capital		
Inventories	(554)	3,191
Trade and other receivables	(1,698)	(12,294)
Trade and other payables	(99)	(2,313)
	<u>(2,351)</u>	<u>(11,416)</u>
Cash from operations	9,182	660
Interest paid	(70)	(553)
Interest received	75	61
Tax paid	(1,246)	(1,335)
Tax refund	192	533
Net cash from/(used in) operating activities	<u>8,133</u>	<u>(634)</u>
Cash Flows From Investing Activities		
Acquisition of subsidiaries	-	(2,567)
Fixed deposits pledged with licensed banks	(65)	-
Purchase of property, plant and equipment	(1,232)	(1,472)
Proceeds from disposal of property, plant and equipment	192	62
Dividend received	539	202
Rental received	28	26
Net cash used in investing activities	<u>(538)</u>	<u>(3,749)</u>

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾ (CONT'D)

	CUMULATIVE QUARTER	
	Current Year- To-Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Cash Flows From Financing Activities		
Dividends paid	(3,054)	(1,832)
Proceeds from hire purchase	-	1,518
Proceeds from issuance of ordinary shares	-	37,904
Repayment to shareholders	-	(4)
Repayment of term loans	-	(12,371)
Repayment of hire purchase payables	(1,548)	(380)
Repayment of lease liabilities	(67)	(44)
Net cash (used in)/from financing activities	(4,669)	24,791
Net increase in cash and cash equivalents	2,926	20,408
Cash and cash equivalents at the beginning of the financial year	23,140	2,800
Effect of exchange translation differences on cash and cash equivalents	(2)	(68)
Cash and cash equivalents at the end of the financial year	26,064	23,140
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	26,064	23,139
Fixed deposits with licensed banks	1,064	1,001
	27,128	24,140
Less: Fixed deposits pledged with licensed banks	(1,064)	(1,000)
	26,064	23,140

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of AIMFLEX BERHAD (Formerly known as I-STONE GROUP BERHAD) (“AIMFLEX” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019 except for the adoption of the following new and amended MFRSs with effect from 1 January 2020:

- Amendments to MFRS 3 Definition of Business,
- Amendments to MFRS 7 Interest Rate Benchmark Reform,
- Amendments to MFRS 9 Interest Rate Benchmark Reform,
- Amendments to MFRS 101 Definition of Material,
- Amendments to MFRS 108 Definition of Material,
- Amendments to MFRS 139 Interest Rate Benchmark Reform, and
- Amendments to References to the Conceptual Framework in MFRS Standards,

The adoptions of the above standards, amendments and interpretations do not have any material impact to the financial position and performance of the Group.

A3. Auditors’ report on preceding annual financial statements

The audited financial statements of the Company for the financial year ended 31 December 2019 was not subject to any qualification.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by seasonal and cyclical effects.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

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.

A6. Material changes in estimates

There were no material changes in the estimates that have a material effect to the Group in the current financial quarter under review.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A7. Debt and equity securities

There was no issuance or repayment of debts and equity securities, share buy-backs and share cancellations during the current financial quarter under review.

A8. Dividends paid

In respect of the financial year ended 31 December 2020, first interim single-tier dividend of 0.25 sen per ordinary share amounting to RM3,053,693 was paid during the current financial quarter under review.

A9. Segmental information

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

(a) Analysis of revenue by business segments

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year-To-Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Manufacturing	24,483	19,335	57,353	68,382
Distribution	2,698	2,230	9,613	9,349
Total	27,181	21,565	66,966	77,731

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000
Manufacturing				
Malaysia	18,102	11,957	42,351	45,126
Philippines	4,448	6,443	9,386	17,835
Singapore	1,911	826	5,464	4,312
Taiwan	-	1	-	807
Others	22	108	152	302
Sub-total	24,483	19,335	57,353	68,382

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental information (Cont'd)

(b) Analysis of revenue by geographical location (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000
Distribution				
Malaysia	2,067	1,255	6,347	5,539
Singapore	502	868	2,909	2,973
Indonesia	129	107	178	837
Others	-	-	179	-
Sub-total	2,698	2,230	9,613	9,349
Total	27,181	21,565	66,966	77,731

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at the date of this interim report.

A14. Capital commitments

	UNAUDITED
	As at 31.12.2020 RM'000
Property, plant and equipment	
Contracted but not provided for	265
Approved but not contracted for	8,000
	8,265

B. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A15. Related party transactions

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

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

(a) Results for current quarter

	<u>INDIVIDUAL QUARTER</u>		<u>VARIANCE</u>	
	<u>3 months ended</u> <u>31.12.2020</u> <u>RM'000</u>	<u>3 months ended</u> <u>31.12.2019</u> <u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	27,181	21,565	5,616	26.0%
PBT	3,237	723	2,514	347.7%

The Group recorded revenue of RM27.18 million for the current financial quarter ended 31 December 2020 (“Q4 2020”), an increase of 26.0% as compared to the same quarter ended 31 December 2019 (“Q4 2019”). The increase was mainly attributable to the higher revenue recorded from the manufacturing segment by 26.6%. Through the collaboration with overseas partners for onsite commissioning and the easing of travel restriction in Malaysia, the manufacturing segment was able to complete the sales from previous quarters.

In Q4 2020, the Group’s revenue was principally derived from the manufacturing segment, contributing approximately 90.1% of the Group’s total revenue. On the geographical standpoint, the Malaysian market remains the largest contributor to the Group’s revenue of 74.2% in Q4 2020.

The Group registered a PBT of RM3.24 million in Q4 2020 as compared to RM0.72 million in Q4 2019, which represents an increase of 347.7%. Higher PBT recorded in Q4 2020 was mainly attributable to higher revenue generated in the current financial quarter offset against fixed administrative expenses, mainly staff related costs, including one-off gratuity payments of RM0.20 million and additional non-cash employee benefits arising from share option granted under ESOS of RM1.44 million provided in the current financial quarter.

(b) Results for financial year-to-date

	<u>CUMULATIVE QUARTER</u>		<u>VARIANCE</u>	
	<u>12 months ended</u> <u>31.12.2020</u> <u>RM'000</u>	<u>12 months ended</u> <u>31.12.2019</u> <u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	66,966	77,731	(10,765)	-13.8%
PBT	9,155	10,301	(1,146)	-11.1%

The Group recorded revenue of RM66.97 million in Q4 2020, a decrease of RM10.77 million from RM77.73 million in Q4 2019. The Group’s PBT had decreased by RM1.15 million to RM9.16 million in Q4 2020 from RM10.30 million in Q4 2019.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B1. Review of Performance (Cont'd)

(b) Results for financial year-to-date (Cont'd)

Lower revenue was mainly attributable from manufacturing segment which has recorded a decrease of RM11.03 million from RM68.38 million in 2019 to RM57.35 million in 2020. The decrease in revenue in manufacturing segment was mainly affected by the overall economic impact of Covid-19 pandemic and the imposition of movement control measures in the country as well as around the world. The volatile and challenging macro environment have hampered the consumer sentiment, which impacted the marketing plans and product launch of some customers.

As a result, PBT has decreased from RM10.30 million in 2019 to RM9.16 million in 2020. Furthermore, the Group has incurred one-off gratuity payment of RM0.20 million and additional non-cash employee benefits arising from share option granted under ESOS of RM1.44 million in 2020 which no similar expenses were incurred in prior year which further reduced the PBT in 2020. However, PBT in 2019 has included listing expenses of RM1.18 million.

B2. Comparison with immediate preceding quarter's results

	INDIVIDUAL QUARTER		VARIANCE	
	3 months ended 31.12.2020 RM'000	3 months ended 30.09.2020 RM'000	RM'000	%
Revenue	27,181	9,993	17,188	172.0%
PBT	3,237	936	2,301	245.8%

The Group recorded a revenue of RM27.18 million in Q4 2020 as compared to RM9.99 million in the preceding financial quarter ended 30 September 2020 ("Q3 2020"), an increase of RM17.19 million during current financial quarter.

Revenue from both manufacturing and distribution segments have increased by approximately 203.7% and 39.2% from RM8.06 million and RM1.94 million in Q3 2020 to RM24.48 million and RM2.70 million in Q4 2020. The easing of inter-district and interstate travelling as well as the collaboration with overseas partners for onsite commissioning has allowed the manufacturing segment to complete most of the deliverables which boosted our overall performance for manufacturing segment in Q4 2020.

The Group registered a PBT of RM3.24 million in Q4 2020 as compared to PBT of RM0.94 million in Q3 2020 mainly attributable to the increase in revenue in Q4 2020. Despite the increase in revenue, higher expenses were also recorded in Q4 2020 as a result of one-off gratuity payments of RM0.20 million, additional non-cash employee benefits arising from share option granted under ESOS of RM1.44 million provided and additional bonus declared of RM2.05 million in current financial quarter, mitigated by the slight improvement in gross profit margin, excluding additional bonus in cost of sales, as a result of higher revenue earned in Q4 2020 and sales incentives from distribution segment.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and outlook

The Group holds a cautiously optimistic view on the prospect of 2021 as global economic activities gradually recover with the rolling out of Covid-19 vaccination programme. There are rising demands observed in the domestic manufacturing landscape as business owners realise the potential of automating the production processes especially during this pandemic outbreak. The Group is tapping onto the opportunities that available locally to broaden our customer base in Malaysia.

While the Group is committed to diversify our industry exposure from home appliances and E&E to semiconductor, automotive, and medical fields, we have successfully extend our reach and establishing our foothold at steady pace. Going forward, the Group's diversification initiatives will be led by our newly formed business development arm, leveraging on the expertise, experiences, and networks of new management members. This will open the door for us to explore more automation opportunities across various industries of O&G, telecommunications, agriculture, quarry, and so on.

In the meantime, the Group will continue to optimise our resources on developing products and technologies that supports the market demand and aligned with the Industrial Revolution 4.0, such as robotics, big data and machine vision. The Group will also remain focus on prioritising the efforts on operational efficiency and cost rationalisation.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Status of corporate proposals

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

On 26 February 2020, the Company had announced to undertake the following proposals ("multiple corporate proposals"):

- (i) Proposed consolidation of every five (5) existing ordinary shares in the Company ("Share(s)") into one (1) Share held on an entitlement date to be determined later; and
- (ii) Proposed establishment of an employees' share option scheme ("ESOS") of up to a maximum of fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the ESOS for the eligible employees and executive directors of the Company and its subsidiaries (excluding dormant subsidiaries).

On 19 August 2020, the ESOS has been approved by the shareholders. However, the resolution on the consolidation of shares was not carried by the shareholders at the same Extraordinary General Meeting ("EGM").

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B5. Status of corporate proposals (Cont'd)

On 24 August 2020, ESOS was implemented and subsequently on 30 December 2020, the Company announced the offer of 36,645,000 employees' share option scheme ("ESOS") options at an exercise price of RM0.2139 to the eligible employees of the Company and its subsidiaries ("Eligible Persons") on 29 December 2020 to subscribe for new ordinary shares in the Company under the ESOS ("Offer").

On 14 January 2021, the Company proposed to change the Company's name from i-Stone Group Berhad to AIMFLEX Berhad ("Proposed change of Name"). The proposed change of name is to have a new corporate identity to better reflect the Group's core business and its future undertakings. On 16 February 2021, the Proposed change of Name has been approved by shareholders at the Extraordinary General Meeting. The Company had on 19 February 2021 announced that the above mentioned Proposed change of Name was completed. On 23 February 2021, the Company further announced the Stock Name change from ISTONE to AIMFLEX effect from 9.00 a.m., 25 February 2021 and Stock Number remain unchanged as 0209.

B6. Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year-To- Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Income tax expense:				
- Current year	624	174	1,330	1,269
- Prior years	(1)	(3)	3	127
Foreign withholding tax	1	30	156	196
	624	201	1,489	1,592
Deferred tax expense	48	174	48	174
Total tax expense	672	375	1,537	1,766
Effective tax rate (%)	23.69	51.81	17.56	17.14

Notes:

- (1) The Group's cumulative effective tax rate was lower than the statutory income tax rate due to one of the subsidiary, i-Stone Systems Sdn Bhd, has been granted the Pioneer Status incentives by the Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act 1986. The subsidiary enjoys exemption from income tax on its statutory income from pioneer activities for a period of five (5) years from 1 January 2017 up to 31 December 2021. Higher effective tax rate in current Q4 2020 was mainly due to increase in non-pioneer activities.
- (2) Income tax expense is recognised based on management's estimate.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Utilisation of proceeds from the IPO

Based on the IPO Price, the gross proceeds arising from the Public issue amounting to RM39.09 million is intended to be utilised in the following manner:-

<u>Details of utilisation</u>	<u>Proposed Utilisation</u> RM'000	<u>Actual Utilisation</u> RM'000	<u>Unutilised Amount</u> RM'000	<u>Estimated timeframe for utilisation upon listing</u>
Process and product development	4,200	2,102	2,098	Within 24 months
Repayment of borrowings	13,482	13,482	-	Within 12 months
Construction of new D&D centre	6,800	-	6,800	Within 48 months
Capital expenditures	5,200	656	4,544	Within 24 months
Working capital requirements	5,905	3,807	2,098	Within 36 months
Estimated listing expenses	3,500	3,500	-	Within 1 months
	<u>39,087</u>	<u>23,547</u>	<u>15,540</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 21 June 2019.

B8. Bank borrowings

The Group's bank borrowings were as follows:

	<u>UNAUDITED</u> As at 31.12.2020 RM'000	<u>AUDITED</u> As at 31.12.2019 RM'000
Current:		
Hire purchase payables	-	398
	-	398
Non-current:		
Hire purchase payables	-	1,150
	-	1,150
Total bank borrowings	-	1,548

All the Group's borrowings are denominated in Ringgit Malaysia.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B9. Material litigation

There were no material litigation involving the Group as at 31 December 2020.

B10. Dividend proposed

No dividend has been proposed for the current financial quarter under review.

B11. Earnings per share

The basic and diluted earnings per share (“EPS”) are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter</u> <u>31.12.2020</u>	<u>Preceding Year Corresponding Quarter</u> <u>31.12.2019</u>	<u>Current Year-To-Date</u> <u>31.12.2020</u>	<u>Preceding Year Corresponding Period</u> <u>31.12.2019</u>
Profit attributable to ordinary owners of the Company (RM'000)	2,565	348	7,618	8,405
Number of ordinary shares ('000)	1,221,477	1,221,477	1,221,477	765,682
Basic EPS (sen)	0.21	0.03	0.62	1.10
Diluted EPS (sen) ⁽¹⁾	0.21	0.03	0.62	1.10

Notes:

- (1) Diluted earnings per share of the Company for the individual quarter ended 31 December 2020 and year-to-date ended 31 December 2020 is equivalent to the basic earnings per share as the Company's convertible options are anti-dilutive for the reporting period.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. Disclosure on selected expense/income items as required by the Listing Requirements

Profit before tax is arrived after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year-To-Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Depreciation of property, plant and equipment	369	348	1,432	1,331
Depreciation of right-of-use asset	21	21	82	41
Depreciation of investment properties	1	1	6	6
Interest expense	9	29	70	558
Property, plant and equipment written off	36	-	36	-
Rental expense	2	-	10	55
Share-based payment	1,442	-	1,442	-
Dividend income	(111)	(157)	(539)	(202)
(Gain) / Loss on foreign exchange				
- Realised	105	57	81	(5)
- Unrealised	73	104	(25)	90
Gain on disposal of property, plant and equipment	(41)	-	(69)	(20)
Interest income	(2)	(5)	(75)	(61)
Rental income	(7)	(7)	(28)	(26)
(Reversal)/Impairment losses on receivables	(184)	-	17	-
Subsidies received	(81)	-	(508)	-

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.