

I-STONE GROUP BERHAD (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Current Year-To-Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Revenue	A9	15,942	20,686	15,942	20,686
Cost of sales		(11,039)	(13,418)	(11,039)	(13,418)
Gross profit ("GP")		4,903	7,268	4,903	7,268
Other income		581	118	581	118
Selling and distribution expenses		(266)	(128)	(266)	(128)
Administrative expenses		(2,066)	(2,238)	(2,066)	(2,238)
Other expenses		(66)	(159)	(66)	(159)
Profit from Operations		3,086	4,861	3,086	4,861
Finance costs		(27)	(211)	(27)	(211)
Profit before tax ("PBT")	B12	3,059	4,650	3,059	4,650
Taxation	B6	(235)	(411)	(235)	(411)
Profit after tax ("PAT")		2,824	4,239	2,824	4,239
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(19)	(28)	(19)	(28)
Total comprehensive income for the financial period		2,805	4,211	2,805	4,211
Profit for the financial period attributable to:					
• Owners of the Company		2,824	4,194	2,824	4,194
• Non-controlling interests		-	45	-	45
		2,824	4,239	2,824	4,239
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		2,805	4,168	2,805	4,168
• Non-controlling interests		-	43	-	43
		2,805	4,211	2,805	4,211
Earnings per share attributable to owners of the Company					
• Basic (sen)	B11	0.23	0.43	0.23	0.43
• Diluted (sen)	B11	0.23	0.43	0.23	0.43

I-STONE GROUP BERHAD (1273151-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH
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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I-STONE GROUP BERHAD (1273151-K)

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

	UNAUDITED	AUDITED
	As at 31.03.2020 RM'000	As at 31.12.2019 ⁽²⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,968	23,087
Right-of-use asset	162	184
Investment property	282	284
Goodwill on consolidation	856	856
Total non-current assets	24,268	24,411
Current Assets		
Inventories	7,380	5,487
Trade receivables	16,813	24,439
Other receivables	499	581
Cash and cash equivalents	29,581	24,140
Total current assets	54,273	54,647
TOTAL ASSETS	78,541	79,058
EQUITY AND LIABILITIES		
Equity		
Share capital	54,516	54,516
Retained earnings	29,584	26,760
Reserves	(16,012)	(15,993)
Total Equity	68,088	65,283
Liabilities		
Non-current liabilities		
Hire purchase payables	1,050	1,150
Lease liabilities	85	106
Deferred tax liabilities	651	651
Total non-current liabilities	1,786	1,907
Current liabilities		
Trade payables	4,526	5,349
Other payables	3,631	5,756
Current tax liabilities	43	285
Hire purchase payables	386	398
Lease liabilities	81	80
Total current liabilities	8,667	11,868
TOTAL LIABILITIES	10,453	13,775
TOTAL EQUITY AND LIABILITIES	78,541	79,058
NET ASSETS PER SHARE (RM) ⁽³⁾	0.06	0.05

I-STONE GROUP BERHAD (1273151-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 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) The Statement of Financial Position is prepared based on the Group's audited financial statements as at 31 December 2019.
- (3) Based on share capital of 1,221,477,200 shares in issuance as at 31 March 2020.

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I-STONE GROUP BERHAD (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 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⁾	~ ⁽³⁾	-	-	(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

I-STONE GROUP BERHAD (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 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 2020	54,516	635	(16,628)	26,760	65,283	-	65,283
Total comprehensive income:							
- Profit for the year	-	-	-	2,824	2,824	-	2,824
- Foreign currency translation differences for foreign operations	-	(19)	-	-	(19)	-	(19)
	-	(19)	-	2,824	2,805	-	2,805
As at 31 March 2020	54,516	616	(16,628)	29,584	68,088	-	68,088

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 Statement of Change in Equity is prepared based on the Group's audited financial statements as at 31 December 2019.
- (3) The share capital as at 1 January 2019 is RM100.

I-STONE GROUP BERHAD (1273151-K)

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020⁽¹⁾**

	CUMULATIVE QUARTER	
	Current Year- To-Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	3,059	4,650
Adjustments for:		
Depreciation of property, plant and equipment	356	323
Depreciation of right-of-use asset	20	-
Depreciation of investment property	2	2
Gain on disposal of property, plant and equipment	-	(11)
Interest expense	23	206
Interest income	(38)	-
Dividend income	(152)	-
Rental income	(7)	(6)
Unrealised (gain)/loss on foreign exchange	(181)	60
Operating profit before working capital changes	<u>3,082</u>	<u>5,224</u>
Change in working capital		
Inventories	(1,892)	3,340
Receivables, deposits and prepayment	7,960	(7,363)
Payables and accruals	(3,018)	(5,044)
	<u>3,050</u>	<u>(9,067)</u>
Cash from/(used in) operations	6,132	(3,843)
Interest paid	(23)	(206)
Interest received	38	-
Tax paid	(477)	(213)
Tax refund	-	54
Net cash from/(used in) operating activities	<u>5,670</u>	<u>(4,208)</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(237)	(257)
Proceeds from disposal of property, plant and equipment	-	53
Dividend received	152	-
Rental received	7	6
Net cash used in investing activities	<u>(78)</u>	<u>(198)</u>
Cash Flows From Financing Activities		
Proceeds from hire purchase	-	1,518
Proceeds from trade financing	-	2,705
Repayment of term loans	-	(239)
Repayment of hire purchase payables	(112)	(81)
Repayment of lease liabilities	(20)	-
Net cash from financing activities	<u>(132)</u>	<u>3,903</u>

I-STONE GROUP BERHAD (1273151-K)**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020⁽¹⁾**

	CUMULATIVE QUARTER	
	Current Year- To-Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Net increase in cash and cash equivalents	5,460	(503)
Cash and cash equivalents at the beginning of the financial period	23,140	2,800
Effect of exchange translation differences on cash and cash equivalents	(19)	(91)
Cash and cash equivalents at the end of the financial period	28,581	2,206
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	28,547	3,707
Fixed deposits with licensed banks	1,034	1,001
Bank overdrafts	-	(1,502)
	29,581	3,206
Less: Fixed deposits pledged with licensed banks	(1,000)	(1,000)
	28,581	2,206

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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I-STONE GROUP BERHAD (1273151-K)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of I-STONE GROUP BERHAD (“**I-STONE**” 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 i-Stone Group Berhad (“**I-STONE**”) 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.

I-STONE GROUP BERHAD (1273151-K)

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

There was no dividend paid during the current financial quarter under review.

A9. Segmental information

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

(a) Analysis of revenue by business segments

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Current Year-To-Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Manufacturing	12,807	18,316	12,807	18,316
Distribution	<u>3,135</u>	<u>2,370</u>	<u>3,135</u>	<u>2,370</u>
Total	<u>15,942</u>	<u>20,686</u>	<u>15,942</u>	<u>20,686</u>

(b) Analysis of revenue by geographical location

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000
Manufacturing				
Malaysia	10,155	11,185	10,155	11,185
Philippines	2,030	4,327	2,030	4,327
Singapore	622	2,059	622	2,059
Taiwan	-	739	-	739
Others	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
Sub-total	<u>12,807</u>	<u>18,316</u>	<u>12,807</u>	<u>18,316</u>
Distribution				
Malaysia	2,089	1,336	2,089	1,336
Singapore	1,006	757	1,006	757
Indonesia	13	277	13	277
Others	<u>27</u>	<u>-</u>	<u>27</u>	<u>-</u>
Sub-total	<u>3,135</u>	<u>2,370</u>	<u>3,135</u>	<u>2,370</u>
Total	<u>15,942</u>	<u>20,686</u>	<u>15,942</u>	<u>20,686</u>

I-STONE GROUP BERHAD (1273151-K)

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

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
	31.03.2020
	RM'000
Property, plant and equipment	
Contracted but not provided for	42
Approved but not contracted for	6,800
	<hr/> 6,842 <hr/>

A15. Related party transactions

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

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I-STONE GROUP BERHAD (1273151-K)

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

The Group recorded revenue of RM15.94 million for the current financial quarter ended 31 March 2020 (“Q1 2020”), a decrease of 22.9% as compared to the same quarter ended 31 March 2019 (“Q1 2019”). The decrease was mainly attributable to the lower revenue from manufacturing segment by 30.1% but was partially offset by the increase in revenue from distribution segment by 32.3%.

The Group’s revenue was principally derived from the manufacturing segment, contributing approximately 80.3% of the Group’s total revenue in Q1 2020. The Malaysian market remains the largest market contributing to the Group’s revenue of 76.8% in Q1 2020.

The Group registered a PBT of RM3.06 million in Q1 2020 as compared to RM4.65 million in Q1 2019. Lower PBT recorded in Q1 2020 was mainly attributable to the decrease in gross profit margin from 35.1% in Q1 2019 to 30.8% in Q1 2020 as a result of lower revenue generated. However, the decrease was partially offset by dividend income of RM0.15 million and net gain on foreign currency of RM0.32 million as a result of weakening of Ringgit Malaysia (“RM”) against United States Dollar (“USD”) for our USD-denominated sales.

(b) Results for financial year-to-date

	<u>CUMULATIVE QUARTER</u>		<u>VARIANCE</u>	
	3 months ended 31.03.2020 RM’000	3 months ended 31.03.2019 RM’000	RM’000	%
Revenue	15,942	20,686	(4,744)	-22.9%
PBT	3,059	4,650	(1,591)	-34.2%

The Group recorded revenue of RM15.94 million in Q1 2020, a decrease of RM4.74 million from RM20.69 million in Q1 2019. The Group’s PBT had decreased by RM1.59 million to RM3.06 million in Q1 2020 from RM4.65 million in Q1 2019. The decrease in the Group’s revenue was mainly due to lower revenue derived from manufacturing segment which has also resulted in lower PBT recorded. However, the decrease in PBT was offset by dividend income earned in Q1 2020 of RM0.15 million and net gain on foreign currency of RM0.32 million as compared a net loss of foreign currency of RM0.01 million recorded in Q1 2019.

I-STONE GROUP BERHAD (1273151-K)

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

B2. Comparison with immediate preceding quarter's results

	<u>INDIVIDUAL QUARTER</u>		<u>VARIANCE</u>	
	3 months ended 31.03.2020 RM'000	3 months ended 31.12.2019 RM'000	RM'000	%
Revenue	15,942	21,565	(5,623)	-26.1%
PBT	3,059	723	2,336	323.1%

The Group recorded revenue of RM15.94 million in Q1 2020 as compared to RM21.56 million in preceding financial quarter ended 31 December 2019 ("Q4 2019"), a decrease of RM5.62 million during current financial quarter.

Lower revenue derived from manufacturing segment has contributed to the decrease in the Group's total revenue. As compared to Q4 2019, the revenue derived from manufacturing segment has decreased by approximately 33.8% from RM19.33 million in Q4 2019 to RM12.81 million in Q1 2020.

The Group registered a PBT of RM3.06 million in Q1 2020 as compared to PBT of RM0.72 million in Q4 2019. Lower PBT was recorded in Q4 2019 was mainly attributable to our competitive pricing for the manufacturing segment, increase in staff cost, bonus declared of RM2.32 million and loss on foreign exchange of RM0.16 million as compared Q1 2020 with a gain on foreign exchange of RM0.32 million.

B3. Prospects and outlook

Our group outlook has been affected by the worldwide outbreak of Covid-19 pandemic. Firstly, temporary closure of businesses and factories worldwide due to various government lockdowns to curb the spread of Covid-19 has impacted the global supply chain. It has caused global economic slowdown and softer consumer demands. Secondly, our Group's operations were disrupted due to the Movement Control Order (MCO) issued by the Malaysian government in response to the Covid-19 pandemic. With the new norm in running business and operations, it has limit the production and business development of the Group which is likely to impact on the sales performance during this period.

The scale of the impact to the Group's operations is almost impossible to assess at this juncture as it will mainly be dependent on the severity and length of the pandemic, followed by various government policies put in place to curb the spread. The Group anticipates a challenging year ahead amidst global uncertainties and downside risks such as reduction of orders and delay in the launching of new products by our customers that will directly impact on new orders placed with us. As for now, the Group is focusing on improving efficiency, implementing cost reduction measures in our operations and driving more research and development activities in enhancing our products to better suit the needs of our customers.

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

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.

As per announcement on 26 February 2020, the Company proposed 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 30 March 2020, the application for multiple corporate proposals was approved by Bursa Malaysia Securities Berhad. Subsequently on 28 April 2020, Bursa Malaysia Securities Berhad has grant an extension of time of up to 30 June 2020 to issue the circular in relation to the multiple corporate proposals.

Barring any unforeseen circumstances and subject to all approvals being obtained, the multiple corporate proposals are expected to be completed by the 4th quarter of 2020.

B6. Income tax expenses

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter</u> <u>31.03.2020</u> <u>RM'000</u>	<u>Preceding Year Corresponding Quarter</u> <u>31.03.2019</u> <u>RM'000</u>	<u>Current Year-To-Date</u> <u>31.03.2020</u> <u>RM'000</u>	<u>Preceding Year Corresponding Period</u> <u>31.03.2019</u> <u>RM'000</u>
Income tax expense:				
- Current year	191	411	191	411
Foreign withholding tax	44	=	44	=
Total tax expense	235	411	235	411
Effective tax rate (%)	7.68	8.84	7.68	8.84

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

B6. Income tax expenses (Cont'd)

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.
- (2) Income tax expense is recognised based on management's estimate.

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	909	3,291	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	541	4,659	Within 24 months
Working capital requirements	5,905	1,068	4,837	Within 36 months
Estimated listing expenses	3,500	3,500	-	Within 1 months
	<u>39,087</u>	<u>19,500</u>	<u>19,587</u>	

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

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I-STONE GROUP BERHAD (1273151-K)

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

B8. Bank borrowings

The Group's bank borrowings were as follows:

	<u>UNAUDITED</u> As at 31.03.2020 RM'000	<u>UNAUDITED</u> As at 31.03.2019 RM'000
Current:		
Hire purchase payables	386	409
Term loans – secured	-	993
Trade financing	-	2,705
Bank overdrafts	-	1,502
	<u>386</u>	<u>5,609</u>
Non-current:		
Hire purchase payables	1,050	1,438
Term loans – secured	-	11,139
	<u>1,050</u>	<u>12,577</u>
Total bank borrowings	<u>1,436</u>	<u>18,186</u>

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

B9. Material litigation

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

B10. Dividend proposed

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

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I-STONE GROUP BERHAD (1273151-K)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****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>31.03.2020</u>	<u>Preceding Year Corresponding Quarter</u> <u>31.03.2019</u>	<u>Current Year-To-Date</u> <u>31.03.2020</u>	<u>Preceding Year Corresponding Period</u> <u>31.03.2019</u>
Profit attributable to ordinary owners of the Company (RM'000)	- <u>2,824</u>	<u>4,194</u>	- <u>2,824</u>	<u>4,194</u>
Number of ordinary shares ('000)	- <u>1,221,477</u>	<u>977,181</u>	- <u>1,221,477</u>	<u>977,181</u>
Basic EPS (sen)	- <u>0.23</u>	<u>0.43</u>	- <u>0.23</u>	<u>0.43</u>
Diluted EPS (sen) ⁽¹⁾	- <u>0.23</u>	<u>0.43</u>	- <u>0.23</u>	<u>0.43</u>

Notes:

- (1) Diluted earnings per share of the Company for the individual quarter ended 31 March 2020 and year-to-date ended 31 March 2020 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

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I-STONE GROUP BERHAD (1273151-K)**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 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Current Year-To-Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Depreciation of property, plant and equipment	356	323	356	323
Depreciation of right-of-use asset	20	-	20	-
Depreciation of investment properties	2	2	2	2
Interest expense	23	206	23	206
Rental expense	2	27	2	27
Interest income	(38)	-	(38)	-
Dividend income	(152)	-	(152)	-
Rental income	(7)	(6)	(7)	(6)
(Gain) / Loss on foreign exchange				
- Realised	(139)	(2)	(139)	(2)
- Unrealised	(181)	60	(181)	60
Gain on disposal of property, plant and equipment	-	(11)	-	(11)

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