

I-STONE GROUP BERHAD (1273151-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year-To-Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Revenue	A9	13,850	17,216	29,792	37,902
Cost of sales		(10,034)	(11,786)	(21,073)	(25,204)
Gross profit ("GP")		3,816	5,430	8,719	12,698
Other income		470	164	1,051	282
Selling and distribution expenses		(109)	(318)	(375)	(446)
Administrative expenses		(2,108)	(2,157)	(4,174)	(4,395)
Other expenses		(124)	(143)	(190)	(302)
Profit from Operations		1,945	2,976	5,031	7,837
Finance costs		(22)	(234)	(49)	(445)
Profit before tax ("PBT")	B12	1,923	2,742	4,982	7,392
Taxation	B6	(382)	(509)	(617)	(920)
Profit after tax ("PAT")		1,541	2,233	4,365	6,472
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		54	104	35	76
Total comprehensive income for the financial period		1,595	2,337	4,400	6,548
Profit for the financial period attributable to:					
• Owners of the Company		1,541	2,148	4,365	6,342
• Non-controlling interests		-	85	-	130
		1,541	2,233	4,365	6,472
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		1,595	2,252	4,400	6,420
• Non-controlling interests		-	85	-	128
		1,595	2,337	4,400	6,548
Earnings per share attributable to owners of the Company					
• Basic (sen)	B11	0.13	0.22	0.36	0.65
• Diluted (sen)	B11	0.13	0.22	0.36	0.65

I-STONE GROUP BERHAD (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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 30 JUNE 2020⁽¹⁾

	UNAUDITED	AUDITED
	As at 30.06.2020 RM'000	As at 31.12.2019⁽²⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,750	23,087
Right-of-use asset	144	184
Investment property	281	284
Goodwill on consolidation	856	856
Total non-current assets	24,031	24,411
Current Assets		
Inventories	10,499	5,487
Trade receivables	17,321	24,439
Other receivables	513	581
Cash and cash equivalents	31,273	24,140
Total current assets	59,606	54,647
TOTAL ASSETS	83,637	79,058
EQUITY AND LIABILITIES		
Equity		
Share capital	54,516	54,516
Retained earnings	31,125	26,760
Reserves	(15,958)	(15,993)
Total Equity	69,683	65,283
Liabilities		
Non-current liabilities		
Hire purchase payables	949	1,150
Lease liabilities	65	106
Deferred tax liabilities	651	651
Total non-current liabilities	1,665	1,907
Current liabilities		
Trade payables	7,369	5,349
Other payables	4,238	5,756
Current tax liabilities	211	285
Hire purchase payables	388	398
Lease liabilities	83	80
Total current liabilities	12,289	11,868
TOTAL LIABILITIES	13,954	13,775
TOTAL EQUITY AND LIABILITIES	83,637	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
30 JUNE 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 30 June 2020.

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I-STONE GROUP BERHAD (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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 SECOND (2ND) QUARTER ENDED 30 JUNE 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	-	-	-	4,365	4,365	-	4,365
- Foreign currency translation differences for foreign operations	-	35	-	-	35	-	35
	-	35	-	4,365	4,400	-	4,400
As at 30 June 2020	54,516	670	(16,628)	31,125	69,683	-	69,683

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 SECOND (2ND) QUARTER ENDED 30 JUNE 2020⁽¹⁾**

	CUMULATIVE QUARTER	
	Current Year- To-Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	4,982	7,392
Adjustments for:		
Depreciation of property, plant and equipment	705	649
Depreciation of right-of-use asset	41	-
Depreciation of investment property	3	3
Gain on disposal of property, plant and equipment	-	(16)
Property, plant and equipment written off	-	58
Provision for warranty	32	-
Interest expense	43	438
Interest income	(41)	(1)
Dividend income	(304)	-
Lease rental waived	(3)	-
Rental income	(14)	(13)
Unrealised gain on foreign exchange	(55)	(1)
Operating profit before working capital changes	<u>5,389</u>	<u>8,509</u>
Change in working capital		
Inventories	(5,011)	(576)
Trade and other receivables	7,292	(6,432)
Trade and other payables	420	(802)
	<u>2,701</u>	<u>(7,810)</u>
Cash from operations	8,090	699
Interest paid	(43)	(438)
Interest received	41	1
Tax paid	(691)	(453)
Tax refund	-	64
Net cash from/(used in) operating activities	<u>7,397</u>	<u>(127)</u>
Cash Flows From Investing Activities		
Acquisition of subsidiaries	-	(2,567)
Purchase of property, plant and equipment	(368)	(452)
Proceeds from disposal of property, plant and equipment	-	58
Dividend received	304	-
Rental received	14	13
Net cash used in investing activities	<u>(50)</u>	<u>(2,948)</u>
Cash Flows From Financing Activities		
Proceeds from hire purchase	-	1,518
Proceeds from trade financing	-	963
Repayment to shareholders	-	(4)
Repayment of term loans	-	(492)
Repayment of hire purchase payables	(212)	(174)
Repayment of lease liabilities	(37)	-
Net cash (used in)/from financing activities	<u>(249)</u>	<u>1,811</u>

I-STONE GROUP BERHAD (1273151-K)**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020⁽¹⁾**

	CUMULATIVE QUARTER	
	Current Year- To-Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Net increase/(decrease) in cash and cash equivalents	7,098	(1,264)
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	35	(45)
Cash and cash equivalents at the end of the financial period	30,273	1,491
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	30,239	4,106
Fixed deposits with licensed banks	1,034	1,001
Bank overdrafts	-	(2,616)
	31,273	2,491
Less: Fixed deposits pledged with licensed banks	(1,000)	(1,000)
	30,273	1,491

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 30 June 2020 is as follows:

(a) Analysis of revenue by business segments

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year-To-Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Manufacturing	12,007	14,383	24,814	32,699
Distribution	1,843	2,833	4,978	5,203
Total	13,850	17,216	29,792	37,902

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000
Manufacturing				
Malaysia	8,776	8,202	18,931	19,387
Philippines	2,111	5,459	4,141	9,786
Singapore	1,003	587	1,625	2,646
Taiwan	-	-	-	739
Others	117	135	117	141
Sub-total	12,007	14,383	24,814	32,699
Distribution				
Malaysia	919	1,613	3,008	2,949
Singapore	810	842	1,816	1,599
Indonesia	-	378	13	655
Others	114	-	141	-
Sub-total	1,843	2,833	4,978	5,203
Total	13,850	17,216	29,792	37,902

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
	30.06.2020
	RM'000
Property, plant and equipment	
Contracted but not provided for	42
Approved but not contracted for	6,800
	6,842

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**

	INDIVIDUAL QUARTER		VARIANCE	
	3 months ended	3 months ended	RM'000	%
	30.06.2020	30.06.2019		
	RM'000	RM'000		
Revenue	13,850	17,216	(3,366)	-19.6%
PBT	1,923	2,742	(819)	-29.9%

The Group recorded revenue of RM13.85 million for the current financial quarter ended 30 June 2020 ("Q2 2020"), a decrease of 19.6% as compared to the same quarter ended 30 June 2019 ("Q2 2019"). The decrease was mainly attributable to the lower revenue from both manufacturing and distribution segments by 16.5% and 34.9% as a consequence of Movement Control Order ("MCO") imposed in Malaysia on 18 March 2020.

The Group's revenue was principally derived from manufacturing segment, contributing approximately 86.7% of the Group's total revenue in Q2 2020. The Malaysian market remains the largest market contributing to the Group's revenue of 70.0% in Q2 2020.

The Group registered a PBT of RM1.92 million in Q2 2020 as compared to RM2.74 million in Q2 2019. Lower PBT recorded in Q2 2020 was mainly attributable to the decrease in gross profit margin from 31.5% in Q2 2019 to 27.6% in Q2 2020 as a result of lower revenue generated. However, the decrease was partially offset by income subsidy of RM0.28 million, dividend income of RM0.15 million and decrease in distribution expense mainly due to lower carriage outwards.

(b) Results for financial year-to-date

	CUMULATIVE QUARTER		VARIANCE	
	6 months ended	6 months ended	RM'000	%
	30.06.2020	30.06.2019		
	RM'000	RM'000		
Revenue	29,792	37,902	(8,110)	-21.4%
PBT	4,982	7,392	(2,410)	-32.6%

The Group recorded revenue of RM29.79 million in Q2 2020, a decrease of RM8.11 million from RM37.90 million in Q2 2019. The Group's PBT had decreased by RM2.41 million to RM4.98 million in Q2 2020 from RM7.39 million in Q2 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 of RM0.30 million, income subsidy of RM0.28 million and net gain on foreign currency of RM0.22 million earned in cumulative Q2 2020. The Group's interest expenses have also decreased by RM0.40 million due to lesser reliance on bank financing facility as compared to cumulative Q2 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

	INDIVIDUAL QUARTER		VARIANCE	
	3 months ended 30.06.2020 RM'000	3 months ended 31.03.2020 RM'000	RM'000	%
Revenue	13,850	15,942	(2,092)	-13.1%
PBT	1,923	3,059	(1,136)	-37.1%

The Group recorded revenue of RM13.85 million in Q2 2020 as compared to RM15.94 million in preceding financial quarter ended 31 March 2020 ("Q1 2020"), a decrease of RM2.09 million during current financial quarter.

Lower revenue derived from both manufacturing and distribution segments have contributed to the decrease in the Group's total revenue. As compared to Q1 2020, the revenue derived from manufacturing segment has decreased by approximately 6.2% from RM12.81 million in Q1 2020 to RM12.01 million in Q2 2020 while for distribution segment, the revenue has decreased by approximately 41.2% from RM3.14 million in Q1 2020 to RM1.84 million in Q2 2020. The decreases were due to the impact of MCO imposed in Malaysia on 18 March 2020.

The Group registered a PBT of RM1.92 million in Q2 2020 as compared to PBT of RM3.06 million in Q1 2020. Lower PBT was recorded in Q2 2020 was mainly due to lower revenue generated in Q2 2020.

B3. Prospects and outlook

The Group intends to leverage on the newly appointed chairman's networking to venture into new industry such as oil & gas. Coupled with the vast experience and expertise of the current management team, we are optimistic of the Group's expansion to broaden our product range as well as our geographical footprint.

Our Group is not spared by the global economic slowdown due to the current COVID-19 pandemic as new products introduction and line expansions have been postponed due to softer consumer demands especially on the E&E segment. Travelling restrictions due to border closures and stricter movement controls have also hampered the delivery, business development activities and sales performance of the Group.

However, the pandemic has also created opportunities whereby manufacturers turn to automation to reduce their reliance on manpower in their manufacturing and production process as hiring foreign workers remains challenging during this period. As a result, the Group have observed an increasing demand from manufacturers to automate their production capabilities which resulted in a surge in our automation projects.

I-STONE GROUP BERHAD (1273151-K)

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

B3. Prospects and outlook (Cont'd)

We remain committed on our R&D focus by tapping into Industry 4.0 opportunities, such as, in the field of artificial intelligence, big data, robotics and the leasing of automated lines and equipment. Meanwhile, we will continue to drive efficiency in operations to reduce operation costs.

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 and is expected to be completed by the 3rd quarter of 2020. However, the resolution on the consolidation of shares was not carried by the shareholders at the same Extraordinary General Meeting (“EGM”).

B6. Income tax expenses

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter</u> <u>30.06.2020</u> <u>RM'000</u>	<u>Preceding Year Corresponding Quarter</u> <u>30.06.2019</u> <u>RM'000</u>	<u>Current Year-To-Date</u> <u>30.06.2020</u> <u>RM'000</u>	<u>Preceding Year Corresponding Period</u> <u>30.06.2019</u> <u>RM'000</u>
Income tax expense:				
- Current year	333	369	524	780
- Prior year	-	97	-	97
Foreign withholding tax	49	97	93	97
	<u>382</u>	<u>563</u>	<u>617</u>	<u>974</u>
Deferred tax expense	-	(54)	-	(54)
Total tax expense	<u>382</u>	<u>509</u>	<u>617</u>	<u>920</u>
Effective tax rate (%)	19.86	18.56	12.38	12.45

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:-

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Estimated timeframe for utilisation upon listing
Process and product development	4,200	1,199	3,001	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	550	4,650	Within 24 months
Working capital requirements	5,905	2,751	3,154	Within 36 months
Estimated listing expenses	3,500	3,500	-	Within 1 months
	39,087	21,482	17,605	

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 30.06.2020 RM'000	<u>UNAUDITED</u> As at 30.06.2019 RM'000
Current:		
Hire purchase payables	388	412
Term loans – secured	-	1,033
Trade financing	-	963
Bank overdrafts	-	2,616
	<u>388</u>	<u>5,024</u>
Non-current:		
Hire purchase payables	949	1,342
Term loans – secured	-	10,847
	<u>949</u>	<u>12,189</u>
Total bank borrowings	<u>1,337</u>	<u>17,213</u>

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

B9. Material litigation

There were no material litigation involving the Group as at 30 June 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:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2020	Preceding Year Corresponding Quarter 30.06.2019	Current Year-To-Date 30.06.2020	Preceding Year Corresponding Period 30.06.2019
Profit attributable to ordinary owners of the Company (RM'000)	1,541	2,148	4,365	6,342
Number of ordinary shares ('000)	1,221,477	977,181	1,221,477	977,181
Basic EPS (sen)	0.13	0.22	0.36	0.65
Diluted EPS (sen) ⁽¹⁾	0.13	0.22	0.36	0.65

Notes:

- (1) Diluted earnings per share of the Company for the individual quarter ended 30 June 2020 and year-to-date ended 30 June 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 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year-To-Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Depreciation of property, plant and equipment	349	326	705	649
Depreciation of right-of-use asset	21	-	41	-
Depreciation of investment properties	1	1	3	3
Interest expense	20	232	43	438
Rental expense	3	28	5	55
Subsidies received	(279)	-	(279)	-
Interest income	(3)	(1)	(41)	(1)
Dividend income	(152)	-	(304)	-
Rental income	(7)	(7)	(14)	(13)
(Gain) / Loss on foreign exchange				
- Realised	(24)	(4)	(163)	(6)
- Unrealised	126	(61)	(55)	(1)
Gain on disposal of property, plant and equipment	-	(5)	-	(16)

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