

I-STONE GROUP BERHAD (1273151-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000	Current Year-To-Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Revenue	A9	9,993	18,264	39,785	56,166
Cost of sales		(6,747)	(12,435)	(27,820)	(37,639)
Gross profit ("GP")		3,246	5,829	11,965	18,527
Other income		393	195	1,444	477
Selling and distribution expenses		(159)	(278)	(534)	(724)
Administrative expenses		(2,389)	(3,453)	(6,563)	(7,848)
Other expenses		(138)	(13)	(328)	(315)
Profit from Operations		953	2,280	5,984	10,117
Finance costs		(17)	(94)	(66)	(539)
Profit before tax ("PBT")	B12	936	2,186	5,918	9,578
Taxation	B6	(248)	(471)	(865)	(1,391)
Profit after tax ("PAT")		688	1,715	5,053	8,187
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(39)	(37)	(4)	39
Total comprehensive income for the financial period		649	1,678	5,049	8,226
Profit for the financial period attributable to:					
• Owners of the Company		688	1,715	5,053	8,057
• Non-controlling interests		-	-	-	130
		688	1,715	5,053	8,187
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		649	1,678	5,049	8,098
• Non-controlling interests		-	-	-	128
		649	1,678	5,049	8,226
Earnings per share attributable to owners of the Company					
• Basic (sen)	B11	0.06	0.15	0.41	1.32
• Diluted (sen)	B11	0.06	0.15	0.41	1.32

I-STONE GROUP BERHAD (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 SEPTEMBER 2020⁽¹⁾

	UNAUDITED	AUDITED
	As at 30.09.2020 RM'000	As at 31.12.2019⁽²⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,443	23,087
Right-of-use asset	122	184
Investment property	279	284
Goodwill on consolidation	856	856
Total non-current assets	23,700	24,411
Current Assets		
Inventories	12,967	5,487
Trade receivables	11,745	24,439
Other receivables	616	581
Cash and cash equivalents	34,787	24,140
Total current assets	60,115	54,647
TOTAL ASSETS	83,815	79,058
EQUITY AND LIABILITIES		
Equity		
Share capital	54,516	54,516
Retained earnings	31,813	26,760
Reserves	(15,997)	(15,993)
Total Equity	70,332	65,283
Liabilities		
Non-current liabilities		
Hire purchase payables	848	1,150
Lease liabilities	43	106
Deferred tax liabilities	651	651
Total non-current liabilities	1,542	1,907
Current liabilities		
Trade payables	3,920	5,349
Other payables	7,151	5,756
Current tax liabilities	399	285
Hire purchase payables	388	398
Lease liabilities	83	80
Total current liabilities	11,941	11,868
TOTAL LIABILITIES	13,483	13,775
TOTAL EQUITY AND LIABILITIES	83,815	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 SEPTEMBER 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 September 2020.

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I-STONE GROUP BERHAD (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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	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	-	-	-	5,053	5,053	-	5,053
- Foreign currency translation differences for foreign operations	-	(4)	-	-	(4)	-	(4)
	-	(4)	-	5,053	5,049	-	5,049
As at 30 September 2020	54,516	631	(16,628)	31,813	70,332	-	70,332

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾**

	CUMULATIVE QUARTER	
	Current Year- To-Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	5,918	9,578
Adjustments for:		
Depreciation of property, plant and equipment	1,063	983
Depreciation of right-of-use asset	61	20
Depreciation of investment property	5	5
Gain on disposal of property, plant and equipment	(28)	(20)
Property, plant and equipment written off	-	58
Provision for warranty	33	-
Impairment losses on receivables	201	-
Interest expense	61	529
Interest income	(73)	(56)
Dividend income	(428)	(45)
Lease rental waived	(10)	-
Rental income	(21)	(19)
Unrealised gain on foreign exchange	(98)	(14)
Operating profit before working capital changes	<u>6,684</u>	<u>11,019</u>
Change in working capital		
Inventories	(7,479)	(58)
Trade and other receivables	12,550	(6,266)
Trade and other payables	(62)	(5,123)
	<u>5,009</u>	<u>(11,447)</u>
Cash from/(used in) operations	11,693	(428)
Interest paid	(61)	(526)
Interest received	9	56
Tax paid	(795)	(684)
Tax refund	45	506
Net cash from/(used in) operating activities	<u>10,891</u>	<u>(1,076)</u>
Cash Flows From Investing Activities		
Acquisition of subsidiaries	-	(2,567)
Purchase of property, plant and equipment	(419)	(833)
Proceeds from disposal of property, plant and equipment	28	62
Dividend received	428	45
Rental received	21	19
Net cash from/(used in) investing activities	<u>58</u>	<u>(3,274)</u>

I-STONE GROUP BERHAD (1273151-K)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)**

	CUMULATIVE QUARTER	
	Current Year- To-Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Cash Flows From Financing Activities		
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	(312)	(276)
Repayment of lease liabilities	(50)	(22)
Net cash (used in)/from financing activities	(362)	26,749
Net increase in cash and cash equivalents	10,587	22,399
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	(4)	(83)
Cash and cash equivalents at the end of the financial period	33,723	25,116
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	33,723	25,115
Fixed deposits with licensed banks	1,064	1,001
	34,787	26,116
Less: Fixed deposits pledged with licensed banks	(1,064)	(1,000)
	33,723	25,116

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 September 2020 is as follows:

(a) Analysis of revenue by business segments

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000	Current Year-To-Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Manufacturing	8,056	16,348	32,870	49,047
Distribution	1,937	1,916	6,915	7,119
Total	9,993	18,264	39,785	56,166

(b) Analysis of revenue by geographical location

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000	Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000
Manufacturing				
Malaysia	5,318	13,782	24,249	33,169
Philippines	797	1,606	4,938	11,392
Singapore	1,928	840	3,553	3,486
Taiwan	-	67	-	806
Others	13	53	130	194
Sub-total	8,056	16,348	32,870	49,047
Distribution				
Malaysia	1,272	1,335	4,280	4,284
Singapore	591	506	2,407	2,105
Indonesia	36	75	49	730
Others	38	-	179	-
Sub-total	1,937	1,916	6,915	7,119
Total	9,993	18,264	39,785	56,166

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
	30.09.2020
	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 30.09.2020 RM'000	3 months ended 30.09.2019 RM'000	RM'000	%
Revenue	9,993	18,264	(8,271)	-45.3%
PBT	936	2,186	(1,250)	-57.2%

The Group recorded revenue of RM9.99 million for the current financial quarter ended 30 September 2020 (“Q3 2020”), a decrease of 45.3% as compared to the same quarter ended 30 September 2019 (“Q3 2019”). The decrease was mainly attributable to the lower revenue recorded from the manufacturing segment, of which decreased by 50.7% as the Group was impacted by the COVID-19 pandemic where we observed travelling and delivery restrictions due to border closures which led to prolonged lead time required to complete the sales.

In Q3 2020, the Group’s revenue was principally derived from the manufacturing segment, contributing approximately 80.6% of the Group’s total revenue. On the geographical standpoint, the Malaysian market remains the largest contributor to the Group’s revenue of 65.9% in Q3 2020.

The Group registered a PBT of RM0.94 million in Q3 2020 as compared to RM2.19 million in Q3 2019. Lower PBT recorded in Q3 2020 was mainly attributable to lower revenue generated in the current financial quarter offset against fixed administrative expenses, mainly staff related costs, and impairment loss on receivables of RM0.2 million provided in the current financial quarter.

(b) Results for financial year-to-date

	CUMULATIVE QUARTER		VARIANCE	
	9 months ended 30.09.2020 RM'000	9 months ended 30.09.2019 RM'000	RM'000	%
Revenue	39,785	56,166	(16,381)	-29.2%
PBT	5,918	9,578	(3,660)	-38.2%

The Group recorded revenue of RM39.79 million in Q3 2020, a decrease of RM16.38 million from RM56.17 million in Q3 2019. The Group’s PBT had decreased by RM3.66 million to RM5.92 million in Q3 2020 from RM9.58 million in Q3 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)

The decrease in the Group's revenue was mainly attributable to lower revenue derived from manufacturing segment. In line with the lower revenue generated, lower administrative expenses of RM1.18 million as one-off listing expenses incurred in Q3 2019 as well as dividend income and subsidies received totalling to RM0.86 million have managed to soften the drop in our PBT in Q3 2020.

B2. Comparison with immediate preceding quarter's results

	INDIVIDUAL QUARTER		VARIANCE	
	3 months ended 30.09.2020 RM'000	3 months ended 30.06.2020 RM'000	RM'000	%
Revenue	9,993	13,850	(3,857)	-27.8%
PBT	936	1,923	(987)	-51.3%

The Group recorded a revenue of RM9.99 million in Q3 2020 as compared to RM13.85 million in the preceding financial quarter ended 30 June 2020 ("Q2 2020"), a decrease of RM3.86 million during current financial quarter.

The manufacturing segment has decreased by approximately 32.9% from RM12.01 million in Q2 2020 to RM8.06 million in Q3 2020 and is the main contributor to the decrease in the Group's total revenue. Although, the distribution segment have seen a slight increase in revenue of approximately 5.1% from RM1.84 million in Q2 2020 to RM1.94 million in Q3 2020, it is not sufficient to offset the impact of the COVID-19 pandemic as travelling and delivery restrictions remains one of our biggest challenges as the world is facing tighter border controls and closures.

The Group registered a PBT of RM0.94 million in Q3 2020 as compared to PBT of RM1.92 million in Q2 2020 mainly attributable to the decrease in revenue in Q3 2020 and relatively consistent administrative expenses incurred in both quarters. Furthermore, the Group has provided RM0.20 million impairment loss on receivables in Q3 2020.

B3. Prospects and outlook

The Group intends to leverage on the newly appointed chairman's networking to further expand its reach into various industries. Together with the vast experience and expertise of the current management team, we are optimistic of the Group's ability to broaden our customer base.

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)

The global economic slowdown continues as the current COVID-19 pandemic has caused softer consumer demands especially on the E&E segment. Consequently, we were faced with the postponement or cancellation of the introduction of new products and new line expansions by our customers. Business development activities overseas is also restricted due to border closures and therefore impacted the 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 processes, as impact on border controls measures continues and market demand changes. As a result, the Group is currently focused on capturing the increasing demand from local manufacturers to automate their production processes.

Malaysia's Budget 2021 announced the importance of accelerating digital transformation in various areas and industries including Industrial Revolution 4.0 ("IR4.0") technologies such as automation in the commodity and SME sector which bodes well for the Group.

Hence, we are continuing to develop our products and resources to align with the latest IR4.0 technologies needed by the industry such as robotics, big data and machine vision while continued efforts to improve our efficiency in operations to reduce costs remains an emphasis.

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 4th quarter of 2020. However, the resolution on the consolidation of shares was not carried by the shareholders at the same Extraordinary General Meeting ("EGM").

I-STONE GROUP BERHAD (1273151-K)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B6. Income tax expenses**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000	Current Year-To-Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Income tax expense:				
- Current year	182	315	706	1,095
- Prior year	4	33	4	130
Foreign withholding tax	62	69	155	166
	248	417	865	1,391
Deferred tax expense	-	54	-	-
Total tax expense	248	471	865	1,391
Effective tax rate (%)	26.50	21.55	14.62	14.52

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. For the current financial quarter, higher effective tax rate was mainly attributable to foreign withholding tax paid which represented 25.0% of the total tax expense in Q3 2020 as compared to 14.6% in Q3 2019.
- (2) Income tax expense is recognised based on management's estimate.

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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)****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	1,448	2,752	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	3,063	2,842	Within 36 months
Estimated listing expenses	3,500	3,500	-	Within 1 months
	<u>39,087</u>	<u>22,043</u>	<u>17,044</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 30.09.2020 RM'000	<u>UNAUDITED</u> As at 30.09.2019 RM'000
Current:		
Hire purchase payables	388	410
	<u>388</u>	<u>410</u>
Non-current:		
Hire purchase payables	848	1,242
	<u>848</u>	<u>1,242</u>
Total bank borrowings	<u>1,236</u>	<u>1,652</u>

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 30 September 2020.

B10. Dividend proposed

The Board of Directors has declared a single tier interim dividend of 0.25 sen per ordinary share for the financial year ending 31 December 2020.

The dividend will be paid on 31 December 2020. The entitlement date is on 11 December 2020.

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 30.09.2020	Preceding Year Corresponding Quarter 30.09.2019	Current Year-To-Date 30.09.2020	Preceding Year Corresponding Period 30.09.2019
Profit attributable to ordinary owners of the Company (RM'000)	688	1,715	5,053	8,057
Number of ordinary shares ('000)	1,221,477	1,178,991	1,221,477	612,081
Basic EPS (sen)	0.06	0.15	0.41	1.32
Diluted EPS (sen) ⁽¹⁾	0.06	0.15	0.41	1.32

Notes:

- (1) Diluted earnings per share of the Company for the individual quarter ended 30 September 2020 and year-to-date ended 30 September 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 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000	Current Year-To-Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Depreciation of property, plant and equipment	358	334	1,063	983
Depreciation of right-of-use asset	20	20	61	20
Depreciation of investment properties	2	2	5	5
Impairment losses on receivables	201	-	201	-
Interest expense	18	91	61	529
Rental expense	3	-	8	55
Subsidies received	(148)	-	(427)	-
Interest income	(32)	(55)	(73)	(56)
Dividend income	(124)	(45)	(428)	(45)
Rental income	(7)	(6)	(21)	(19)
(Gain) / Loss on foreign exchange				
- Realised	139	(56)	(24)	(62)
- Unrealised	(43)	(13)	(98)	(14)
Gain on disposal of property, plant and equipment	(28)	(4)	(28)	(20)

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