

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3-month ended		3-month ended	
	31-Mar- 2019 RM'000	31-Mar- 2018 ⁽²⁾ RM'000	31-Mar- 2019 RM'000	31-Mar- 2018 ⁽²⁾ RM'000
Revenue	21,915	N/A	21,915	N/A
Cost of sales	12,467	N/A	12,467	N/A
Gross profit	9,448	N/A	9,448	N/A
Other income	729	N/A	729	N/A
Administrative expenses	(4,900)	N/A	(4,900)	N/A
Distribution expenses	(1,593)	N/A	(1,593)	N/A
Operating profit	3,684	N/A	3,684	N/A
Finance costs	(322)	N/A	(322)	N/A
Profit before tax	3,362	N/A	3,362	N/A
Income tax expense	(707)	N/A	(707)	N/A
Profit for the financial period	2,655	N/A	2,655	N/A
Other comprehensive income, net of tax :				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(64)	N/A	(64)	N/A
Other comprehensive income for the financial period	2,591	N/A	2,591	N/A
Total comprehensive income for the financial period				
Profit attributable to:				
Owners of the Group	2,548	N/A	2,548	N/A
Non-controlling interests	107	N/A	107	N/A
	2,655	N/A	2,655	N/A
Total comprehensive income attributable to:				
Owners of the Group	2,515	N/A	2,515	N/A
Non-controlling interests	76	N/A	76	N/A
	2,591	N/A	2,591	N/A
Earnings per share attributable to owners of the Group:				
Basic and diluted (sen) ⁽³⁾	1.01	N/A	1.01	N/A

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 17 May 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the corresponding quarter/period of the preceding year are presented as this is the first interim financial report on the consolidated results for the financial period ended 31 March 2019 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").
- (3) Based on weighted average number of ordinary shares in HPMT ("Shares") in issue during the period under review.
- N/A Not applicable

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 31-Mar-19 RM'000	Audited⁽²⁾ As at 31-Dec-18 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,826	77,008
Deferred tax assets	10	10
Total non-current assets	74,836	77,018
Current assets		
Inventories	23,088	24,464
Current tax assets	2,714	2,259
Trade and other receivables	18,572	16,977
Cash and short-term deposits	10,620	13,235
Total current assets	54,994	56,935
TOTAL ASSETS	129,830	133,953
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	63,234	*
Other reserves	(56,887)	6,733
Retained earnings	66,552	64,026
	72,899	70,759
Non-controlling interests	3,698	3,247
TOTAL EQUITY	76,597	74,006
Non-current liabilities		
Loans and borrowings	23,498	25,894
Deferred income	4,105	4,297
Deferred tax liabilities	4,956	4,688
Total non-current liabilities	32,559	34,879
Current liabilities		
Loans and borrowings	11,281	13,614
Deferred income	770	770
Current tax liabilities	756	232
Trade and other payables	7,867	10,452
Total current liabilities	20,674	25,068
TOTAL LIABILITIES	53,233	59,947
TOTAL EQUITY AND LIABILITIES	129,830	133,953

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 17 May 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) The Group was formalised on 29 March 2019 upon completion of the Acquisition as disclosed in Note B6 (i). The acquisition of entities under common control does not result in any change in economic substance. Accordingly, HPMT Group is a continuation of the acquired entities and is accounted for in accordance with the basis disclosed in Note A1.

* RM 2

HPMT Holdings Berhad

(Company No.: 1255845-W)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾**

	Attributable to the owners of the Company					Sub-total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Exchange reserve RM'000	PRC statutory reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000			
At 1 January 2019 ⁽²⁾	*	352	175	6,206	64,026	70,759	3,247	74,006
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	2,548	2,548	107	2,655
Other comprehensive loss for the financial period	-	(33)	-	-	-	(33)	(31)	(64)
Appropriation to statutory reserve	-	-	22	-	(22)	-	-	-
Total comprehensive income	-	(33)	22	-	2,562	2,515	76	2,591
Transaction with owners								
Issuance of ordinary shares for the acquisition of subsidiaries	63,234	-	-	(63,609)	-	(375)	375	-
Dividends paid on shares	-	-	-	-	-	-	-	-
At 31 March 2019	63,234	319	197	(57,403)	66,552	72,899	3,698	76,597

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company date 17 May 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) The Group was formalised on 29 March 2019 upon completion of the Acquisition as disclosed in Note B6 (i). The acquisition of entities under common control does not result in any change in economic substance. Accordingly, HPMT Group is a continuation of the acquired entities and is accounted for in accordance with the basis disclosed in Note A1.

* RM 2

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW⁽¹⁾

	Current year-to-date 31-Mar-2019 RM'000	Preceding year-to-date 31-Mar-2018⁽²⁾ RM'000
Cash flows from operating activities		
Profit/(loss) before tax		
- Continuing operations	3,362	N/A
- Discontinued operation	-	N/A
	<u>3,362</u>	<u>N/A</u>
Adjustments for:		
Depreciation of property, plant and equipment	2,113	N/A
Gain on disposal of property, plant and equipment	(1)	N/A
Amortisation of government grants	-	N/A
Loss on disposal of subsidiary	-	N/A
Finance costs	322	N/A
Interest income	(28)	N/A
Unrealised loss/(gain) on foreign exchange	(369)	N/A
Operating profit before working capital changes	5,399	N/A
Changes in working capital		
Inventories	1,376	N/A
Trade and other receivables	(1,656)	N/A
Trade and other payables	(3,134)	N/A
Net cash flows generated from operations	<u>(3,414)</u>	<u>N/A</u>
Income tax paid	(369)	N/A
Interests paid	(7)	N/A
Interests received	6	N/A
Net cash flows from operating activities	<u>1,615</u>	<u>N/A</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(497)	N/A
Net changes in other investments	-	N/A
Refund for purchase of property, plant and equipment*	564	N/A
Proceeds from disposal of property, plant and equipment	2	N/A
Proceeds from disposal of other investment	-	N/A
Proceeds from government grants	-	N/A
Interest received	22	N/A
Net cash flows from (used in) investing activities	<u>91</u>	<u>N/A</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW ⁽¹⁾ (continued)

	Current year-to-date 31-Mar-2019 RM'000	Preceding year-to-date 31-Mar-2018 ⁽²⁾ RM'000
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	N/A
Dividends paid	-	N/A
Drawdown of revolving credit	417	N/A
Net change in bankers' acceptances	(2,502)	N/A
Net change in finance lease liabilities	(79)	N/A
Net changes in term loans	(1,979)	N/A
Interests paid	(315)	N/A
Net cash flows used in financing activities	(4,458)	N/A
Net (decrease)/increase in cash and cash equivalent	(2,752)	N/A
Cash and cash equivalents at the beginning of the financial periods ⁽³⁾	13,144	N/A
Effects of exchange rate changes on cash and cash equivalents	228	N/A
Cash and cash equivalents at the end of the financial periods	10,620	N/A

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 17 May 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the corresponding quarter/period of the preceding year are presented as this is the first interim financial report on the consolidated results for the financial period ended 31 March 2019 announced by the Company in compliance with the Listing Requirements.
- (3) Cash and cash equivalents as at 31 Dec 2018, as disclosed in the Combined Statements of Financial Position of the Accountant's Report as disclosed in the Prospectus of the Company dated 17 May 2019.

N/A Not applicable

* The Group subsequently received a stamp duty refund for the acquisition of property which was completed on 31 December 2018.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING**A1. Basis of Preparation**

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements.

This is the first interim financial report on the Company’s consolidated results for the first quarter ended 31 March 2019 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

Acquisition of subsidiaries under common control (in which all parties involved, being the acquirer, acquire and seller are ultimately controlled by the same party and parties both before and after the acquisition) are consolidated using merger method of accounting. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years.

On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve or reorganisation deficit.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 17 May 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

Amendments to References to the Conceptual Framework on MFRS Standards effective 1 January 2020:-

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

MFRS effective 1 January 2021:-

MFRS 17	Insurance Contracts
Amendments to MFRS 1	First-time Adoption of MFRSs
Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 15	Revenue from Contracts with customers
Amendments to MFRS 107	Statements of Cash Flows
Amendments to MFRS 116	Property, Plant and Equipment

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (continued)

A2. Significant Accounting Policies (continued)

MFRS effective 1 January 2021:- (continued)

Amendments to MFRS 132	Financial instruments: Presentation
Amendments to MFRS 136	Impairment of Assets
Amendments to MFRS 140	Investment Property

Amendments to MFRSs - effective date deferred indefinitely :-

MFRS 10 and 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal and cyclical factors during the current quarter and financial year-to-date under review.

A6. Material Changes in Estimates

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

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial year-to-date under review except for those disclosed in Note B6.

A8. Segmental information

The Group's operating segments are manufacturing, trading and coating services. These operating segments are required to be organised and managed for the purpose of making decisions about resource allocation and performance assessment. The Group's segmental revenue are as follows:

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (continued)

A8. Segmental information (continued)

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31-Mar-19 RM'000	Preceding year Quarter 31-Mar- 2018 ⁽¹⁾ RM'000	Current year to date 31-Mar-19 RM'000	Preceding year to date 31-Mar- 2018 ⁽¹⁾ RM'000
<u>Revenue</u>				
Manufacturing	20,674	N/A	20,674	N/A
Trading	643	N/A	643	N/A
Coating	598	N/A	598	N/A
	<u>21,915</u>	<u>N/A</u>	<u>21,915</u>	<u>N/A</u>

Notes:

(1) No comparative figures for the preceding year and preceding quarter are presented as this is the first interim financial report on the consolidated results for the financial period ended 31 March 2019 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable

A9. Property, plant and equipment

(i) Acquisitions and disposals

There were no material acquisitions and disposals during the current quarter and financial year-to-date under review.

(ii) Impairment losses

There were no impairment losses during the current quarter and financial year-to-date under review.

(iii) Valuation

The Group has not carried out any valuation on its property, plant and equipment during the current quarter and financial year-to-date under review.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (continued)

A10. Material Events Subsequent to the end of the Quarter

Saved as disclosed in Note B6 “Status of Corporate Proposals”, there were no other material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

Saved as disclosed in Note B6 “Status of Corporate Proposals”, there were no changes in the composition of the Group during the current quarter and financial period under review.

A12. Contingent liabilities and contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

A13. Material Capital Commitment

The capital commitments of the Group as at the end of the quarter under review is RM 34.17 million, which is used for purchase of machineries and equipment.

A14. Significant related party transactions

There were no significant related party transactions during the current quarter and financial period under review.

A15. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group’s financial liabilities for the current quarter and financial period under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

The Group achieved revenue and profit before taxation ("PBT") of approximately RM21.92 million and RM3.54 million respectively during the current quarter under review. The Group's revenue was mainly contributed by the manufacturing segment, which contributed RM20.67 million or 94.30% of the Group's total revenue.

There are no comparative figures for the preceding year's corresponding quarter as these are the first interim financial statements on the consolidated results for the first quarter ended 31 March 2019 being announced by the Company in compliance with the Listing Requirements.

B2. Comparison with Immediate Preceding Quarter

There are no comparative figures for the immediate preceding quarter as these are the first interim financial statements on the consolidated results for the first quarter ended 31 March 2019 being announced by the Company in compliance with the Listing Requirements.

B3. Prospects for the Current Financial Year

The global cutting tools industry remains encouraging as it plays a vital role in manufacturing process of a wide variety of end-user markets. The expansion in any of these industries is expected to translate to an increased demand for cutting tools.

The Group intends to increase production capacity in order to be able to position ourselves more competitively in the industry by being able to accept more job orders while maintaining existing delivery lead times for our products through improved stock availability.

With the Group's sales network which covers more than 30 countries, the Group is poised to further develop market presence in Malaysia, Europe and China. To remain competitive within the cutting tools industry, we continuously improve ourselves by developing new or enhanced products to better meet our customers' evolving requirements and preference.

The Board expects the financial performance for the current year to be satisfactory.

B4. Profit Forecast

The Group has not issued any profit forecast in any form of public documentation and announcement.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)**B5. Tax expense**

	Individual Quarter (3-month ended)		Cumulative Quarter (3-month ended)	
	31-Mar-19 RM'000	31-Mar-2018 ⁽¹⁾ RM'000	31-Mar-19 RM'000	31-Mar-2018 ⁽¹⁾ RM'000
Current income tax	439	N/A	439	N/A
Deferred tax	268	N/A	268	N/A
Total	707	N/A	707	N/A

Notes:

(1) No comparative figures for the corresponding quarter/period of preceding year are presented as this is the first interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

N/A Not applicable

The effective tax rate of the Group for the current financial period is lower than the statutory tax rate due to the tax incentives available to Malaysia subsidiaries.

B6. Status of corporate proposals

In conjunction with and as an integral part of our Company's listing on the Main Market of Bursa Securities, the following listing scheme was undertaken by the Company:

(i) Acquisitions**(a) Acquisition of HPMT Industries Sdn Bhd ("HPMT Industries")**

On 29 March 2019, our Company completed the acquisition of the entire issued share capital of HPMT Industries of RM2,500,000 comprising 2,500,000 ordinary shares in HPMT Industries for a purchase consideration of RM51,563,000 from Mec. Tech Corporation Sdn Bhd ("Mec. Tech"). The acquisition of HPMT Industries was wholly satisfied by the issuance of 206,251,998 new Shares at an issue price of RM0.25 per Share to Herroz Mechanical Technologies Sdn Bhd ("Herroz Mechanical"), the holding company of Mec. Tech.

The purchase consideration of HPMT Industries of RM51,563,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted NA of HPMT Industries as at 31 December 2017 of RM51,562,138.

(b) Acquisition of Herroz Sdn Bhd ("Herroz")

On 29 March 2019, our Company completed the acquisition of the entire issued share capital of Herroz of RM1,626,518 comprising 1,626,518 ordinary shares in Herroz for a purchase consideration of RM4,828,000 from Mec. Tech. The acquisition of Herroz was wholly satisfied by the issuance of 19,312,000 new Shares at an issue price of RM0.25 per Share to Herroz Mechanical, the holding company of Mec. Tech.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B6. Status of corporate proposals (continued)

(i) Acquisitions (continued)

(b) Acquisition of Herroz Sdn Bhd ("Herroz") (continued)

The purchase consideration of Herroz of RM4,828,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of Herroz as at 31 December 2017 of RM4,827,494.

(c) Acquisition of HPMT Deutschland GmbH ("HPMT GmbH")

On 29 March 2019, our Company completed the acquisition of the entire issued share capital of HPMT GmbH of EUR25,000 comprising 3 shares in HPMT GmbH for a purchase consideration of EUR455,821.60 (equivalent to RM2,208,000⁽¹⁾) from Mec. Tech. The acquisition of HPMT GmbH was wholly satisfied by the issuance of 8,832,000 new Shares at an issue price of RM0.25 per Share to Herroz Mechanical, the holding company of Mec. Tech.

The purchase consideration of HPMT GmbH of EUR455,821.60 (equivalent to RM2,208,000⁽¹⁾) was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of HPMT GmbH as at 31 December 2017 of EUR455,791.

Note:

(1) Based on the middle rate of EUR1.00:RM4.8440 at 5.00 p.m. on 29 December 2017 as published by Bank Negara Malaysia ("BNM").

(d) Acquisition of MTC Tooling Systems Limited ("MTC Tooling")

On 20 March 2019, our Company completed the acquisition of the entire issued share capital of MTC Tooling of HKD1,000,000 comprising 1,000,000 ordinary shares in MTC Tooling for a purchase consideration of HKD7,402,244 (equivalent to RM3,834,000⁽¹⁾). The acquisition of MTC Tooling was wholly satisfied by the issuance of 15,336,000 new Shares at an issue price of RM0.25 per Share.

The purchase consideration of MTC Tooling of HKD7,402,244 (equivalent to RM3,834,000⁽¹⁾) was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted pro forma unaudited NA of MTC Tooling's group of companies ("MTC Tooling Group") as at 31 December 2017 of HKD7,400,526.

Note:

(1) Based on the middle rate of HKD100.00:RM51.7951 at 5.00 p.m. on 29 December 2017 as published by BNM.

(e) Acquisition of Pentagon Coating Technologies Sdn Bhd ("Pentagon")

On 29 March 2019, our Company completed the acquisition of 75.0% of the equity interest in Pentagon for a purchase consideration of RM801,000 from Herroz Mechanical. The acquisition of Pentagon was wholly satisfied by the issuance of 3,204,000 new Shares at an issue price of RM0.25 per Share to Herroz Mechanical.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B6. Status of corporate proposals (continued)

(i) Acquisitions (continued)

(e) Acquisition of Pentagon Coating Technologies Sdn Bhd ("Pentagon") (continued)

The purchase consideration of Pentagon of RM801,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted NA of Pentagon as at 31 December 2017 of RM1,067,345.

(ii) Initial Public Offering

On 17 May 2019, the Company issued its Prospectus and undertook an initial public offering ("IPO") comprising:

- (a) a public issue of 75,553,000 new Shares, representing approximately 23.0% of the Company's enlarged number of Shares, at an issue price of RM0.56 each ("IPO Price") ("Public Issue") to be allocated in the following manner:
 - (1) 16,426,000 new Shares available for application by Malaysian citizens, companies, societies, co-operatives and institutions;
 - (2) 8,300,000 new Shares available for application by the eligible directors and employees of the Group and other persons who have contributed to the success of the Group; and
 - (3) 50,827,000 new Shares available for application by way of private placement to institutional and selected investors; and
- (b) an offer for sale of 41,062,000 existing Shares, representing approximately 16.2% of the Company's enlarged number of Shares, at the IPO Price by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry and institutional and selected investors.

(iii) Listing

The Company's entire enlarged issued share capital of RM183,953,840 comprising of 328,489,000 Shares will tentatively be listed on the Main Market of Bursa Securities on 12 June 2019.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B7. Utilisation of Proceeds from the Public Issue

Details of utilisation of proceeds	Estimated time frame for utilisation upon Listing	Amount of proceeds	
		RM '000	%
(i) Purchase of new machineries and equipment	Within 36 months	34,000	80.3
(ii) Working capital:			
- Finished goods inventories	Within 24 months	1,000	2.4
- Staff costs and raw materials	Within 24 months	1,910	4.5
(iii) Estimated listing expenses	Immediate	5,400	12.8
Total		42,310	100.0

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 17 May 2019. As at the date of this interim financial report, the IPO is pending completion. Hence, there is no utilisation of proceeds by the Company yet.

B8. Group Borrowings

	Currency	Unaudited	
		As at 31 March 2019 RM'000	As at 31 March 2018 ⁽¹⁾ RM'000
Long-term Borrowings (secured)			
(i) Term Loan	MYR	14,114	N/A
	EUR	9,183	N/A
(ii) Finance Lease Liabilities	MYR	201	N/A
Sub-total		23,498	N/A
Short-term borrowings (secured)			
(i) Term Loan	MYR	2,479	N/A
	EUR	5,460	N/A
(ii) Finance Lease Liabilities	MYR	326	N/A
(iii) Bank Acceptance	MYR	1,245	N/A
	USD	904	N/A
(iv) Revolving Credit	MYR	700	N/A
	CNY	167	N/A
Sub-total		11,281	N/A
Total borrowings		34,779	N/A

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B8. Group Borrowings (continued)

Notes:

(1) No comparative figures for the corresponding quarter/period of preceding year are presented as this is the first interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

N/A Not applicable

We utilise credit facilities such as overdrafts and bankers' acceptances to partially finance our working capital. In addition, we utilise term loans to finance purchase of our manufacturing equipment and factory building. The credit facilities are secured by corporate guarantees, joint and several guarantees by Directors, specific debentures and properties.

B9. Material Litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

B10. Dividend

No dividend has been declared or recommended for payment by the Company during the current quarter and financial year-to-date under review.

B11. Earnings per share ("EPS")

The basic and diluted EPS for the current quarter and financial year-to-date is computed as below:

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31-Mar-19	Preceding year Quarter 31-Mar-2018 ⁽⁴⁾	Current year to date 31-Mar-19	Preceding year to date 31-Mar-2018 ⁽⁴⁾
Profit after tax attributable to the owners of the Group (RM,000)	2,548	N/A	2,548	N/A
Weighted average number of Shares in issue ('000)	⁽¹⁾ 252,936	N/A	252,936	N/A
Basic EPS (sen) ⁽²⁾	1.01	N/A	1.01	N/A
Diluted EPS (sen) ⁽³⁾	1.01	N/A	1.01	N/A

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B11. Earnings per share (“EPS”) (continued)

Notes:

- (1) Based on the 252,936,000 Shares in issue after the completion of the Acquisitions but before the IPO (as detailed in Note B6).
- (2) Basic EPS is calculated by dividing the profit attributable to owners of the Group by the weighted average number of Shares in issue during the period under review.
- (3) Diluted EPS of the first quarter ended 31 March 2019 and financial year-to-date ended 31 March 2019 is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.
- (4) No comparative figures for the preceding year and preceding quarter are presented as this is the first interim financial report on the consolidated results for the financial period ended 31 March 2019 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable

B12. Profit Before Tax

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

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	Quarter	Quarter	to date	to date
	31-Mar-19	31-Mar-2018 ⁽¹⁾	31-Mar-19	31-Mar-2018 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Interest income	(28)	N/A	(28)	N/A
Other income	(332)	N/A	(332)	N/A
Interest expense	322	N/A	322	N/A
Depreciation of property, plant and equipment	2,113	N/A	2,113	N/A
Realised (gain)/loss on foreign exchange	246	N/A	246	N/A
Unrealised gain on foreign exchange	(369)	N/A	(369)	N/A

Notes:

- (1) No comparative figures for the corresponding quarter/period of preceding year are presented as this is the first interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

N/A Not Applicable

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.