

MESTRON HOLDINGS BERHAD**Company No: 1280732 - K**

(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾***(The figures have not been audited)*

		<-- Individual Quarter -->		<-- Cumulative Quarter -->	
		(Unaudited) Current year quarter 30 September 2019 RM'000	(Unaudited) Preceding year quarter 30 September 2018 RM'000	(Unaudited) Current year quarter 30 September 2019 RM'000	(Unaudited) Preceding year quarter 30 September 2018 RM'000
	Note				
Revenue	A7	17,947	N/A	53,319	N/A
Cost of Sales		(15,707)	N/A	(42,144)	N/A
Gross Profit		2,240	N/A	11,175	N/A
Other operating income		1,283	N/A	1,477	N/A
Selling and distribution expenses		(174)	N/A	(627)	N/A
Administrative expenses ⁽³⁾		(1,642)	N/A	(8,335)	N/A
Other operating expenses		(1)	N/A	(46)	N/A
Finance costs		(248)	N/A	(806)	N/A
Profit before taxation		1,458	N/A	2,838	N/A
Taxation	B5	(370)	N/A	(1,348)	N/A
Profit for the financial period		1,088	N/A	1,490	N/A
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		1,088	N/A	1,490	N/A
Weighted average number of ordinary shares in issue ('000)	B10	459,531	N/A	459,531	N/A
Earnings per share attributable to owners of the Company (sen):					
- Basic ⁽⁴⁾	B10	0.24	N/A	0.32	N/A
- Diluted ⁽⁵⁾	B10	0.24	N/A	0.32	N/A

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(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾***(The figures have not been audited)***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 Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the third (3rd) quarter ended 30 September 2019 is announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 18 June 2019, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Administration expenses included one-off listing expenses of RM3.05 million. For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off listing expenses is as follow:

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000	(Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000
PBT	1,458	N/A	2,839	N/A
Add: Listing expenses	-	N/A	3,049	N/A
Adjusted PBT	1,458	N/A	5,888	N/A

- (4) Basic earnings per share is calculated based on the weighted average number of ordinary shares in Mestron Holdings Berhad ("**MHB**") in issuance of 459,531,136 shares.
- (5) Diluted earnings per share of the Group for the current quarter and cumulative quarter ended 30 September 2019 is equivalent to the basic earnings per share as the Group does not have convertible securities as at the end of the reporting period.

*N/A – Not applicable*** – Negligible*

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MESTRON HOLDINGS BERHAD
Company No: 1280732 - K
(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2019 ⁽¹⁾

(The figures have not been audited)

	Note	(Unaudited) As at 30 September 2019 RM'000	(Unaudited) As at 30 September 2018 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		29,626	N/A
TOTAL NON-CURRENT ASSETS		<u>29,626</u>	<u>N/A</u>
CURRENT ASSETS			
Inventories		9,969	N/A
Trade receivables		20,341	N/A
Other receivables		1,310	N/A
Tax recoverable		873	N/A
Cash and bank balances		21,785	N/A
TOTAL CURRENT ASSETS		<u>54,278</u>	<u>N/A</u>
Asset held-for-sales		<u>1,341</u>	<u>N/A</u>
TOTAL ASSETS		<u>85,245</u>	<u>N/A</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		56,078	N/A
Merger deficit		(29,333)	N/A
Retained earnings		35,121	N/A
TOTAL EQUITY		<u>61,866</u>	<u>N/A</u>
NON-CURRENT LIABILITIES			
Borrowings	B7	9,565	N/A
Finance lease liabilities	B7	880	N/A
Deferred tax liabilities		298	N/A
TOTAL NON-CURRENT LIABILITIES		<u>10,743</u>	<u>N/A</u>

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2019 (cont'd) ⁽¹⁾

(The figures have not been audited)

		(Unaudited) As at 30 September 2019 RM'000	(Unaudited) As at 30 September 2018 RM'000
	Note		
CURRENT LIABILITIES			
Trade payables		9,944	N/A
Other payables and accruals		625	N/A
Borrowings	B7	804	N/A
Finance lease liabilities	B7	1,263	N/A
TOTAL CURRENT LIABILITIES		<u>12,636</u>	<u>N/A</u>
TOTAL LIABILITIES		<u>23,379</u>	<u>N/A</u>
TOTAL EQUITY AND LIABILITIES		<u>85,245</u>	<u>N/A</u>
Net assets per share (RM) ⁽³⁾		0.08	N/A

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 Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the third (3rd) quarter ended 30 September 2019 is announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 18 June 2019, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Net assets per share is calculated based on the ordinary shares in MHB in issuance of 790,000,000 shares.

N/A – Not applicable

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MESTRON HOLDINGS BERHAD**Company No: 1280732 - K**

(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾***(The figures have not been audited)*

	←-Non-distributable-→ Share Capital RM'000	Merger Deficit RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
As at 1 January 2019	3,200	-	33,631	36,831
Total comprehensive income for the period	-	-	1,490	1,490
Transaction with owners:				
Issue of new ordinary shares	56,880	-	-	56,880
Acquisition of subsidiary	(3,200)	(29,333)	-	(32,533)
Share issuance expenses	(802)	-	-	(802)
Total transaction with owners	52,878	(29,333)	-	23,545
As at 30 September 2019	56,078	(29,333)	35,121	61,866

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 Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the third (3rd) quarter ended 30 September 2019 is announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 18 June 2019, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

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MESTRON HOLDINGS BERHAD
Company No: 1280732 - K
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FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

(The figures have not been audited)

	<-- Cumulative Quarter -->	
	(Unaudited)	(Unaudited)
	30 September	30
	2019	September
	RM'000	2018
		RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,838	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	1,312	N/A
Gain on disposal of property, plant and equipment	(1,178)	N/A
Amortisation of investment properties	14	N/A
Interest expenses	806	N/A
Interest income	(112)	N/A
Operating profit before working capital changes	3,680	N/A
Changes in working capital:-		
Inventories	(263)	N/A
Receivables	3,911	N/A
Payables	(2,679)	N/A
Cash generated from operations	4,649	N/A
Tax paid	(2,288)	N/A
Net cash generated from operating activities	2,361	N/A
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(6,388)	N/A
Proceeds from disposal of property, plant and equipment	5,581	N/A
Interest received	112	N/A
Net cash used in investing activities	(695)	N/A
Cash Flows From Financing Activities		
Repayment of bank borrowings	(10,299)	N/A
Drawdown of bank borrowings	4,594	N/A
Repayment of finance lease payables	(846)	N/A
Interest paid	(806)	N/A
Proceeds from issuance of shares	23,545	N/A
Net cash generated from financing activities	16,188	N/A

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FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) ⁽¹⁾

(The figures have not been audited)

	<-- Cumulative Quarter -->	
	(Unaudited)	(Unaudited)
	30 September	30 September
	2019	2018
	RM'000	RM'000
Cash and cash equivalents		
Net changes	17,854	N/A
At the beginning of the period	3,931	N/A
At the end of the period	21,785	N/A

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 Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report for the third (3rd) quarter ended 30 September 2019 is announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 18 June 2019, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

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FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

NOTES TO THE INTERIM FINANCIAL REPORT
EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and Rules 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement").

This is the third interim financial statements on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2019 announced by the Group in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding period.

The interim financial statements should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 May 2019 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

Adoption of new and amended standard

During the financial period, the Group has adopted the following amendments for MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period.

- MFRS 9 Prepayment Features with Negative Compensation (Amended to MFRS 9),
- MFRS 16 Leases,
- MFRS 128 Long-term Interests in Associates and Joint Ventures (Amended to MFRS 128),
- Annual Improvements to MFRS Standards 2015 – 2017 Cycle
- MFRS 119 Plan Amendment, Curtailment or Settlement (Amended to MFRS 119)
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Adoption of the above standards and interpretations did not have any material impact to the financial statements of the Group.

MFRS 16 Leases – effective 1 January 2019

MRFS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations.

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group is required to account for major part of their operating leases in the statement of financial position by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

A1. Basis of preparation (cont'd)

The Group applied the simplified retrospective approach. Under this approach, the Group is not required to restate the comparatives and the MFRS 16 adjustments will be reflected in the opening retained earnings at 1 January 2019, being the date of initial application. The adoption of MFRS 16 has no material impact to the financial statements of the Group.

Standards issued but not yet effective

At the date of authorisation for issue of this interim financial report, the new and revised Standards and Amendments, which were in issue but not yet effective and have not been early adopted by the Group are as follow:-

Standards	Effective dates for financial period beginning on and after
MFRS 101 Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 3 Business Combinations (Amendments to MFRS 3)	1 January 2020
MFRS 108 Definition of Material (Amendments to MFRS 108)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

A2. Auditors' report of preceding annual audited financial statements

The audited combined financial statements of the Group for the financial year ended 31 December 2018 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group's operations are not significantly affected by seasonal or cyclical effects, albeit marginal slowdown during festive periods such as Chinese New Year and Hari Raya as most of the Group's customers do not operate during these periods and large lorries are not allowed to transport goods due to traffic control. Nevertheless, the impact of the marginal slowdown is unlikely to be significant to the Group.

A4. Unusual items

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.

A5. Material changes in estimates

There were no changes in the estimates in the current financial quarter under review.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

A6. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A7. Segmental information

The Group's segmental information for the current financial quarter ended 30 September 2019 is as follows:-

(a) Analysis of revenue by business segments

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000	(Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000
Manufacturing	14,367	N/A	41,397	N/A
Trading	3,580	N/A	11,922	N/A
Total	17,947	N/A	53,319	N/A

(b) Analysis of revenue by geographical location

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000	(Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000
Malaysia	15,052	N/A	46,024	N/A
Australia	515	N/A	1,257	N/A
Singapore	555	N/A	1,356	N/A
Korea	1,620	N/A	4,420	N/A
Philippines	205	N/A	205	N/A
Others ⁽²⁾	-	N/A	57	N/A
Total	17,947	N/A	53,319	N/A

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

(2) Others include Sri Lanka and Maldives.

N/A – Not applicable

A8. Dividends Paid

No dividends were paid during the current quarter under review.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

A9. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter.

A10. Capital commitments

There were no material capital commitments of the Group as at 30 September 2019.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review

A12. Contingent liabilities and contingent assets

There are no material contingent liabilities and contingent assets to be disclosed as at the date of this interim financial.

A13. Material events subsequent to the end of the quarter

There were no other material events subsequent to the end of the current quarter

A14. Related party transactions

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

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FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

	<-- Individual Quarter --> (Unaudited)		Changes (RM'000/ %)	<-- Cumulative Quarter --> (Unaudited)		Changes (RM'000/ %)
	30 September 2019 RM'000	30 September 2018 RM'000		30 September 2019 RM'000	30 September 2018 RM'000	
Revenue	17,947	N/A	N/A	53,319	N/A	N/A
Gross profit	2,240	N/A	N/A	11,175	N/A	N/A
Profit before tax	1,458	N/A	N/A	2,838	N/A	N/A
Profit after tax	1,088	N/A	N/A	1,490	N/A	N/A

Note:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

Current quarter (3 months)

The Group recorded revenue of RM17.97 million for the current financial quarter ended 30 September 2019.

The Group's revenue was principally derived from the manufacturing segment which accounts for approximately 80.1% of the total revenue for the current financial quarter ended 30 September 2019. The revenue from manufacturing segment is mainly driven by the sales of specialty poles in telecommunication and oil and gas sector. The Group's revenue from the trading segment experienced a marginal slowdown mainly due to the comparatively lower demand for outdoor lighting products in the current quarter as compared with previous quarter.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 83.87% of the total revenue for the current financial quarter ended 30 September 2019.

Overall, the Group registered a profit before tax of RM1.09 million in the current financial quarter under review as compared with a loss before tax of RM3.30 million recorded in previous financial quarter ended 30 June 2019.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

B1. Review of performance (cont'd)

Cumulative quarter (6 months)

The Group recorded revenue of RM53.32 million for the cumulative financial quarter ended 30 September 2019.

The Group's revenue was principally derived from the manufacturing segment accounting for approximately 77.6% of the total revenue for the cumulative financial quarter ended 30 September 2019 which is driven by the sales of specialty poles in telecommunication and oil and gas sector.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 86.3% of the total revenue for the cumulative financial quarter ended 30 September 2019.

Overall, the Group registered a profit before tax of RM2.84 million in the cumulative financial quarter under review. If excluding the listing expenses of RM3.05 million, the adjusted profit before tax would have been RM5.89 million for the cumulative financial quarter.

B2. Comparison with immediate preceding quarter's results

	<-- Individual Quarter -->		<-- Changes -->	
	(Unaudited)	(Unaudited)		
	30 September	30 June		
	2019	2019		
	RM'000	RM'000	RM'000	%
Revenue	17,947	18,358	(411)	(2.2)
Profit before tax ⁽¹⁾	1,458	(1,927)	3,385	175.7

Note

(1) Included in the profit before tax is one-off non-recurring listing expenses of RM 3.05 million for the individual quarter ended 30 June 2019.

For the current financial quarter ended 30 September 2019, the Group recorded lower revenue of RM17.95 million and profit before tax of RM1.46 million as compared to RM 18.36 million and loss of RM1.93 million respectively in the immediate preceding financial quarter ended 30 June 2019 mainly due to lower demand in both the manufacturing and trading segment of the group.

B3. Prospects

As disclosed in the Prospectus of the Company dated 23 May 2019 the group has put in place a series of future plans as follows:-

(a) Expansion of our revenue stream from our specialty pole business segment

The Group intends to reduce the dependency on the construction industry by expanding in the telecommunication industry. The growth in broadband penetration indicates growth in demand for telecommunication infrastructures, including telecommunication monopolies.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

B3. Prospects (cont'd)

(b) Expansion of geographical presence in international markets

The Group plans to enhance the presence in international markets such as Brunei, Sri Lanka and New Zealand in light of positive market prospects for their construction industry in these countries. The Group will appoint local electrical product distributors in the respective country as master distributors and these master distributors will be sole distributors to represent the Group in marketing the Group's products, as well as provide on-site and off-site technical support in these markets.

(c) Enhance presence and increase market share in street light pole industry

The Group currently has a strong presence for the street light pole industry in Malaysia. We intend to expand our main manufacturing facility and acquire additional machinery and equipment to enable us to capitalise on the anticipated growth in the street light pole industry through the expansion of our production capability. The Group is currently finalising the expansion plan of its main manufacturing facility and will acquire new machinery and equipment once the construction of the expanded main manufacturing facility is completed.

(d) Enhance presence and increase market share in outdoor lighting products

We expect to continue to benefit from the growing outdoor lighting market due to the growing trend in usage of energy-saving outdoor lighting products in light of several Government initiatives.

B4. Profit forecast or profit guarantee

The Group does not have any profit forecast or profit guarantee for the current quarter under review in any public documents.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

B5. Taxation

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000	(Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000
Income tax expense:				
Current financial period	371	N/A	1,348	N/A
Total tax expense	371	N/A	1,348	N/A
Effective tax rate (%)	25.4	N/A	47.5	N/A

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (2) The Group's effective tax rate is higher than the statutory income tax rate due to non-deductible expenses such as depreciation, amortisation, interest expenses and one-off listing expenses.

N/A – Not applicable

B6. Status of corporate proposals and utilisation of proceeds

Status of corporate proposals

Save for the proposed disposal of a one and half (1½) storey linked factory located at No. 39 & 41, Jalan Meranti Jaya 12, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan which was announced on 1 August 2019, the Group does not have any other corporate exercises which have been announced but pending completion.

Utilisation of proceeds

The gross proceeds raised from the Public Issue amounting to RM25.28 million is intended to be utilised in the following manner:-

Purpose	Proposed Utilisation	Actual Utilised	Unutilised Amount	Estimated Timeframe for utilisation (from the date of Listing)
	RM'000	RM'000	RM'000	
i) Expansion of our Main Manufacturing Facility and acquisition of manufacturing machineries and equipment	13,000	-	13,000	Within 24 months
ii) Working capital ⁽¹⁾	5,180	2,153	3,027	Within 12 months
iii) Repayment of bank borrowings	4,000	4,000	-	Within 6 months
iv) Estimated listing expenses	3,100	3,100	-	Within 1 months
	25,280	9,253	16,027	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 23 May 2019.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

B6. Status of corporate proposals and utilisation of proceeds (cont'd)

Notes:

- (1) Utilisation of working capital includes purchase of raw materials mainly consisting of steel plates and pipes.

B7. Finance Lease Payable & Borrowings

The Group's finance lease payable and borrowings were as follows:-

	(Unaudited) As at 30 September 2019 RM'000	(Unaudited) As at 30 September 2018 RM'000
Secured:		
Current		
Finance lease payable	1,263	N/A
Term loan	804	N/A
	<u>2,067</u>	<u>N/A</u>
Secured:		
Non-current		
Finance lease payable	880	N/A
Term loan	9,565	N/A
	<u>10,445</u>	<u>N/A</u>
Total bank borrowings	<u>12,512</u>	<u>N/A</u>

Notes:

- (1) All the Group borrowings are denominated in Ringgit Malaysia and there are no foreign currency denomination borrowings.
- (2) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

B8. Changes in material litigation

As at the date of this report, the Group is not involved in any litigations or arbitrations either as a defendant or plaintiff, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

B9. Dividends Proposed

There were no dividends proposed for the current financial period under review.

MESTRON HOLDINGS BERHAD
Company No: 1280732 - K
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FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

B10. Earnings per share

The basic and diluted earnings per share for the current quarter and financial period is calculated as follows:-

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
Profit attributable to owners of the Company (RM'000)	1,088	N/A	1,490	N/A
Weighted average number of ordinary shares ('000) ⁽¹⁾	459,531	N/A	459,531	N/A
Basic earnings per share (sen) ⁽²⁾	0.24	N/A	0.32	N/A
Diluted earnings per share (sen) ⁽³⁾	0.24	N/A	0.32	N/A

Notes:

- (1) Based on the weighted average number of ordinary shares in issuance of 459,531,136 shares.
- (2) Basic earnings per share for the quarter and year is calculated based on the net profit divided by the weighted average number of ordinary shares.
- (3) Diluted earnings per share of the Company for the current quarter and financial period to date ended 30 September 2019 is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period
- (4) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

MESTRON HOLDINGS BERHAD
Company No: 1280732 - K
(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

B11. Disclosure on selected expense/ (income) items as required by the Listing Requirements

	<-- Individual Quarter -->		<-- Cumulative Quarter-->	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30	30	30	30
	September	September	September	September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	432	N/A	1,312	N/A
Gain on disposal of property, plant and equipment	(1,105)	N/A	(1,178)	N/A
Amortisation of investment properties	1	N/A	14	N/A
Rental income	(18)	N/A	(36)	N/A
Realised (gain)/loss on foreign exchange	(5)	N/A	*	N/A
Interest income	(112)	N/A	(112)	N/A
Interest expense	248	N/A	806	N/A

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (2) Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable. The Group does not have the following items for the financial period under review:-
 - (i) Other income including investment income;
 - (ii) provision for and write off of receivables;
 - (iii) provision for and write off of inventories;
 - (iv) gain or loss on disposal of quoted or unquoted investments or properties;
 - (v) impairment of assets; and
 - (vi) gain or loss on derivatives.

N/A – Not applicable

** – Negligible*