

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

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

(The figures have not been audited)

| | | <-- Individual Quarter --> | | <-- Cumulative Quarter --> | |
|---|------|----------------------------|--------------|----------------------------|--------------|
| | | Current | Preceding | Current | Preceding |
| | | year quarter | year quarter | year quarter | year quarter |
| | | 30 September | 30 September | 30 September | 30 September |
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | A7 | 19,070 | 17,947 | 38,037 | 53,319 |
| Cost of Sales | | (13,040) | (15,707) | (26,860) | (42,144) |
| Gross Profit | | 6,030 | 2,240 | 11,177 | 11,175 |
| Other income | | 133 | 1,171 | 356 | 1,365 |
| Finance income | | 56 | 112 | 219 | 112 |
| Selling and distribution expenses | | (71) | (174) | (313) | (627) |
| Administrative expenses | | (1,888) | (1,642) | (5,726) | (8,335) |
| Other operating expenses | | * | (1) | (26) | (46) |
| Finance costs | | (66) | (248) | (268) | (806) |
| Profit before taxation | | 4,194 | 1,458 | 5,419 | 2,838 |
| Taxation | B5 | (1,100) | (370) | (1,550) | (1,348) |
| Profit for the financial period | | 3,094 | 1,088 | 3,869 | 1,490 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the financial period | | 3,094 | 1,088 | 3,869 | 1,490 |
| Number of ordinary shares in issue ('000) | B10 | 790,000 | 459,531 | 790,000 | 459,531 |
| Earnings per share attributable to owners of the Company (sen): | | | | | |
| - Basic ⁽²⁾ | B10 | 0.39 | 0.24 | 0.49 | 0.32 |
| - Diluted ⁽³⁾ | B10 | 0.39 | 0.24 | 0.49 | 0.32 |

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

**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 the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share is calculated based on the number of ordinary shares in issuance for the financial year and weighted average number of ordinary shares in issuance of 459,531,136 shares for the comparative current quarter and cumulative quarter.
- (3) Diluted earnings per share of the Group for the current quarter and cumulative quarter ended 30 September 2020 is equivalent to the basic earnings per share as the Group does not have convertible securities as at the end of the reporting period.

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MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2020 ⁽¹⁾

(The figures have not been audited)

| | | (Unaudited) As at 30 September 2020 RM'000 | (Audited) As at 31 December 2019 RM'000 |
|--------------------------------------|-------------|---|--|
| | Note | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 14,256 | 13,644 |
| Right-of-use assets | | 16,830 | 16,979 |
| TOTAL NON-CURRENT ASSETS | | 31,086 | 30,623 |
| CURRENT ASSETS | | | |
| Inventories | | 14,552 | 10,494 |
| Trade receivables | | 18,030 | 18,223 |
| Other receivables | | 572 | 1,955 |
| Tax recoverable | | 254 | 938 |
| Cash and bank balances | | 18,274 | 22,323 |
| TOTAL CURRENT ASSETS | | 51,682 | 53,933 |
| TOTAL ASSETS | | 82,768 | 84,556 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 55,496 | 55,496 |
| Merger deficit | | (29,100) | (29,100) |
| Retained earnings | | 37,952 | 34,083 |
| TOTAL EQUITY | | 64,348 | 60,479 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | B7 | 7,520 | 8,180 |
| Lease liabilities | B7 | 872 | 887 |
| Deferred tax liabilities | | 533 | 533 |
| TOTAL NON-CURRENT LIABILITIES | | 8,925 | 9,600 |

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (cont'd) ⁽¹⁾

(The figures have not been audited)

| | | (Unaudited) As at 30 September 2020 RM'000 | (Audited) As at 31 December 2019 RM'000 |
|--|-------------|---|--|
| | Note | | |
| CURRENT LIABILITIES | | | |
| Trade payables | | 7,489 | 9,561 |
| Other payables | | 785 | 1,691 |
| Dividend payable | | - | 1,580 |
| Borrowings | B7 | 401 | 597 |
| Lease liabilities | B7 | 820 | 1,048 |
| TOTAL CURRENT LIABILITIES | | 9,495 | 14,477 |
| TOTAL LIABILITIES | | 18,420 | 24,077 |
| TOTAL EQUITY AND LIABILITIES | | 82,768 | 84,556 |
| Net assets per share (RM) ⁽²⁾ | | 0.08 | 0.08 |

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the ordinary shares in MHB in issuance of 790,000,000 shares.

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FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾
(The figures have not been audited)

| | ←-Non-distributable-→ | | Distributable | |
|--|-------------------------------------|--------------------------------------|---|------------------------------------|
| | Share Capital RM'000 | Merger Deficit RM'000 | Retained Earnings RM'000 | Total Equity RM'000 |
| As at 1 January 2020 | 55,496 | (29,100) | 34,083 | 60,479 |
| Total comprehensive income for the period | - | - | 3,869 | 3,869 |
| As at 30 September 2020 | 55,496 | (29,100) | 37,952 | 64,348 |

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

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MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

(The figures have not been audited)

| | <-- Cumulative Quarter --> | |
|---|---|------------------------------|
| | 30 September 2020 | 30 September 2019 |
| | RM'000 | RM'000 |
| Cash Flows From Operating Activities | | |
| Profit before taxation | 5,419 | 2,838 |
| Adjustments for:- | | |
| Depreciation of property, plant and equipment | 685 | 1,312 |
| Depreciation of right-of-use asset | 913 | - |
| Gain on disposal of property, plant and equipment | - | (1,178) |
| Amortisation of investment properties | - | 14 |
| Interest expenses | 268 | 806 |
| Interest income | (219) | (112) |
| Operating profit before working capital changes | 7,066 | 3,680 |
| Changes in working capital:- | | |
| Inventories | (4,059) | (263) |
| Receivables | 196 | 3,911 |
| Payables | (1,857) | (2,679) |
| Cash generated from operations | 1,346 | 4,649 |
| Tax paid | (703) | (2,288) |
| Net cash generated from operating activities | 643 | 2,361 |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (1,298) | (6,388) |
| Purchase of right-of-use asset | (186) | - |
| Proceeds from disposal of property, plant and equipment | 2 | 5,581 |
| Interest received | 219 | 112 |
| Net cash used in investing activities | (1,263) | (695) |
| Cash Flows From Financing Activities | | |
| Repayment of bank borrowings | (856) | (10,299) |
| Drawdown of bank borrowings | - | 4,594 |
| Repayment of finance lease payables | (725) | (846) |
| Interests paid | (268) | (806) |
| Dividend paid | (1,580) | - |
| Proceeds from issuance of shares | - | 23,545 |
| Net cash (used in)/generated from financing activities | (3,429) | 16,188 |

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(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

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

(The figures have not been audited)

| | <-- Cumulative Quarter --> | |
|----------------------------------|----------------------------|----------------------|
| | 30 September 2020 | 30 September 2019 |
| | RM'000 | RM'000 |
| Cash and cash equivalents | | |
| Net changes | (4,049) | 17,854 |
| At the beginning of the period | 22,323 | 3,931 |
| At the end of the period | 18,274 | 21,785 |

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

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FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

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 2020 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 audited financial statements for the financial year ended 31 December 2019 and accompanying 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 2019. 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.

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 "Definition of Material"
- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 7, MFRS 9 and MFRS 139 "Disclosures – Interest Rate Benchmark Reform"

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

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

A1. Basis of preparation (cont'd)

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 17 Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 101 "Classification of Liabilities as Current or Non-Current" | 1 January 2022 |
| 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 2019 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.

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.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

A7. Segmental information

The Group's segmental information for the current financial quarter ended 30 September 2020 is as follows:-

(a) Analysis of revenue by business segments

| | <-- Individual Quarter --> | | <-- Cumulative Quarter --> | |
|---------------|---|---|---|---|
| | (Unaudited) 30 September 2020 RM'000 | (Unaudited) 30 September 2019 RM'000 | (Unaudited) 30 September 2020 RM'000 | (Unaudited) 30 September 2019 RM'000 |
| Manufacturing | 13,312 | 14,367 | 26,160 | 41,397 |
| Trading | 5,758 | 3,580 | 11,877 | 11,922 |
| Total | 19,070 | 17,947 | 38,037 | 53,319 |

(b) Analysis of revenue by geographical location

| | <-- Individual Quarter --> | | <-- Cumulative Quarter --> | |
|-----------------------|---|---|---|---|
| | (Unaudited) 30 September 2020 RM'000 | (Unaudited) 30 September 2019 RM'000 | (Unaudited) 30 September 2020 RM'000 | (Unaudited) 30 September 2019 RM'000 |
| Malaysia | 17,922 | 15,052 | 35,471 | 46,024 |
| Australia | 985 | 515 | 1,694 | 1,257 |
| Singapore | 89 | 555 | 757 | 1,356 |
| Korea | - | 1,620 | - | 4,420 |
| Philippines | - | 205 | - | 205 |
| Others ⁽²⁾ | 74 | - | 115 | 57 |
| Total | 19,070 | 17,947 | 38,037 | 53,319 |

Notes:

(1) Others include Sri Lanka and Maldives.

A8. Dividends Paid

No dividends were paid during the current quarter under review.

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 2020.

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

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

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 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

| | <-- Individual Quarter --> | | | <-- Cumulative Quarter --> | | |
|-------------------|----------------------------|--------------|---------|----------------------------|--------------|---------|
| | (Unaudited) | (Unaudited) | Changes | (Unaudited) | (Unaudited) | Changes |
| | 30 September | 30 September | | 30 September | 30 September | |
| | 2020 | 2019 | | 2020 | 2019 | |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 19,070 | 17,947 | 6.3 | 38,037 | 53,319 | -28.7 |
| Gross profit | 6,030 | 2,240 | 169.2 | 11,177 | 11,175 | * |
| Profit before tax | 4,194 | 1,458 | 187.7 | 5,419 | 2,838 | 90.9 |
| Profit after tax | 3,094 | 1,088 | 184.4 | 3,869 | 1,490 | 159.7 |

Current quarter (3 months)

The Group recorded revenue of RM19.07 million for the current financial quarter ended 30 September 2020 as compared to the revenue of RM17.95 million recorded for the previous financial quarter ended 30 September 2019. The increase in revenue is mainly due to a large sum of delayed deliveries in the second quarter of 2020 due to the Movement Control Order ("MCO") implemented by the government has been delivered and fulfilled in the current quarter.

The Group's revenue was principally derived from the manufacturing segment which accounts for approximately 69.8% of the total revenue for the current financial quarter ended 30 September 2020. The revenue from manufacturing segment is mainly driven by the sales of decorative poles, specialty poles and trading of outdoor lighting products.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 94.0% of the total revenue for the current financial quarter ended 30 September 2020.

Overall, the Group registered a higher profit before tax of RM4.19 million in the current financial quarter under review as compared with a profit before tax of RM1.09 million recorded in previous financial quarter ended 30 September 2019 as a result of higher revenue and sales of higher margin products such as decorative poles and specialty poles.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

B1. Review of performance (cont'd)

Cumulative quarter (9 months)

The Group recorded revenue of RM38.04 million for the cumulative financial period ended 30 September 2020 as compared to the revenue of RM53.32 million recorded for the previous cumulative financial period ended 30 September 2019. The decrease in revenue was predominantly due to the slowdown of the Group's business as a result of the implementation of Movement Control Order. The restriction imposed as a result of the Movement Control Order ("MCO") has resulted in delay and postponement in product delivery schedule and the subsequent recognition of revenue.

The Group's revenue was principally derived from the manufacturing segment accounting for approximately 68.8% of the total revenue for the cumulative financial quarter ended 30 September 2020 which is driven by the sales of standard light poles, decorative poles and trading of outdoor lighting products. The lower overall revenue was also attributable to the temporary slowdown in our sales in the second quarter of 2020 as a result of the implementation of MCO.

The Malaysian market still remains as the largest market contributing to the Group's revenue accounting for approximately 93.3% of the total revenue for the cumulative financial quarter ended 30 September 2020.

Overall, the Group registered a profit before tax of RM5.42 million in the cumulative financial quarter under review compared with a profit before tax of RM2.84 million recorded in previous cumulative financial quarter ended 30 September 2019 as a result of the absence of a one-off listing expenses of RM3.05 million incurred in the previous cumulative financial quarter ended 30 September 2019. Profit before tax adjusted for the one-off listing expenses would have been RM5.89 million for the cumulative financial quarter ended 30 September 2019.

B2. Comparison with immediate preceding quarter's results

| | <-- Individual Quarter --> | | <-- Changes --> | |
|-------------------|---|--------------------|------------------------------|----------|
| | (Unaudited) | (Unaudited) | | |
| | 30 September | 30 June | | |
| | 2020 | 2020 | | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 19,070 | 7,840 | 11,230 | 143.2 |
| Profit before tax | 4,194 | 6 | 4,188 | 69,800.0 |

For the current financial quarter ended 30 September 2020, the Group recorded higher revenue of RM19.07 million and a higher profit before tax of RM4.19 million as compared to RM7.84 million and profit before tax of RM6 thousand respectively in the immediate preceding financial quarter ended 30 June 2020.

The increase is mainly due to higher demand for manufactured products due to the upliftment of MCO and introduction of Recovery Movement Control Order ("RMCO") on 10 June 2020 which has allowed all economic activity to resume in Malaysia.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

B3. Prospects and outlook

The recent outbreak of the COVID-19 virus since the end of 2019 had disrupted the global operating environments and restricting global travelling and the outbreak had soften economic growth both in Malaysia and internationally.

The World Health Organisation had on 11 March 2020 declared the outbreak to be a pandemic and the Malaysian Government had imposed the Movement Control Order ("MCO") commencing 18 March 2020 and has since further extended to 31 December 2020. The measures undertaken by the Government, such as international and domestic travel restrictions, control of non-essential services, reduced operating hours and work force, are necessary to curb and slow down the spread of the COVID-19.

However, such measures have affected both the international and domestic demand, which has curtailed economic activities and resulted in marginal economic growth. This had prompted the Bank Negara Malaysia ("BNM") to revise the growth rate of Gross Domestic Product to between negative 3.5% to 5.5% in 2020 due to weak global demand, disruption in the supply chains and global COVID-19 containment measures.

Whilst the Government has gradually eased the restriction and businesses are allowed to operate under strict standard operating procedures, the recovery of our economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

With the current uncertainty in the local and international economy due to the COVID-19 outbreak, the performance of the Group for the financial year ending 31 December 2020 will remain challenging. However, the Group will exercise extra vigilance in the business and will strive to deliver satisfactory performance for the year despite the COVID-19 pandemic.

The Group will also explore opportunities and is looking to diversify the business to expand our sources of revenue and include recurring income as a source of our business income.

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.

B5. Taxation

| | <-- Individual Quarter --> | | <-- Cumulative Quarter --> | |
|----------------------------|---|---|---|---|
| | (Unaudited) 30 September 2020 RM'000 | (Unaudited) 30 September 2019 RM'000 | (Unaudited) 30 September 2020 RM'000 | (Unaudited) 30 September 2019 RM'000 |
| Income tax expense: | | | | |
| Current tax expense | 1,100 | 370 | 1,550 | 1,348 |
| Total tax expense | 1,100 | 370 | 1,550 | 1,348 |
| Effective tax rate (%) | 26.2 | 25.4 | 28.6 | 47.5 |

Notes:

- (1) The Group's effective tax rate is higher than the statutory income tax rate due to non-deductible expenses such as depreciation and interest expenses.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

B6. Status of corporate proposals and utilisation of proceeds

Status of corporate proposals

On 18 August 2020, the Company had announced that the Company proposes to undertake the private placement of up to 158,000,000 new ordinary shares in Mestron, representing up to approximately 20% of the total number of issued shares of Mestron, to independent third party investor(s) to be identified later at an issue price to be determined later ("**Proposed Private Placement**").

The additional listing application for the new ordinary shares in Mestron to be issued pursuant to the Proposed Private Placement was approved by Bursa Securities on 7 September 2020.

Save for the Proposed Private Placement, the Group does not have any 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 | 10,500 | 891 | 9,609 ⁽²⁾ | Within 24 months ⁽²⁾ |
| ii) Working capital ⁽¹⁾ | 7,680 | 7,640 | 40 ⁽²⁾ | 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 |
| | <u>25,280</u> | <u>15,631</u> | <u>9,649</u> | |

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

Notes:

- (1) Utilisation of working capital includes purchase of raw materials mainly consisting of steel plates and pipes, outdoor lighting products and galvanising of work-in-progress steel products.
- (2) The Group had on 19 May 2020 announced the variation on the utilisation of proceed raised from the initial public offering exercise. RM2.50 million of the proceeds earmarked for the expansion of the Group's main manufacturing facility and acquisition of manufacturing machineries and equipment has been reallocated for to finance the Group's working capital requirement such as fixed overhead cost and purchase of raw materials. The estimated timeframe for utilisation of proceeds allocated for expansion of the Group's main manufacturing facility and acquisition of manufacturing machineries and equipment has also been extended for an additional 6 months.

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

B7. Finance Lease Payable & Borrowings

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

| | As at 30 September 2020 RM'000 | As at 30 September 2019 RM'000 |
|------------------------------|---|---|
| Secured: | | |
| Current | | |
| Lease liabilities | 820 | 1,263 |
| Term loan | 401 | 804 |
| | <u>1,221</u> | <u>2,067</u> |
| Secured: | | |
| Non-current | | |
| Lease liabilities | 872 | 880 |
| Term loan | 7,520 | 9,565 |
| | <u>8,392</u> | <u>10,445</u> |
| Total bank borrowings | <u><u>9,613</u></u> | <u><u>12,512</u></u> |

Notes:

- (1) All the Group borrowings are denominated in Ringgit Malaysia and there are no foreign currency denomination borrowings.

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
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

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 |
| | 2020 | 2019 | 2020 | 2019 |
| Profit attributable to owners of the Company (RM'000) | 3,094 | 1,088 | 3,869 | 1,490 |
| Number of ordinary shares ('000) ⁽¹⁾ | 790,000 | 459,531 | 790,000 | 459,531 |
| Basic earnings per share (sen) ⁽²⁾ | 0.39 | 0.24 | 0.49 | 0.32 |
| Diluted earnings per share (sen) ⁽³⁾ | 0.39 | 0.24 | 0.49 | 0.32 |

Notes:

- (1) Number of ordinary shares is based on the number of ordinary shares in issuance for the financial year and weighted average number of ordinary shares in issuance of 459,531,136 shares for the comparative current quarter and cumulative quarter.
- (2) Basic earnings per share for the current quarter and financial year is calculated based on the net profit divided by the number of ordinary shares.
- (3) Diluted earnings per share of the Company for the current quarter and financial period to date ended 30 September 2020 is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
(Incorporated in Malaysia)

FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2020

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

| | <-- Individual Quarter --> | | <-- Cumulative Quarter--> | |
|---|---|---|---|---|
| | (Unaudited) 30 September 2020 RM'000 | (Unaudited) 30 September 2019 RM'000 | (Unaudited) 30 September 2020 RM'000 | (Unaudited) 30 September 2019 RM'000 |
| Profit before taxation is arrived at after charging/(crediting):- | | | | |
| Depreciation of property, plant and equipment | 245 | 432 | 685 | 1,312 |
| Depreciation of right-of-use assets | 307 | - | 913 | - |
| Gain on disposal of property, plant and equipment | - | (1,105) | - | (1,178) |
| Amortisation of investment properties | - | 1 | - | 14 |
| Rental income | - | (18) | - | (36) |
| Realised loss/(gain) on foreign exchange | 45 | (5) | 187 | * |
| Interest income | (56) | (112) | (219) | (112) |
| Interest expenses | 66 | 248 | 268 | 806 |

Notes:

- (1) 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) Provision for and write off of receivables;
 - (ii) provision for and write off of inventories;
 - (iii) gain or loss on disposal of quoted or unquoted investments or properties;
 - (iv) impairment of assets; and
 - (v) gain or loss on derivatives.