

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ⁽¹⁾
(The figures have not been audited)

	Note	<-- 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
Revenue	A7	29,243	19,629	81,691	70,670
Cost of Sales		(21,811)	(13,249)	(58,866)	(47,564)
Gross Profit		7,432	6,380	22,825	23,106
Other operating incomes		58	100	604	1,306
Administrative expenses		(5,918)	(5,113)	(16,513)	(14,739)
Profit from operations		1,572	1,367	6,916	9,673
Finance costs		(133)	(140)	(467)	(386)
Profit before taxation	A7	1,439	1,227	6,449	9,287
Taxation	B5	(591)	(172)	(1,937)	(2,317)
Profit for the financial period		848	1,055	4,512	6,970
Total comprehensive income for the financial period		848	1,055	4,512	6,970
Profit for the financial period attributed to:					
Owners of the Company		665	997	4,320	6,774
Non-controlling interest		183	58	192	196
		848	1,055	4,512	6,970
Total comprehensive income attributed to:					
Owners of the Company		665	997	4,320	6,774
Non-controlling interest		183	58	192	196
		848	1,055	4,512	6,970
Weighted average number of ordinary shares in issue ('000)	B10	421,250	421,250	421,250	421,250
Earnings per share attributable to owners of the Company (sen):					
- Basic ⁽²⁾ /Diluted ⁽³⁾	B10	0.16	0.24	1.03	1.61

BCM ALLIANCE BERHAD

Registration No: 201501009903 (1135238-U)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Continued) ⁽¹⁾**

(The figures have not been audited)

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2018 as well as the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 421,250,200 shares.
- (3) Diluted earnings per share of the Group 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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**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾
(The figures have not been audited)

	Note	(Unaudited) As at 30 September 2019 RM'000	(Audited) As at 31 December 2018 ⁽²⁾ RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		10,842	11,984
Right-of-use assets		3,565	-
Other investment		6,687	-
		21,094	11,984
CURRENT ASSETS			
Inventories		18,613	17,617
Trade receivables		25,774	14,669
Other receivables, prepayments and deposits		2,065	3,230
Tax recoverable		944	972
Fixed deposits with licensed banks		1,734	1,142
Cash and bank balances		13,363	28,365
TOTAL CURRENT ASSETS		62,493	65,995
TOTAL ASSETS		83,587	77,979
EQUITY AND LIABILITIES			
EQUITY			
Share capital		32,120	32,120
Merger reserve		(16,049)	(16,049)
Retained earnings		33,936	30,505
Equity attributable to owners of the Company		50,007	46,576
Non-controlling interest		2,741	2,554
TOTAL EQUITY		52,748	49,130
CURRENT LIABILITIES			
Contract liabilities		512	375
Trade payables		13,754	12,272
Other payables and accruals		6,690	9,523
Finance lease payables	B7	1,638	619
Borrowings	B7	3,155	811
TOTAL CURRENT LIABILITIES		25,749	23,600

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued) ⁽¹⁾**

(The figures have not been audited)

	Note	(Unaudited) As at 30 September 2019 RM'000	(Audited) As at 31 December 2018 ⁽²⁾ RM'000
NON-CURRENT LIABILITIES			
Finance lease payables	B7	2,129	2,065
Borrowings	B7	2,677	2,879
Deferred tax liabilities		284	305
TOTAL NON-CURRENT LIABILITIES		5,090	5,249
TOTAL LIABILITIES		30,839	28,849
TOTAL EQUITY AND LIABILITIES		83,587	77,979
Net assets per share (RM) ⁽³⁾		0.12	0.11

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2018 as well as the accompanying explanatory notes attached to this interim financial report.
- (2) The summary of the statement of financial position prepared based on the audited financial statement of the Group as at 31 December 2018.
- (3) Net assets per share is calculated based on the weighted average number of ordinary shares in issue of 421,250,200 shares.

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**INTERIM FINANCIAL REPORT 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 Reserve RM'000	Distributable Retained Earnings RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2019	32,120	(16,049)	30,505	46,576	2,554	49,130
Cumulative effect of initial application of MFRS 16 ⁽²⁾	-	-	(46)	(46)	(5)	(51)
Restated balance as at 1 January 2019	32,120	(16,049)	30,459	46,530	2,549	49,079
Profit for the period						
- Total comprehensive income for the period	-	-	4,320	4,320	192	4,512
- Approved final dividend for the year ended 31 December 2018	-	-	(843)	(843)	-	(843)
Balance as at 30 September 2019	32,120	(16,049)	33,936	50,007	2,741	52,748
Balance as at 1 January 2018	32,120	(16,049)	23,302	39,373	-	39,373
Effect of adopting MFRS 15 ⁽³⁾	-	-	(391)	(391)	-	(391)
Restated balance as at 1 January 2018	32,120	(16,049)	22,911	38,982	-	38,982
Acquisition of a subsidiary company	-	-	-	-	2,314	2,314
Profit for the period						
- Total comprehensive income for the period	-	-	6,774	6,774	196	6,970
Balance as at 30 September 2018	32,120	(16,049)	29,685	45,756	2,510	48,266

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**INTERIM FINANCIAL REPORT FOR THE
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued) ⁽¹⁾*(The figures have not been audited)***Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the BCM Group for the FYE 31 December 2018 as well as the accompanying explanatory notes attached to this interim financial report.
- (2) The Company has applied retrospectively of the MFRS 16: Leases effected on 1 January 2019 by restating the retained earnings as at 1 January 2019 to recognise the cumulative effect of initial recognition of MFRS 16.
- (3) The Company has applied retrospectively of the MFRS 15: Revenue from Contracts with Customers effected on 1 January 2018 by restating the retained earnings as at 1 January 2018 to recognise the unexpired sales warranties balances as at that date. This restatement is to enable such sales warranties to be recognised over the contracts duration in the subsequent time of periods.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

(The figures have not been audited)

	(Unaudited) 9 months ended 30 September 2019 RM'000	(Unaudited) 9 months ended 30 September 2018 RM'000
Cash Flows From Operating Activities		
Profit before taxation	6,449	9,287
Adjustments for:		
Depreciation of property, plant and equipment	569	976
Depreciation of right-of-use assets	1,027	-
Gain on disposal of property, plant and equipment	(73)	(229)
Impairment loss on property, plant and equipment	255	6
Interest expense	467	386
Interest income	(355)	(312)
Inventories written down	68	-
Negative goodwill arose from acquisition of a subsidiary	-	(690)
Impairment loss on trade receivables	90	-
Unrealised loss/(gain) on foreign exchange differences	178	(14)
Operating profit before working capital changes	8,675	9,410
Changes in working capital:		
Inventories	(1,064)	(252)
Trade receivables	(11,195)	(2,308)
Other receivables	1,165	388
Trade payables	1,303	724
Other payables	(2,696)	(201)
	(12,487)	(1,649)
Cash (used in)/generated from operations	(3,812)	7,761
Interest received	355	312
Interest paid	(467)	(386)
Tax paid	(2,278)	(2,197)
Tax refund	364	363
	(2,026)	(1,908)
Net cash (used in)/generated from operating activities	(5,838)	5,853
Cash Flows From Investing Activities		
Acquisition of a subsidiary (net of cash)	-	594
Purchase of property, plant and equipment	(2,254)	(2,134)
Proceed from disposal of property, plant and equipment	73	283
Purchase of right-of-use assets	(72)	-
Acquisition of other investment	(6,687)	(4,773)
Net cash used in investing activities	(8,940)	(6,030)

**INTERIM FINANCIAL REPORT FOR THE
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued) ⁽¹⁾
(The figures have not been audited)

	(Unaudited) 9 months ended 30 September 2019 RM'000	(Unaudited) 9 months ended 30 September 2018 RM'000
Cash Flows From Financing Activities		
Repayment of term loans	(200)	(192)
Repayment of finance lease payables	(932)	(705)
Placement of fixed deposits pledged	(612)	(9)
Dividend paid	(843)	-
Increase in banker acceptance	1,294	-
Increase in trust receipts	1,602	1,794
Net cash generated from financing activities	<u>309</u>	<u>888</u>
Net (decrease)/increase in cash and cash equivalents	(14,469)	711
Cash and cash equivalents at the beginning of the period	27,832	14,938
Cash and cash equivalents at the end of the period	<u>13,363</u>	<u>15,649</u>
Cash and cash equivalents at the end of the period comprises:		
- Fixed deposits with licensed banks	1,734	1,107
- Cash and bank balances	<u>13,363</u>	<u>15,629</u>
	15,097	16,736
Less: Fixed deposits pledged with licensed banks	<u>(1,734)</u>	<u>(1,087)</u>
Net cash and cash equivalent at the end of the period	<u>13,363</u>	<u>15,649</u>

Note:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2018 as well as the accompanying explanatory notes attached to this interim financial report.

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**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

A. 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 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement").

The interim financial statements should be read in conjunction with the audited financial statements for the FYE 31 December 2018 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 FYE 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 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 – 2017 Cycle:	
-Amendments to MFRS 3	
-Amendments to MFRS 11	
-Amendments to MFRS 112	
-Amendments to MFRS 123	

Adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group except for MFRS 16 Leases as disclosed below:

MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

**INTERIM FINANCIAL REPORT FOR THE
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A1. Basis of preparation (continued)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has elected to apply MFRS 16 using a modified retrospective approach, whereby the cumulative effect of initial application of MFRS 16 is adjusted to the opening balance of retained earnings at the date of initial application, as shown below:

	RM'000
Retained earnings as at 1 January 2019	30,505
Cumulative effect of initial application of MFRS 16	(46)
Restated retained earnings as at 1 January 2019	<u>30,459</u>

Standards issued but not yet effective

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the MASB as they have yet to be effective for the Group.

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective dates for financial period beginning on and after
MFRS 3	Definition of a Business (Amendments to MFRS 3)
	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139 MFRS 101	Interest rate benchmark reform Definition of Material (Amendments to MFRS 101)
	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	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
	Deferred until further notice

**INTERIM FINANCIAL REPORT FOR THE
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A2. Auditors' report of preceding annual audited financial statements

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

A3. Seasonal or cyclical factors

The financial performance of the Group was not affected by seasonal or cyclical factors during the current financial quarter and financial period-to-date.

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 of amounts reported in prior financial years that had a material effect on the current financial quarter and financial period-to-date.

A6. Debt and equity securities

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and financial period-to-date.

A7. Segmental information

The Group's reportable segments comprise of commercial laundry equipment, medical devices, healthcare products, investment holding, laundry service and other (represents a dormant company).

For each reportable segments, the Group's chief operating decision maker which is the Board of Directors of the Company, reviews internal management reports on quarterly basis.

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

A7. Segmental information (continued)

Results for the cumulative 9 months ended 30 September

In RM'000

Business Segments	Q3 2019 (Unaudited)								Q3 2018 (Unaudited)							
	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Laundry Service	Other	Adjustment & Elimination	Total Group	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Laundry Service	Other	Adjustment & Elimination	Total Group
Revenue (i) external customers	24,311	49,883	7,458	-	39	-	-	81,691	33,630	32,509	4,531	-	-	-	-	70,670
(ii) inter-segment	1,996	-	-	1,425	-	-	(3,421)	-	-	-	-	280	-	-	(280)	-
Total Revenue	26,307	49,883	7,458	1,425	39	-	(3,421)	81,691	33,630	32,509	4,531	280	-	-	(280)	70,670
Results-Segment results	1,711	5,348	578	(497)	(136)	(5)	(438)	6,561	5,264	3,900	512	(1,005)	-	-	690	9,361
Interest income	157	116	18	64	-	-	-	355	122	56	32	102	-	-	-	312
Finance costs	(102)	(308)	(46)	(9)	(2)	-	-	(467)	(127)	(247)	-	(12)	-	-	-	(386)
Profit/(Loss) before taxation	1,766	5,156	550	(442)	(138)	(5)	(438)	6,449	5,259	3,709	544	(915)	-	-	690	9,287
Taxation	(425)	(1,355)	(157)	-	-	^	-	(1,937)	(1,211)	(962)	(143)	(1)	-	-	-	(2,317)
Profit/(Loss) after taxation	1,341	3,801	393	(442)	(138)	(5)	(438)	4,512	4,048	2,747	401	(916)	-	-	690	6,970
Other non cash items:																
-Depreciation of property, plant and equipment	(212)	(234)	(74)	(9)	(40)	^	-	(569)	(391)	(444)	(61)	(80)	-	-	-	(976)
-Depreciation of right-of-use assets	(463)	(325)	(130)	(75)	(32)	(2)	-	(1,027)	-	-	-	-	-	-	-	-
-Gain on disposal of property, plant and equipment	73	-	-	-	-	-	-	73	-	229	-	-	-	-	-	229
-Unrealised (loss)/gain on foreign exchange differences	(80)	(98)	^	-	-	-	-	(178)	(2)	16	-	-	-	-	-	14
-Inventories written down	(18)	(50)	-	-	-	-	-	(68)	-	-	-	-	-	-	-	-
-Impairment loss on property, plant and equipment	(217)	(2)	(36)	-	-	-	-	(255)	-	(6)	-	-	-	-	-	(6)
-Impairment loss on trade receivables	(45)	(45)	-	-	-	-	-	(90)	-	-	-	-	-	-	-	-
-Negative goodwill arose from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	690	690
Segment assets	31,229	40,775	9,107	32,562	3,364	5	(33,455)	83,587	28,820	30,863	5,515	31,687	-	-	(29,797)	67,088
Segment liabilities	(13,127)	(24,547)	(3,651)	(449)	(3,502)	-	14,437	(30,839)	(11,250)	(18,050)	(388)	(358)	-	-	11,224	(18,822)

^ Represent less than RM1,000

**INTERIM FINANCIAL REPORT FOR THE
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A7. Segmental information (continued)

Results for the current 3 months ended 30 September

In RM'000

Business Segments	Q3 2019 (Unaudited)							Q3 2018 (Unaudited)								
	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Laundry Service	Other	Adjustment & Elimination	Total Group	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Laundry Service	Other	Adjustment & Elimination	Total Group
Revenue (i) external customers	9,437	16,840	2,927	-	39	-	-	29,243	10,197	7,479	1,953	-	-	-	-	19,629
(ii) inter-segment	1,996	-	-	542	-	-	(2,538)	-	-	-	-	280	-	-	(280)	-
Total Revenue	11,433	16,840	2,927	542	39	-	(2,538)	29,243	10,197	7,479	1,953	280	-	-	(280)	19,629
Results-Segment results	632	1,003	543	(154)	(126)	(1)	(433)	1,464	664	716	109	(226)	-	-	-	1,263
Interest income	46	37	5	20	-	-	-	108	44	16	13	31	-	-	-	104
Finance costs	(30)	(73)	(25)	(3)	(2)	-	-	(133)	(38)	(98)	-	(4)	-	-	-	(140)
Profit/(Loss) before taxation	648	967	523	(137)	(128)	(1)	(433)	1,439	670	634	122	(199)	-	-	-	1,227
Taxation	(158)	(284)	(149)	-	^	-	-	(591)	(25)	(143)	(3)	(1)	-	-	-	(172)
Profit/(Loss) after taxation	490	683	374	(137)	(128)	(1)	(433)	848	645	491	119	(200)	-	-	-	1,055
Other non cash items:																
-Depreciation of property, plant and equipment	(67)	(80)	(27)	(4)	(40)	-	-	(218)	(141)	(158)	(29)	(27)	-	-	-	(355)
-Depreciation of right-of-use assets	(164)	(114)	(44)	(25)	(32)	-	-	(379)	-	-	-	-	-	-	-	-
-Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	-	50	-	-	-	-	-	50
-Unrealised (loss)/gain on foreign exchange differences	(74)	10	(7)	-	-	-	-	(71)	(2)	(54)	-	-	-	-	-	(56)
-Inventories written down	-	(15)	-	-	-	-	-	(15)	-	-	-	-	-	-	-	-
-Impairment loss on property, plant and equipment	(217)	(2)	-	-	-	-	-	(219)	-	(3)	-	-	-	-	-	(3)
-Impairment loss on trade receivables	(66)	(59)	-	-	-	-	-	(125)	-	-	-	-	-	-	-	-
-Negative goodwill arose from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

^ Represent less than RM1,000

**INTERIM FINANCIAL REPORT FOR THE
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A8. Dividends paid

A single-tier final approved dividend of 0.2 sen per ordinary share amounting to RM842,500.40 in respect of the financial year ended 31 December 2018, has been fully paid on 12 July 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 capital commitments of the Group as at 30 September 2019.

A11. Changes in the composition of the Group

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

A12. Contingent liabilities and contingent assets

Since the last annual balance sheet date, there were no contingent liabilities and contingent assets as at the date of this interim financial report that are expected to have an operational or financial impact on the current financial period-to-date.

A13. Material events subsequent to the end of the quarter

Save for the below, there were no material events subsequent to the end of the current quarter and financial period-to-date that have not been reflected in the interim financial report:

The Company had on 3 September 2019 entered into a Letter of Intent ("LOI") with Lee Chin Fong, Lee Beng Wai, Hsu Feng Chih and Foodict Maker Sdn Bhd ("Foodict") (Collectively "Parties"), with the intention to enter into negotiation in relation to the:

- (i) proposed subscription of 133,333 new ordinary shares in Foodict, representing 25% enlarged equity interest of Foodict by the Company; and
- (ii) proposed acquisition from Lee Chin Fong, Lee Beng Wai and Hsu Feng Chih (collectively the "Vendors") of a total of 138,667 existing ordinary shares representing 26% enlarged equity interest in Foodict by the Company.

(Collectively "Proposed Transactions")

Pursuant to the Proposed Transactions, Foodict will become a 51% subsidiary of the Company.

On 31 October 2019, the Company and the Parties have mutually agreed to extend the closing date of the LOI to 2 December 2019 for the finalisation and execution of Definitive Agreements.

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A14. Related party transactions

The Group's significant related party transactions in the current period under review are as follows:

	(Unaudited) Current quarter ended 30 September 2019 RM'000	(Unaudited) Cumulative quarter ended 30 September 2019 RM'000
(i) Transactions with a company in which certain directors of the Company have substantial financial interest		
- Rental expenses on premises	48	141
(ii) Transactions with a company in which close family member of certain directors of the Company have financial interest		
- Office expenses on premises	44	44
- Purchase	3	3
	=====	=====

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**INTERIM FINANCIAL REPORT FOR THE
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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

	Individual Quarter (Unaudited) 30 September 2019 RM'000	Quarter (Unaudited) 30 September 2018 RM'000	Changes (RM'000 / %)	Cumulative Quarter (Unaudited) 30 September 2019 RM'000	Quarter (Unaudited) 30 September 2018 RM'000	Changes (RM'000 / %)
Revenue	29,243	19,629	9,614/ 48.98%	81,691	70,670	11,021/ 15.60%
Operating profit	1,514	1,267	247/ 19.49%	6,312	8,367	(2,055)/ (24.56%)
Profit before interest and tax	1,572	1,367	205/ 15.00%	6,916	9,673	(2,757)/ (28.50%)
Profit before tax	1,439	1,227	212/ 17.28%	6,449	9,287	(2,838)/ (30.56%)
Profit after tax	848	1,055	(207)/ (19.62%)	4,512	6,970	(2,458)/ (35.27%)
Profit attributable to owners of the Company	665	997	(332)/ (33.30%)	4,320	6,774	(2,454)/ (36.23%)

Current quarter (3 months)

For the current quarter ended 30 September 2019, the Group recorded revenue of RM29.24 million as compared to RM19.63 million in the corresponding quarter ended 30 September 2018, an increase of RM9.61 million or 48.98%.

Medical devices business segment increased in revenue by RM9.36 million or 125.16% from RM7.48 million in the corresponding quarter ended 30 September 2018 compared to RM16.84 million in the current quarter ended 30 September 2019. The substantial increase in revenue was mainly attributable to increase in sales orders from our hospital clients in conjunction with their expansion of new hospitals as well as to upgrade their existing old medical devices.

Healthcare products business segment increased in revenue by RM0.97 million or 49.87% from RM1.95 million in the corresponding quarter ended 30 September 2018 compared to RM2.93 million in the current quarter ended 30 September 2019, it was mainly due to greater demand from customers for use of our core products namely Rossmax and intensive promotion efforts conducted by our marketing team to boost up the sales.

The revenue from commercial laundry equipment business segment was decreased marginally by RM0.76 million or 7.45% from RM10.20 million in the corresponding quarter ended 30 September 2018 compared to RM9.44 million in current quarter ended 30 September 2019. The decrease in revenue was mainly attributable to lesser order from laundry operators due to uncertain current economy outlook in year 2019 which resulted in more conservative approach adopted by laundry operators to set up new launderette outlets or replace their old commercial laundry equipment.

Overall, the Group recorded a profit before tax of RM1.44 million in current quarter as compared to RM1.23 million in the corresponding quarter ended 30 September 2018. The increase of RM0.21 million or 17.28% was mainly due to higher revenue as mentioned above which was recorded during the current quarter.

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B1. Review of performance (continued)

Cumulative quarter (9 months)

For the cumulative nine (9) months period ended 30 September 2019, the Group's revenue had increased by RM11.02 million or 15.60% to RM81.69 million as compared to RM70.67 million in the corresponding cumulated quarter ended 30 September 2018. As disclosed in Note A7, the higher revenue were mainly due to higher revenue contribution from medical devices business segment and healthcare products business segment by RM17.37 million and RM2.93 million respectively.

The increase in revenue contribution from the medical devices business segment was mainly due to more orders secured by the Group from its existing and new hospital clients for medical imaging equipment and sterilisation equipment in current cumulative quarter ended 30 September 2019.

The increase in revenue contribution from the healthcare products business segment was mainly due to greater demand from customers for use of our core products namely Rossmax and intensive promotion efforts conducted by our marketing team to boost up the sales.

However, the lower revenue contribution from commercial laundry equipment business segment in current cumulative quarter ended 30 September 2019 by RM9.32 million or 27.71% mainly attributable to lesser order from laundry operators due to uncertain current economy outlook in year 2019 which resulted in more conservative approach adopted by laundry operators to set up new launderette outlets or replace their old commercial laundry equipment.

For the current cumulative quarter under review, the Group registered a profit before tax of RM6.45 million as compared to RM9.29 million in the correspondence cumulative quarter ended 30 September 2018. The lower profit of RM2.84 million or 30.56% was mainly due to higher cost of sales caused by depreciation of Ringgit Malaysia and higher Sales Tax expense; higher administrative expenses due to increase in staff costs and exclusion of a one-off non-recurring income of RM0.69 million (i.e. negative goodwill income pertaining to the subscription of Cypress Medic Sdn. Bhd which had been recognised in the corresponding cumulative quarter ended 30 September 2018) during the current cumulative quarter under review.

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B2. Comparison with immediate preceding quarter's results

	<----- Quarter ended ----->			
	(Unaudited)	(Unaudited)		
	30 September	30 June	Changes	Changes
	2019	2019		
	RM'000	RM'000	RM'000	%
Revenue	29,243	24,436	4,807	19.67
Operating profit	1,514	1,031	483	46.85
Profit before interest and tax	1,572	1,185	387	32.66
Profit before tax	1,439	1,032	407	39.44
Profit after tax	848	749	99	13.22
Profit attributable to owners of the Company	665	703	(38)	(5.41)

For the current quarter ended 30 September 2019, the Group recorded a revenue of RM29.24 million and profit before tax of RM1.44 million as compared to a revenue of RM24.44 million and profit before tax of RM1.03 million in the immediate preceding quarter ended 30 June 2019.

Higher revenue was recorded in the current quarter under review, represents 19.67% or RM4.81 million increment as compared to the immediate preceding quarter ended 30 June 2019. The higher revenue was mainly due to the increase in revenue contribution from commercial laundry equipment business segment, medical devices business segment and healthcare products business segment.

The higher revenue contribution from commercial laundry equipment business segment in current quarter by RM2.42 million was mainly due to more sales orders secured as a result of effectiveness of our promotion package and new advertisement channel used in current quarter.

The increase in revenue contribution from medical devices business segment by RM2.09 million was mainly attributable to higher demand for medical imaging equipment sub-segment.

The increase in revenue contributed from healthcare products business segment by RM0.26 million was attributable to good demand of its core products named Rossmax.

Overall, the Group's profit before tax increased during the current quarter ended 30 September 2019 by RM0.41 million or 39.44% as compared to profit before tax of RM1.03 million in the immediate preceding quarter ended 30 June 2019. The higher profit recorded was mainly due to higher revenue as mentioned above.

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B3. Prospects

The Group focus to enhance its revenue growth, optimise margin, business and operation support functions as well as to increase shareholders' value.

BCM intends to achieve its objectives through the following strategies:

- (i) Continuous introduction of our new portfolio of products and brands.

In 2019, BCM aims to aggressively widen its exposure in the domestic medical device industry by introducing more products and brands into the Malaysian market to enhance the Group's future performance.

- (ii) Pursue active business expansion via organic and inorganic growth.

BCM plans to expand the business via organic and inorganic growth. We are currently in the midst of identifying potential business investment opportunities through acquisition to expand our product offerings and create additional income stream in future.

- (iii) Broaden our client base by attracting new customers and enhancing relationship with our existing customers.

BCM plans to add new private hospitals into its portfolio of clients, especially through the supply of big-ticket medical equipment. This will support the Group's continuous effort to widen its product line and after-sales services.

Our management and marketing team are also working proactively to secure new customers to expand our current customer base. We provide continuous sales support to our existing customer by rendering suggestion and recommendation on any suitable device/machine, suitable upgrade, replacement and service packages to our existing customer as an initiative to secure potential sales order in 2019.

- (iv) Setting up of self-service launderette outlets.

The Group has set up five (5) self-service launderette outlets in 2019. As a result of that, the Group has opened total 11 self-service laundrette outlets as at 30 September 2019. The increasing demand for coin-operated launderettes offer a good business opportunity and continued sales growth for BCM. The Group will also try to explore the opportunity to penetrate into the laundry service business for the healthcare services and hospitality sectors, in order to increase the revenue base.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects for the financial year ending 31 December 2019 will remain favourable.

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.

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	Individual Quarter Ended (Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000	Cumulative Quarter Ended (Unaudited) 30 September 2019 RM'000	(Unaudited) 30 September 2018 RM'000
Income tax expense:				
-Current financial period	593	172	1,941	2,317
Deferred tax income:				
-Current financial period	(2)	-	(4)	-
Total tax expense	<u>591</u>	<u>172</u>	<u>1,937</u>	<u>2,317</u>

The Group's effective tax rate for the current quarter and financial period-to-date is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

B6. Status of corporate proposals and utilisation of proceeds

1) Utilisation of proceeds

The gross proceeds raised from the Public Issue amounting to RM16.01 million had been fully utilised in September 2019 (within the estimated timeframe of utilisation) in the following manner:

Purpose	Approved Utilisation RM'000	Actual Utilised RM'000	Balance Unutilised RM'000	Estimated Timeframe for utilisation (from the date of Listing)
i) Working capital requirements, comprising:-				
a) Purchase of brand new commercial laundry equipment and medical devices	8,837	8,837	-	Up to 24 months
b) Day-to-day working capital expenses	2,071	2,071	-	Up to 18 months
ii) Setting up chain of eleven (11) new Speed Queen self-service launderette outlets	2,600	2,600	-	Up to 36 months
iii) Estimated listing expenses	2,500	2,500	-	Within 1 month
	<u>16,008</u>	<u>16,008</u>	<u>-</u>	

There was no deviation between the approved utilisation amount and actual utilised amount.

2) There was no new corporate proposal in the current quarter under review.

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B7. Finance lease payables & borrowings

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

	As at 30 September 2019 (Unaudited)		
	Long term	Short term	Total
	RM'000	RM'000	RM'000
Secured			
(i) Borrowings			
- Banker acceptance	-	1,294	1,294
- Trust Receipt	-	1,602	1,602
- Term loans	2,677	259	2,936
Sub-total	<u>2,677</u>	<u>3,155</u>	<u>5,832</u>
(ii) Finance lease payables			
- Lease liabilities	432	680	1,112
- Hire purchase	1,697	958	2,655
Sub-total	<u>2,129</u>	<u>1,638</u>	<u>3,767</u>
Grand total	<u>4,806</u>	<u>4,793</u>	<u>9,599</u>

	As at 31 December 2018 (Audited)		
	Long term	Short term	Total
	RM'000	RM'000	RM'000
Secured			
(i) Borrowings			
- Bank overdrafts	-	553	553
- Term loans	2,879	258	3,137
Sub-total	<u>2,879</u>	<u>811</u>	<u>3,690</u>
(ii) Finance lease payables			
- Hire purchase	<u>2,065</u>	<u>619</u>	<u>2,684</u>
Grand total	<u>4,944</u>	<u>1,430</u>	<u>6,374</u>

Notes:

- (1) All borrowings are denominated in Ringgit Malaysia and there were no foreign currency denomination borrowings.
- (2) All borrowings are secured and the Group do not have any unsecured borrowings.
- (3) The average effective interest rates per annum are as follows:

	Rates (%)
Bank overdrafts	8.32
Banker acceptance	1.50
Trust receipts	8.32
Term loans	4.47-6.42
Hire purchase	4.47-11.01
Lease liabilities	4.84-6.35

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B7. Finance lease payables & borrowings (continued)

(4) There were additional RM0.31 million lease liabilities arising from rental of outlets; RM0.18 million hire purchase finance for motor vehicles; RM1.60 million from trust receipts and RM1.29 million from banker acceptance arranged during the current quarter ended 30 September 2019.

B8. Changes in material litigation

As at 19 November 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), the BCM 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/Declared

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

B10. Earnings per share

The basic/diluted earnings per share is calculated based on the Group's profit attributable to owners of the Company divided by the weighted average number of ordinary shares as follows:

	Individual Quarter (Unaudited) 30 September 2019	Individual Quarter (Unaudited) 30 September 2018	Cumulative Quarter (Unaudited) 30 September 2019	Cumulative Quarter (Unaudited) 30 September 2018
Profit attributable to owners of the Company (RM'000)	665	997	4,320	6,774
Weighted average number of issuance shares ('000)	421,250	421,250	421,250	421,250
Basic ⁽¹⁾ /Diluted ⁽²⁾ earnings per share (sen)	0.16	0.24	1.03	1.61

Notes:

- (1) Basic earnings per share for the quarter and cumulative quarter is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and cumulative quarter respectively.
- (2) Diluted earnings per share of the Company for the current quarter and cumulative quarter is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period.

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B11. Financial Instruments

(a) Derivatives

There were no outstanding derivatives as at 30 September 2019.

(b) Gain/(Loss) arising from fair value changes in financial assets and liabilities

There were no gain/(loss) arising from fair value changes in financial assets and liabilities during the current quarter and cumulative quarter ended 30 September 2019.

B12. Disclosure on selected expense/ (income) items as required by the Listing Requirements

	(Unaudited) Current Quarter ended 30 September 2019 RM'000	(Unaudited) Cumulative quarter ended 30 September 2019 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
- Depreciation of property, plant and equipment	218	569
- Depreciation of right-of-use assets	379	1,027
- Gain on disposal of property, plant and equipment	-	(73)
- (Gain)/ Loss on derivatives	-	-
- (Gain)/ Loss on disposal of quoted or unquoted investments or properties	-	-
- Impairment loss on property, plant and equipment	219	255
- Interest expense	133	467
- Interest income	(108)	(355)
- Inventories written down	15	68
- Other income including investment income	-	-
- Impairment loss on trade receivables	125	90
- Unrealised loss on foreign exchange differences	71	178
- Realised gain on foreign exchange differences	(50)	(313)

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B13. Approvals obtained for registration of medical devices from Medical Device Authority of Malaysia for registration

In relation to the requirements on registration of medical devices, Section 5 (1) of the Medical Devices Act, 2012 requires, amongst others, that all medical products classified as medical devices under the Medical Devices Act, 2012 and Medical Devices Regulation, 2012 shall be registered before they can be imported, exported or placed in the market. As at 19 November 2019, the Group has submitted a total of two hundred and seventeen (217) online applications to register medical devices that the Group are currently distributing and which are classified as medical devices pursuant to the Medical Devices Act, 2012 and Medical Devices Regulation, 2012 with the Medical Device Authority ("MDA").

As at 19 November 2019, out of the total applications submitted by the Group, there were:-

- (i) One hundred and twenty eight (128) applications that have been successfully approved by MDA;
- (ii) Five (5) applications are still under consideration by the MDA; and
- (iii) Eighty four (84) applications shall either be dropped by the Group due to discontinuance of distribution of certain types of medical devices, or cancellation by the MDA mainly due to misclassification of the particular of certain medical devices under the Medical Devices Act, 2012.

**BY ORDER OF THE BOARD
26 November 2019**