

**BCM ALLIANCE BERHAD**

Registration No: 201501009903 (1135238-U)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE  
FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME <sup>(1)</sup>***(The figures have not been audited)*

	Note	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
		(Unaudited) 31 March 2020 RM'000	(Unaudited) 31 March 2019 RM'000	(Unaudited) 31 March 2020 RM'000	(Unaudited) 31 March 2019 RM'000
Revenue	A7	17,659	28,012	17,659	28,012
Cost of Sales		(10,659)	(19,058)	(10,659)	(19,058)
Gross Profit		7,000	8,954	7,000	8,954
Other operating incomes		176	392	176	392
Administrative expenses		(5,531)	(5,185)	(5,531)	(5,185)
Net loss on impairment of financial instruments		(40)	(2)	(40)	(2)
Profit from operations		1,605	4,159	1,605	4,159
Finance costs		(109)	(181)	(109)	(181)
Profit before taxation	A7	1,496	3,978	1,496	3,978
Taxation	B5	(442)	(1,063)	(442)	(1,063)
<b>Profit for the financial period</b>		<b>1,054</b>	<b>2,915</b>	<b>1,054</b>	<b>2,915</b>
<b>Total comprehensive income for the financial period</b>		<b>1,054</b>	<b>2,915</b>	<b>1,054</b>	<b>2,915</b>
Profit/(Loss) for the financial period attributed to:					
Owners of the Company		951	2,952	951	2,952
Non-controlling interests		103	(37)	103	(37)
		1,054	2,915	1,054	2,915
<b>Total comprehensive income/(loss) attributed to:</b>					
<b>Owners of the Company</b>		951	2,952	951	2,952
<b>Non-controlling interests</b>		103	(37)	103	(37)
		<b>1,054</b>	<b>2,915</b>	<b>1,054</b>	<b>2,915</b>
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 <sup>(2)</sup> /Diluted <sup>(3)</sup>	B10	0.23	0.70	0.23	0.70

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(Continued) <sup>(1)</sup>**

*(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 2019 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  
FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION <sup>(1)</sup>**  
*(The figures have not been audited)*

	Note	(Unaudited) As at 31 March 2020 RM'000	(Audited) As at 31 December 2019 <sup>(2)</sup> RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		11,562	11,542
Right-of-use assets		3,128	3,450
Other investment		5,033	-
		19,723	14,992
<b>CURRENT ASSETS</b>			
Inventories		19,623	17,277
Trade receivables		16,286	17,561
Other receivables, prepayments and deposits		2,149	1,875
Tax recoverable		1,033	770
Fixed deposits with licensed banks		1,774	1,767
Cash and bank balances		17,421	30,555
<b>TOTAL CURRENT ASSETS</b>		58,286	69,805
<b>TOTAL ASSETS</b>		78,009	84,797
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		32,120	32,120
Merger reserves		(16,049)	(16,049)
Retained earnings		35,782	34,831
Equity attributable to owners of the Company		51,853	50,902
Non-controlling interests		2,726	2,623
<b>TOTAL EQUITY</b>		54,579	53,525
<b>CURRENT LIABILITIES</b>			
Contract liabilities		479	493
Trade payables		10,032	12,067
Other payables and accruals		5,995	10,911
Lease liabilities	B7	1,573	1,615
Bank borrowings	B7	842	1,359
<b>TOTAL CURRENT LIABILITIES</b>		18,921	26,445

**INTERIM FINANCIAL REPORT FOR THE  
FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(Continued) <sup>(1)</sup>**

*(The figures have not been audited)*

	Note	(Unaudited) As at 31 March 2020 RM'000	(Audited) As at 31 December 2019 <sup>(2)</sup> RM'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	B7	1,763	2,020
Bank borrowings	B7	2,534	2,596
Deferred tax liabilities		212	211
<b>TOTAL NON-CURRENT LIABILITIES</b>		4,509	4,827
<b>TOTAL LIABILITIES</b>		23,430	31,272
<b>TOTAL EQUITY AND LIABILITIES</b>		78,009	84,797
Net assets per share (RM) <sup>(3)</sup>		0.12	0.12

**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 2019 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 2019.
- (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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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE  
FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <sup>(1)</sup>***(The figures have not been audited)*

	<b>Non-Distributable Share Capital RM'000</b>	<b>Merger Reserves RM'000</b>	<b>Distributable Retained Earnings RM'000</b>	<b>Total Shareholders' Equity RM'000</b>	<b>Non- Controlling Interests RM'000</b>	<b>Total Equity RM'000</b>
<u>Unaudited</u>						
<b>Balance as at 1 January 2020</b>	32,120	(16,049)	34,831	50,902	2,623	53,525
<b>Profit for the period</b>						
-Total comprehensive income for the period	-	-	951	951	103	1,054
<b>Balance as at 31 March 2020</b>	<u>32,120</u>	<u>(16,049)</u>	<u>35,782</u>	<u>51,853</u>	<u>2,726</u>	<u>54,579</u>
<u>Unaudited</u>						
<b>Balance as at 1 January 2019</b>	32,120	(16,049)	30,505	46,576	2,554	49,130
Effect of adopting MFRS 16 <sup>(2)</sup>	-	-	(46)	(46)	(5)	(51)
Restated balance as at 1 January 2019	<u>32,120</u>	<u>(16,049)</u>	<u>30,459</u>	<u>46,530</u>	<u>2,549</u>	<u>49,079</u>
<b>Profit/(Loss) for the period</b>						
-Total comprehensive income/(loss) for the period	-	-	2,952	2,952	(37)	2,915
<b>Balance as at 31 March 2019</b>	<u>32,120</u>	<u>(16,049)</u>	<u>33,411</u>	<u>49,482</u>	<u>2,512</u>	<u>51,994</u>

**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 2019 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.

**INTERIM FINANCIAL REPORT FOR THE  
FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>**

*(The figures have not been audited)*

	<b>(Unaudited) 3 months ended 31 March 2020 RM'000</b>	<b>(Unaudited) 3 months ended 31 March 2019 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	1,496	3,978
Adjustments for:		
Depreciation of property, plant and equipment	208	172
Depreciation of right-of-use assets	401	308
Gain on disposal of property, plant and equipment	(7)	(20)
Impairment loss on property, plant and equipment	3	-
Interest expense	109	181
Interest income	(99)	(124)
Inventories written down	-	16
Net loss on impairment of financial instruments	40	2
Reversal of impairment loss on trade receivables	(22)	(26)
Unrealised loss on foreign exchange differences	246	18
Operating profit before working capital changes	2,375	4,505
<b>Changes in working capital:</b>		
Inventories	(2,345)	(2,559)
Trade receivables	1,256	(8,384)
Other receivables	(273)	13
Contract liabilities	(14)	3
Trade payables	(2,282)	(2,249)
Other payables	(4,916)	(1,206)
	(8,574)	(14,382)
Cash used in operations	(6,199)	(9,877)
Interest received	99	124
Interest paid	(109)	(181)
Tax paid	(704)	(775)
Tax refunded	-	19
	(714)	(813)
Net cash used in operating activities	(6,913)	(10,690)

**INTERIM FINANCIAL REPORT FOR THE  
FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued) <sup>(1)</sup>**  
*(The figures have not been audited)*

	<b>(Unaudited) 3 months ended 31 March 2020 RM'000</b>	<b>(Unaudited) 3 months ended 31 March 2019 RM'000</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(231)	(50)
Proceeds from disposal of property, plant and equipment	7	20
Purchase of right-of-use assets	(9)	(5)
Acquisition of other investment	(5,033)	(9,056)
Increase in fixed deposit pledged with licensed banks	(7)	(3)
Net cash used in investing activities	<u>(5,273)</u>	<u>(9,094)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of bank borrowings	(580)	(69)
Repayment of lease liabilities	(368)	(274)
Net cash used in financing activities	<u>(948)</u>	<u>(343)</u>
Net decrease in cash and cash equivalents	(13,134)	(20,127)
Cash and cash equivalents at the beginning of the period	30,555	27,832
Cash and cash equivalents at the end of the period	<u>17,421</u>	<u>7,705</u>
<b>Cash and cash equivalents at the end of the period comprises:</b>		
- Fixed deposits with licensed banks	1,774	1,145
- Cash and bank balances	17,421	8,982
- Bank overdrafts	-	(1,297)
	<u>19,195</u>	<u>8,830</u>
Less: Fixed deposits pledged with licensed banks	(1,774)	(1,125)
Net cash and cash equivalent at the end of the period	<u>17,421</u>	<u>7,705</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 2019 as well as the accompanying explanatory notes attached to this interim financial report.

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**INTERIM FINANCIAL REPORT FOR THE  
FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2020**

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**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 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 FYE 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 year.

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

Adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group.

**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.

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>		<b>Effective dates for financial period beginning on and after</b>
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 2019 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 services and other (represented the entity which yet to commence operation).

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 FIRST (1<sup>st</sup>) QUARTER ENDED 31 MARCH 2020

### A7. Segmental information (continued)

#### Results for the current and cumulative 3 months ended 31 March

In RM'000

Business Segments	Q1 2020 (Unaudited)							Q1 2019 (Unaudited)								
	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Laundry Services	Other	Adjustment & Elimination	Total Group	Commercial Laundry Equipment	Medical Devices	Healthcare Products	Investment Holding	Laundry Services	Other	Adjustment & Elimination	Total Group
Revenue (i) external customers	8,406	6,238	2,792	-	223	-	-	17,659	7,858	18,290	1,864	-	-	-	-	28,012
(ii) inter-segment	-	-	-	489	-	-	(489)	-	-	-	-	366	-	-	(366)	-
<b>Total Revenue</b>	<b>8,406</b>	<b>6,238</b>	<b>2,792</b>	<b>489</b>	<b>223</b>	<b>-</b>	<b>(489)</b>	<b>17,659</b>	<b>7,858</b>	<b>18,290</b>	<b>1,864</b>	<b>366</b>	<b>-</b>	<b>-</b>	<b>(366)</b>	<b>28,012</b>
Results-Segment results	868	416	300	(118)	(9)	(1)	50	1,506	530	3,753	(73)	(170)	-	-	(5)	4,035
Interest income	57	24	6	12	-	-	-	99	63	37	8	16	-	-	-	124
Finance costs	(32)	(58)	(11)	(2)	(6)	-	-	(109)	(40)	(128)	(10)	(3)	-	-	-	(181)
<b>Profit/(Loss) before taxation</b>	<b>893</b>	<b>382</b>	<b>295</b>	<b>(108)</b>	<b>(15)</b>	<b>(1)</b>	<b>50</b>	<b>1,496</b>	<b>553</b>	<b>3,662</b>	<b>(75)</b>	<b>(157)</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>3,978</b>
Taxation	(241)	(115)	(86)	-	-	-	-	(442)	(132)	(931)	^	-	-	-	-	(1,063)
<b>Profit/(Loss) after taxation</b>	<b>652</b>	<b>267</b>	<b>209</b>	<b>(108)</b>	<b>(15)</b>	<b>(1)</b>	<b>50</b>	<b>1,054</b>	<b>421</b>	<b>2,731</b>	<b>(75)</b>	<b>(157)</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>2,915</b>
<b>Other non cash items:</b>																
-Depreciation of property, plant and equipment	(68)	(93)	(21)	(3)	(73)	-	50	(208)	(71)	(76)	(22)	(3)	-	-	-	(172)
-Depreciation of right-of-use assets	(153)	(122)	(44)	(25)	(57)	-	-	(401)	(141)	(106)	(36)	(25)	-	-	-	(308)
-Gain on disposal of property, plant and equipment	7	-	-	-	-	-	-	7	20	-	-	-	-	-	-	20
-Unrealised (loss)/gain on foreign exchange differences	(158)	(84)	(4)	-	-	-	-	(246)	(43)	25	-	-	-	-	-	(18)
-Inventories written down	-	-	-	-	-	-	-	-	(14)	(2)	-	-	-	-	-	(16)
-Impairment loss on property, plant and equipment	-	(3)	-	-	-	-	-	(3)	-	-	-	-	-	-	-	-
-Net loss on impairment of financial instruments	(12)	(28)	-	-	-	-	-	(40)	-	(2)	-	-	-	-	-	(2)
-Reversal of impairment loss on trade receivables	-	-	22	-	-	-	-	22	13	12	1	-	-	-	-	26
<b>Segment assets</b>	<b>31,264</b>	<b>36,662</b>	<b>7,795</b>	<b>33,873</b>	<b>3,455</b>	<b>5</b>	<b>(35,045)</b>	<b>78,009</b>	<b>24,829</b>	<b>43,570</b>	<b>6,141</b>	<b>33,695</b>	<b>-</b>	<b>-</b>	<b>(29,381)</b>	<b>78,854</b>
<b>Segment liabilities</b>	<b>(11,996)</b>	<b>(21,244)</b>	<b>(2,229)</b>	<b>(432)</b>	<b>(3,646)</b>	<b>(3)</b>	<b>16,120</b>	<b>(23,430)</b>	<b>(7,647)</b>	<b>(28,411)</b>	<b>(1,153)</b>	<b>(454)</b>	<b>-</b>	<b>-</b>	<b>10,805</b>	<b>(26,860)</b>

^ Represent less than RM1,000

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**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 capital commitments of the Group as at 31 March 2020.

**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**

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.

**A14. Related party transactions**

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

	<b>(Unaudited) Current quarter ended 31 March 2020 RM'000</b>	<b>(Unaudited) Cumulative quarter ended 31 March 2020 RM'000</b>
(i) Transactions with a company in which certain directors of the Company have substantial financial interest		
- Lease payment on premises	48	48
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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**

	<b>Individual Quarter (Unaudited) 31 March 2020 RM'000</b>	<b>Individual Quarter (Unaudited) 31 March 2019 RM'000</b>	<b>Changes (RM'000 / %)</b>	<b>Cumulative Quarter (Unaudited) 31 March 2020 RM'000</b>	<b>Cumulative Quarter (Unaudited) 31 March 2019 RM'000</b>	<b>Changes (RM'000 / %)</b>
Revenue	17,659	28,012	(10,353)/ (36.96%)	17,659	28,012	(10,353)/ (36.96%)
Operating profit	1,429	3,767	(2,338)/ (62.07%)	1,429	3,767	(2,338)/ (62.07%)
Profit before interest and tax	1,605	4,159	(2,554)/ (61.41%)	1,605	4,159	(2,554)/ (61.41%)
Profit before tax	1,496	3,978	(2,482)/ (62.39%)	1,496	3,978	(2,482)/ (62.39%)
Profit after tax	1,054	2,915	(1,861)/ (63.84%)	1,054	2,915	(1,861)/ (63.84%)
Profit attributable to owners of the Company	951	2,952	(2,001)/ (67.78%)	951	2,952	(2,001)/ (67.78%)

**Current and cumulative quarter (3 months)**

For the current and cumulative quarter ended 31 March 2020, the Group recorded revenue of RM17.66 million as compared to RM28.01 million in the corresponding quarter ended 31 March 2019, a decrease of RM10.35 million or 36.96%. The lower revenue was mainly due to the decrease in revenue contribution from medical devices business segment.

The revenue from commercial laundry equipment business segment was increased by RM0.55 million or 6.97% from RM7.86 million in the corresponding quarter ended 31 March 2019 compared to RM8.41 million in current quarter ended 31 March 2020. The increase was mainly due to more sales orders secured as a result of effectiveness of our promotion package; advertisement platform and conferences conducted in current quarter.

The Group's new laundry services segment also contributed RM0.22 million revenue in the current quarter ended 31 March 2020, indicates good demand from customers for use of our services.

The revenue contribution from the healthcare products business segment rose by 49.79% or RM0.93 million, from RM1.86 million in the corresponding quarter ended 31 March 2019 compared to RM2.79 million in the current quarter ended 31 March 2020. The improvement was mainly due to the continuous growth of healthcare segment business.

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**B1. Review of performance (continued)**

**Current and cumulative quarter (3 months) (continued)**

Medical devices business segment decreased in revenue by RM12.05 million or 65.89% from RM18.29 million in the corresponding quarter ended 31 March 2019 compared to RM6.24 million in the current quarter ended 31 March 2020. The lower revenue was mainly attributable to lower billing to customers due to various projects completion timeline and some postponement of installation of medical equipment as client's site is not ready for installation in current quarter.

Overall, the Group recorded a profit before tax of RM1.50 million in current and cumulative quarter ended 31 March 2020 as compared to RM3.98 million in the corresponding quarter ended 31 March 2019. The decrease of RM2.48 million or 62.39% in current and cumulative quarter was mainly due to lower revenue recorded under medical devices business segment.

**B2. Comparison with immediate preceding quarter's results**

	<----- Quarter ended ----->			
	(Unaudited) 31 March 2020 RM'000	(Unaudited) 31 December 2019 RM'000	Changes RM'000	Changes %
Revenue	17,659	22,062	(4,403)	(19.96)
Operating profit	1,429	908	521	57.38
Profit before interest and tax	1,605	1,204	401	33.31
Profit before tax	1,496	1,052	444	42.21
Profit after tax	1,054	860	194	22.56
Profit attributable to owners of the Company	951	821	130	15.83

For the current quarter ended 31 March 2020, the Group recorded a revenue of RM17.66 million and profit before tax of RM1.50 million as compared to a revenue of RM22.06 million and profit before tax of RM1.05 million in the immediate preceding quarter ended 31 December 2019.

Lower revenue was recorded in the current quarter under review, represents 19.96% or RM4.40 million decrease as compared to the immediate preceding quarter ended 31 December 2019. The lower revenue was mainly due to the decrease in revenue contribution from medical devices business segment and commercial laundry equipment business segment.

The decrease in revenue contribution from medical devices business segment by RM3.08 million in current quarter. The decrease in revenue was mainly attributable to lower billing to customers due to various projects completion timeline as well as more new clients in the immediate preceding quarter than current quarter. Besides that, lower billing also caused by some postponement of installation of medical equipment as client's site is not ready for installation in current quarter.

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**B2. Comparison with immediate preceding quarter's results (continued)**

For the commercial laundry equipment business segment, its revenue decreased by RM1.36 million or 13.89% in the current quarter as compared to the immediate preceding quarter. The lower revenue was mainly due to the impact of the government-imposed Movement Control Order ("MCO") that began on 18 March 2020 as a containment measure for the COVID-19 pandemic.

In compliance with the MCO, our commercial laundry equipment business has not been operational since 18 March 2020. This has prevented us from delivering our secured sales orders to our clients and from undertaking installation services. In addition, our potential equipment sales also came to a standstill throughout the MCO.

The revenue generated from laundry services segment was maintained at RM0.22 million in the current quarter, same as the immediate preceding quarter. Its revenue would have continued to grow if there were no operational restrictions been imposed on our self-service laundrette outlets throughout the MCO.

BCM's healthcare products segment registered a marginal increase in revenue in current quarter. The improvement was mainly due to the continuous growth of healthcare segment business.

Despite the lower revenue in the current quarter, the Group's profit before tax increased in the current quarter by RM0.44 million or 42.21% as compared to profit before tax of RM1.05 million in the immediate preceding quarter.

The higher profit before tax recorded in the current quarter was mainly attributable to lower in net loss on impairment of financial instruments (receivables) by RM0.82 million.

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**B3. Prospects**

In tandem with the Group's 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 2020, BCM plans to participate more in relevant international exhibitions to search for suitable new medical devices and commercial laundry equipment to expand our portfolio of products and brands 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 actively looking for new potential business investment opportunities through acquisition to expand our product offerings and create an additional income stream in future.

(iii) Broaden our client base by attracting new customers and enhancing the 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 2020.

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

The Group currently operates 11 self-service launderette outlets. In addition, the Group intends to set up another 5 new self-service launderette outlets in the year 2020, to improve our capability to meet customers' demand and to enhance the Group's revenue.

In 2020, the Group also plans to conduct more laundry opportunity sharing conferences in hotels surrounding Klang Valley and Johor Bahru to enhance its revenue growth.

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.

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**B3. Prospects (continued)**

Effect of outbreak of coronavirus pandemic ("COVID-19")

The financial impact of the COVID-19 outbreak to the Group cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the ongoing precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. However, the Directors of the Company have closely monitored the local and global development of the outbreak of COVID-19 and also work closely with the trade partners and suppliers to ensure minimal disruption during this period.

Looking ahead, we remain steadfast in our commitment to protect the health and safety of our teams around the world as we navigate these uncertain times. We are highly focused on the execution of our strategic initiatives and are taking decisive actions to mitigate the challenges created by the COVID-19 global pandemic on the Group's performance in 2020.

**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**

	<b>Individual Quarter Ended (Unaudited)</b>		<b>Cumulative Quarter Ended (Unaudited)</b>	
	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 March 2019 RM'000</b>
Income tax expense:				
-Current financial period	441	1,064	441	1,064
Deferred tax				
expense/ (income):				
-Current financial period	1	(1)	1	(1)
Total tax expense	<u>442</u>	<u>1,063</u>	<u>442</u>	<u>1,063</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.

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**B6. Status of corporate proposals**

Status of corporate proposals announced but not completed

**a) Acquisition of Foodict Maker Sdn. Bhd.**

The Company had on 29 November 2019 entered into the following agreements:-

- a subscription agreement with Foodict Maker Sdn. Bhd. ("Foodict"), and Lee Chin Fong ("LCF") and Lee Beng Wai ("LBW") (collectively as "Warrantors") for the proposed subscription of 133,333 new ordinary shares in Foodict representing 25% enlarged equity interest in Foodict, for a total cash consideration of RM1,499,996.25 ("Subscription Agreement");

- a share purchase agreement with LCF, LBW and Hsu Feng Chih (collectively, the "Vendors") for the proposed acquisition of an aggregate of 138,667 existing ordinary shares in Foodict representing 26% enlarged equity interest in Foodict, for a total cash consideration of RM1,560,003.75 ("Share Purchase Agreement");

- a shareholders agreement with the Vendors and Foodict to set out the responsibilities and obligations of the Company and the Vendors (collectively "Parties") as the shareholders of Foodict and to record the terms and conditions governing the structure and organisation of Foodict and the Parties' respective rights and obligations in relation thereto ("Shareholders' Agreement"), which shall be effective upon completion of the Subscription Agreement; and

- a profit guarantee agreement with LCF and LBW (collectively the "Guarantors") whereby the Guarantors will jointly and severally guarantee to the Company that the aggregate audited profit after tax attributable to the shareholders of Foodict for the two (2) years commencing from the date of completion of the Subscription Agreement and ending 24 months thereafter, shall not be less than the sum of RM1,600,000.00 ("Profit Guarantee Agreement").

(The Subscription Agreement, Share Purchase Agreement, Shareholders' Agreement and Profit Guarantee Agreement are collectively, referred to as the "Definitive Agreements").

Pursuant to the Definitive Agreements, Foodict will become a 51% subsidiary of the Company.

On 23 January 2020, the Parties have mutually agreed to extend the period to fulfil the Conditions Precedent and Share Purchase Agreement Conditions Precedent from 28 January 2020 to 30 March 2020.

Subsequently, on 30 March 2020, the Company has announced that all parties to the Subscription Agreement and Share Purchase Agreement, have mutually agreed to extend the period to fulfil the Conditions Precedent and Share Purchase Agreement Conditions Precedent from 30 March 2020 to 1 June 2020.

On 2 June 2020, the Company has announced that the Subscription Agreement and Share Purchase Agreement have been terminated due to non-fulfillment of Conditions Precedent by the extended cut-off date of 1 June 2020 as stipulated in the Subscription Agreement and Share Purchase Agreement ("Termination"). Pursuant to the Termination, the Subscription Agreement and Share Purchase Agreement shall be null and void and of no further effect whatsoever.

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**B6. Status of corporate proposals (continued)**

Status of corporate proposals announced but not completed (continued)

**a) Acquisition of Foodict Maker Sdn. Bhd. (continued)**

Consequential to the termination of the Subscription Agreement and the Share Purchase Agreement, the Shareholders' Agreement and the Profit Guarantee Agreement shall be terminated forthwith and be null and void and of no further effect whatsoever.

**b) Proposed establishment of an Employees' Share Option Scheme**

On 16 April 2020, the Company proposed establishment of an Employees' Share Option Scheme ("ESOS") up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the ESOS for the eligible employees and Directors (executive and non-executive directors) of the Company and its subsidiary companies (excluding dormant subsidiary companies). The proposed ESOS is subject to the approvals from shareholders of the Company at an Extraordinary General Meeting to be convened for the Proposed ESOS.

On 12 June 2020, the Company had submitted the additional listing application pursuant to the Proposed ESOS to Bursa Malaysia Securities Berhad ("Bursa Securities") for their approval. Bursa Securities had vide its letter dated 17 June 2020, conditional approved the listing of such number of new ordinary shares, representing up to 15% of the Company's total number of issued shares (excluding treasury shares), to be issued pursuant to the Proposed ESOS.

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**B7. Lease liabilities & bank borrowings**

The Group's lease liabilities and bank borrowings were as follows:-

	<b>As at 31 March 2020 (Unaudited)</b>		<b>Total RM'000</b>
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	
<b>Secured</b>			
<b>(i) Bank borrowings</b>			
- Banker acceptance	-	294	294
- Trust receipts	-	282	282
- Term loans	2,534	266	2,800
Sub-total	2,534	842	3,376
<b>(ii) Lease liabilities</b>	1,763	1,573	3,336
Grand total	4,297	2,415	6,712

	<b>As at 31 December 2019 (Audited)</b>		<b>Total RM'000</b>
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	
<b>Secured</b>			
<b>(i) Bank borrowings</b>			
- Banker acceptance	-	371	371
- Trust receipts	-	712	712
- Term loans	2,596	276	2,872
Sub-total	2,596	1,359	3,955
<b>(ii) Lease liabilities</b>	2,020	1,615	3,635
Grand total	4,616	2,974	7,590

**Notes:**

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

	<b>Rates (%)</b>
Banker acceptance	5.65
Trust receipts	8.32
Term loans	3.95-6.19
Lease liabilities	4.26-11.01

- (4) There was additional RM0.07 million hire purchase finance for motor vehicle during the current quarter ended 31 March 2020.

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**B8. Changes in material litigation**

As at 17 June 2020 (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. Dividend Proposed/Declared**

On 16 June 2020, a final single-tier dividend of 0.10 sen per ordinary share, in respect of the financial year ended 31 December 2019 has been proposed by the Board of Directors. The declared final single-tier dividend is subject to the approval of the Company's shareholders at the forthcoming Fifth (5<sup>th</sup>) Annual General Meeting of the Company.

The dividend entitlement and payment dates will be announced later once it is determined.

**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:

	<b>Individual Quarter (Unaudited) 31 March 2020</b>	<b>Individual Quarter (Unaudited) 31 March 2019</b>	<b>Cumulative Quarter (Unaudited) 31 March 2020</b>	<b>Cumulative Quarter (Unaudited) 31 March 2019</b>
Profit attributable to owners of the Company (RM'000)	951	2,952	951	2,952
Weighted average number of issuance shares ('000)	421,250	421,250	421,250	421,250
Basic <sup>(1)</sup> /Diluted <sup>(2)</sup> earnings per share (sen)	0.23	0.70	0.23	0.70

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**Notes:**

- (1) Basic earnings per share for the current quarter and cumulative quarter is calculated based on the net profit attributable to owners of the Company divided by the weighted average number of ordinary shares for the current 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 31 March 2020.

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

There were no gain/ (loss) arising from fair value changes in financial liabilities during the current quarter and cumulative quarter ended 31 March 2020.

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

	<b>(Unaudited) Current quarter ended 31 March 2020 RM'000</b>	<b>(Unaudited) Cumulative quarter ended 31 March 2020 RM'000</b>
Profit before taxation is arrived at after charging/ (crediting):-		
- Depreciation of property, plant and equipment	208	208
- Depreciation of right-of-use assets	401	401
- Gain on disposal of property, plant and equipment	(7)	(7)
- (Gain)/ Loss on derivatives	-	-
- (Gain)/ Loss on disposal of quoted or unquoted investments or properties	-	-
- Impairment loss on property, plant and equipment	3	3
- Interest expense	109	109
- Interest income	(99)	(99)
- Inventories written down	-	-
- Reversal of inventories written down	-	-
- Other income including investment income	-	-
- Net loss on impairment of financial instruments: trade receivables	40	40
- Reversal of impairment loss on trade receivables	(22)	(22)
- Unrealised loss on foreign exchange differences	246	246
- Realised loss on foreign exchange differences	158	158

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**BCM ALLIANCE BERHAD****Registration No: 201501009903 (1135238-U)**

(Incorporated in Malaysia)

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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 17 June 2020, the Group has submitted a total of two hundred and thirty (230) 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 17 June 2020, out of the total applications submitted by the Group, there were:-

- (i) One hundred and thirty seven (137) applications that have been successfully approved by MDA;
- (ii) Eight (8) applications are still under consideration by the MDA; and
- (iii) Eighty five (85) 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 June 2020**