

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

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

(The figures have not been audited)

	Note	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
		Current year quarter 31 December 2022 RM'000	Preceding year quarter 31 December 2021 RM'000	Current year quarter 31 December 2022 RM'000	Preceding year quarter 31 December 2021 RM'000
Revenue	A7	29,988	21,490	112,161	58,351
Cost of Sales		(23,068)	(17,573)	(90,190)	(43,694)
Gross Profit		6,920	3,917	21,971	14,657
Other income		268	426	1,335	863
Finance income		119	85	494	355
Selling and distribution expenses		(189)	(135)	(725)	(363)
Administrative expenses		(3,037)	(2,555)	(10,947)	(10,704)
Other operating expenses		(2)	-	(130)	(32)
Finance costs		(262)	(14)	(666)	(98)
Profit before taxation		3,817	1,724	11,332	4,678
Taxation	B5	(500)	(700)	(1,300)	(1,485)
Profit for the financial period		3,317	1,024	10,032	3,193
Attributable to:					
- Owners of the Company		3,319	1,031	10,056	3,211
- Non-controlling interests		(2)	(7)	(24)	(18)
		3,317	1,024	10,032	3,193
Earnings per share attributable to owners of the Company (sen):					
- Basic ⁽²⁾	B10	0.35	0.11	1.08	0.33
- Diluted ⁽³⁾	B10	0.35	0.11	1.08	0.33

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

**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 weighted average number of ordinary shares in issuance for the comparative current quarter and cumulative quarter.
- (3) Diluted earnings per share of the Group for the current quarter and cumulative quarter is equivalent to the basic earnings per share as the Group does not have convertible securities as at the end of the respective reporting period.

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FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 ⁽¹⁾

(The figures have not been audited)

	Note	(Unaudited) As at 31 December 2022 RM'000	(Audited) As at 31 December 2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		46,835	35,646
Right-of-use assets		14,528	13,936
Land held for property development		3,862	3,522
Investment in associates		6,000	-
Goodwill on consolidation		3,973	3,973
TOTAL NON-CURRENT ASSETS		75,198	57,077
CURRENT ASSETS			
Inventories		21,343	15,765
Trade receivables		20,455	19,123
Other receivables		4,652	3,548
Fixed deposit with licensed banks		1,130	128
Cash and bank balances		33,143	30,292
Tax recoverable		2,018	1,644
TOTAL CURRENT ASSETS		82,741	70,500
TOTAL ASSETS		157,939	127,577
EQUITY AND LIABILITIES			
EQUITY			
Share capital		84,594	83,553
Merger deficit		(29,100)	(29,100)
Retained earnings		50,955	40,899
Total shareholders' funds		106,449	95,352
Non-controlling interests		971	995
TOTAL EQUITY		107,420	96,347
NON-CURRENT LIABILITIES			
Borrowings	B7	12,666	4,117
Lease liabilities	B7	4,389	133
Deferred tax liabilities		1,299	1,299
TOTAL NON-CURRENT LIABILITIES		18,354	5,549

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (cont'd) ⁽¹⁾

(The figures have not been audited)

	Note	(Unaudited) As at 31 December 2022 RM'000	(Audited) As at 31 December 2021 RM'000
CURRENT LIABILITIES			
Trade payables		14,923	14,837
Other payables		12,195	9,264
Dividend payable		-	1,210
Borrowings	B7	3,625	233
Lease liabilities	B7	1,422	137
TOTAL CURRENT LIABILITIES		32,165	25,681
TOTAL LIABILITIES		50,519	31,230
TOTAL EQUITY AND LIABILITIES		157,939	127,577
Net assets per share (RM) ⁽²⁾		0.11	0.10

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 Mestron of 931,075,000 and 930,450,000 shares as at 31 December 2022 and 31 December 2021 respectively.

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FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

(The figures have not been audited)

	←-Non-distributable-→		Distributable		Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Retained Earnings RM'000	Total RM'000		
As at 1 January 2022	83,553	(29,100)	40,899	95,352	995	96,347
Total comprehensive income for the year	-	-	10,056	10,056	(24)	10,032
Issuance of ordinary shares pursuant to warrant exercised	1,041	-	-	1,041	-	1,041
As at 31 December 2022	84,594	(29,100)	50,955	106,449	971	107,420

Note:

- (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 FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

(The figures have not been audited)

	<-- Cumulative Quarter -->	
	31 December 2022	31 December 2021
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	11,332	4,678
Adjustments for:-		
Property, plant and equipment written off	-	6
Bad debts written off	-	5
Depreciation of property, plant and equipment	1,769	1,361
Depreciation of right-of-use asset	608	1,220
Gain on disposal of property, plant and equipment	-	(10)
Interest expenses	661	98
Interest income	(488)	(355)
Allowance for expected credit losses on trade receivables	-	39
Reversal of allowance for expected credit losses on receivables	-	(31)
Operating profit before working capital changes	<u>13,882</u>	<u>7,011</u>
Changes in working capital:-		
Inventories	(5,579)	(982)
Receivables	(2,435)	5,588
Payables	<u>3,083</u>	<u>(322)</u>
Cash generated from operations	8,951	11,295
Interest received	488	355
Tax paid	<u>(1,664)</u>	<u>(1,984)</u>
Net cash generated from operating activities	<u>7,775</u>	<u>9,666</u>
Cash Flows From Investing Activities		
Acquisition of subsidiaries and associates, net of cash	(6,000)	(6,250)
Proceeds from disposal of property, plant and equipment	-	10
Placement of fixed deposits	(1,002)	(128)
Purchase of property, plant and equipment	(12,958)	(12,776)
Purchase of right-of-use assets	(340)	-
Purchase of land held for property development	-	(41)
Net cash used in investing activities	<u>(20,300)</u>	<u>(19,185)</u>

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FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) ⁽¹⁾
(The figures have not been audited)

	<-- Cumulative Quarter -->	
	31 December 2022	31 December 2021
	RM'000	RM'000
Cash Flows From Financing Activities		
Repayment to directors	(76)	(1)
Proceeds from issuance of share capital	1,041	27,595
Repayment of lease liabilities	(1,361)	(1,432)
Drawdown of borrowings	18,285	-
Repayment of borrowings	(643)	(3,422)
Interests paid	(660)	(98)
Dividend paid	(1,210)	(1,324)
Net cash generated from financing activities	15,376	21,318
Cash and cash equivalents		
Net changes	2,851	11,799
At the beginning of the year	30,292	18,493
At the end of the year	33,143	30,292

Note:

- (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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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") 134 *Interim Financial Reporting* and Rule 9.22 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 financial year ended 31 December 2021 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 2021. 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.

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

Standards issued but not yet effective

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

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

A1. Basis of preparation (cont'd)

Standards issued but not yet effective (cont'd)

Standards	Effective dates for financial period beginning on and after
Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract-Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9-Comparative Information	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 123 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 Consolidated Financial Statements	Deferred
MFRS 128 Investments in Associates and Joint Ventures	Deferred

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 2021 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.

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

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 and repayment of the debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial year to-date.

A7. Segmental information

The Group's segmental information for the current financial quarter ended 31 December 2022 is as follows:-

(a) Analysis of revenue by business segments

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 31 December 2022 RM'000	(Unaudited) 31 December 2021 RM'000	(Unaudited) 31 December 2022 RM'000	(Audited) 31 December 2021 RM'000
Manufacturing	24,142	18,204	92,846	47,911
Trading	5,846	3,286	19,315	10,440
Total	29,988	21,490	112,161	58,351

(b) Analysis of revenue by geographical location

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	(Unaudited) 31 December 2022 RM'000	(Unaudited) 31 December 2021 RM'000	(Unaudited) 31 December 2022 RM'000	(Audited) 31 December 2021 RM'000
Malaysia	28,054	20,372	105,911	54,567
Australia	374	548	2,442	2,309
Singapore	1,552	395	3,712	992
Korea	8	112	14	112
New Zealand	-	-	82	-
Others	-	63	-	371
Total	29,988	21,490	112,161	58,351

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

A8. Dividends Paid

On 22 November 2021, the Directors declared a first interim single tier dividend of RM0.0013 per ordinary share in respect of the financial year ended 31 December 2021. The dividend has been paid on 28 January 2022 to shareholders registered in the Register of Members at the close of business on 17 January 2022.

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 31 December 2022.

A11. Changes in the composition of the Group

There are no changes in the composition of the Group to be disclosed as at the date of this interim financial.

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 are no material events subsequent to the end of the quarter to be disclosed as at the date of this interim financial.

A14. Related party transactions

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

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

	<-- Individual Quarter -->		Changes	<-- Cumulative Quarter -->		Changes
	(Unaudited) 31 December 2022 RM'000	(Unaudited) 31 December 2021 RM'000		(Unaudited) 31 December 2022 RM'000	(Audited) 31 December 2021 RM'000	
Revenue	29,988	21,490	39.54	112,161	58,351	92.21
Gross profit	6,920	3,917	76.66	21,971	14,657	49.90
Profit before tax	3,817	1,724	121.40	11,332	4,678	142.24
Profit after tax	3,317	1,024	223.92	10,032	3,193	214.18

Current quarter (3 months)

For the current financial quarter ended 31 December 2022, the Group recorded revenue of RM29.98 million as compared to the revenue of RM21.49 million recorded for the previous year's financial quarter ended 31 December 2021. The increase in revenue was mainly due increase in sales demands of standard poles, lantern and specialty poles mainly for the telecommunication segment for the current year's financial quarter ended 31 December 2022.

The Group's revenue was principally derived from the manufacturing segment which accounts for approximately 80.5% of the total revenue for the current financial quarter ended 31 December 2022. The revenue from manufacturing segment is mainly driven by the sale of standard poles and specialty poles mainly for the telecommunication segment.

The Malaysian market remains as the largest market contributing to the Group's revenue accounting for approximately 93.6% of the total revenue for the current financial quarter ended 31 December 2022.

Overall, the Group registered a higher profit before tax of RM3.82 million in the current financial quarter under review as compared with a profit before tax of RM1.72 million recorded in previous financial quarter ended 31 December 2021 due to the due to the higher sales demands for telco tower and outdoor lighting products.

Cumulative quarter (12 months)

The Group recorded revenue of RM112.16 million for the current financial quarter ended 31 December 2022 as compared to the revenue of RM58.35 million recorded for the previous year's financial quarter ended 31 December 2021. The increase in sales demands of standard poles, lantern and specialty poles mainly for the telecommunication segment for the current year's financial quarter ended 31 December 2022.

The Group's revenue was principally derived from the manufacturing segment which accounts for approximately 82.8% of the total revenue for the current financial quarter ended 31 December 2022. The revenue from manufacturing segment is mainly driven by the sale of standard poles and specialty poles mainly for the telecommunication segment.

The Malaysian market remains as the largest market contributing to the Group's revenue accounting for approximately 94.4% of the total revenue for the current financial quarter ended 31 December 2022.

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

B1. Review of performance (cont'd)

Cumulative quarter (12 months) (cont'd)

Overall, the Group registered a higher profit before tax of RM11.33 million in the current financial quarter under review as compared with a profit before tax of RM4.68 million recorded in previous financial quarter ended 31 December 2021 due to the higher sales demands for telco tower and outdoor lighting products.

B2. Comparison with immediate preceding quarter's results

	<-- Individual Quarter -->		<-- Changes -->	
	(Unaudited) 31 December 2022 RM'000	(Unaudited) 30 September 2022 RM'000	RM'000	%
Revenue	29,988	37,155	(7,167)	(19.28)
Profit before tax	3,817	3,736	81	2.16

For the current financial quarter ended 31 December 2022, the Group recorded lower revenue of RM29.98 million and a higher profit before tax of RM3.82 million as compared to revenue of RM37.16 million and profit before tax of RM3.74 million respectively in the immediate preceding financial quarter ended 30 September 2022.

The decrease in revenue is mainly due to the lower sales for telco tower for current financial quarter ended 31 December 2022. In addition, higher sales demand for outdoor lighting products which generally command higher sales margin which lead to higher profit before tax for current financial quarter.

B3. Prospects and outlook

In the second half of 2022, there were signs of recovery in the manufacturing sector in Malaysia as we move towards endemicity with the reopening of markets and borders. Moving ahead, several headwinds are expected to remain due to the unresolved geopolitical conflict between Russia and Ukraine, the continuation of zero-Covid policy implementation in China as well as the worsening global inflation. These events have caused further strain on global supply chains which have in turn led to rising global commodity and raw material prices as well as global logistic disruptions and high shipping costs.

The Group has seen a faster pickup in orders for telco towers projects amidst the faster roll-out of telco infrastructure project this year following the recovery of economy. Given the Group's strong track record in the industry, the Group is confident that we will continue to secure new contracts from different telco infrastructure players. The growing demand for its specialty poles within the telco segment will continue into 2023 amidst the rollout of 5G network nationwide.

The Group will exercise extra vigilance in the business and will strive to deliver satisfactory performance for the year. The group will explore other opportunities and is looking to diversify the business to expand our sources of revenue and include other sources of recurring income as a source of our business income.

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

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) 31 December 2022 RM'000	(Unaudited) 31 December 2021 RM'000	(Unaudited) 31 December 2022 RM'000	(Audited) 31 December 2021 RM'000
Income tax expense:				
Current tax expense	500	700	1,300	900
Deferred tax expense	-	-	-	585
Total tax expense	500	700	1,300	1,485
Effective tax rate (%)	13.1	40.6	11.5	19.2

Note:

- (1) The Group's effective tax rate is lower than the statutory income tax rate as the Group entitled for higher allowances due to increase in purchase of plant and machinery in year 2022 and overprovision of tax for year assessment 2021.

B6. Status of corporate proposals and utilisation of proceeds

Status of corporate proposals

On 18 August 2020, the Company had announced that the Company wishes to undertake the private placement exercise of up to 158,000,000 new ordinary shares in Mestron ("**Placement Shares**"), 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 ("**Private Placement**") ("**Announcement**").

The additional listing application for the Placement Shares was approved by Bursa Securities on 7 September 2020. The Company have since issued a total of 140,450,000 Placement Shares and raised total gross proceeds of RM28.32 million. The Private Placement has lapsed on 30 September 2021.

On 20 August 2021, the Company has completed the bonus issue of warrants exercise following the listing and quotation for 453,450,000 Warrants on the ACE Market of Bursa Securities.

Save for the Private Placement and bonus issue of warrants, the Group does not have any corporate exercises which have been announced.

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

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

Utilisation of proceeds

(a) Public Issue

On 26 May 2019, the Company issued its prospectus in relation to the public issue of 158,000,000 new ordinary shares ("**Public Issue**") at issue price of RM0.16 per ordinary share. The listing exercise of the Company's enlarged share capital of 790,000,000 shares on the ACE Market of Bursa Securities was completed on 18 September 2019.

The gross proceeds raised from the Public Issue amounting to RM25.28 million are 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	8,465	2,035 ⁽¹⁾	Within 30 months ⁽¹⁾
ii) Working capital	7,680	7,680	-	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>23,245</u>	<u>2,035</u>	

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

Note:

- (1) 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 FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

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

(b) Private Placement

Private Placement of up to 20% of the issued shares of the Company, involving up to 158,000,000 Placement Shares was approved on 7 September 2020.

140,450,000 new Placement Shares were issued pursuant to the Private Placement and were subsequently listed and quoted on the ACE Market of Bursa Securities.

On 30 September 2021, Mestron has resolved to withdraw the Extension of Time Application. As such, the Private Placement has lapsed on 30 September 2021.

The status of the utilisation of total gross proceeds of private placement are as below: -

Purpose	Proposed Utilisation	Actual Utilised	Unutilised Amount	Estimated Timeframe for utilisation (from the date of Listing)
	RM'000	RM'000	RM'000	
i) Future business projects/investments	12,728	12,300	428	Within 24 months
ii) Repayment of bank borrowings	5,303	4,815	488	Within 12 months
iii) Working capital	10,038	10,038	-	Within 18 months
iv) Estimated expenses for the private placement	252	252	-	Within 1 month
	<u>28,321</u>	<u>27,405</u>	<u>916</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Announcement of the Company dated 18 August 2020.

FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

B7. Finance Lease Payable & Borrowings

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

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
Secured:		
Current		
Lease liabilities	1,422	137
Banker acceptance	2,585	-
Term loan	1,040	233
	<u>5,047</u>	<u>370</u>
Secured:		
Non-current		
Lease liabilities	4,389	133
Term loan	12,666	4,117
	<u>17,055</u>	<u>4,250</u>
Total bank borrowings	<u><u>22,102</u></u>	<u><u>4,620</u></u>

Note:

- (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

On 23 February 2023, the Directors proposed a first interim single tier dividend of RM0.0015 per ordinary share in respect of the financial year ending 31 December 2022.

MESTRON HOLDINGS BERHAD
Registration No: 201801018716 (1280732 – K)
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FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

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)	(Audited)
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Profit attributable to owners of the Company (RM'000)	3,319	1,031	10,056	3,211
Weighted average number of ordinary shares ('000) ⁽¹⁾	930,450	930,450	930,450	930,450
Basic earnings per share (sen) ⁽²⁾	0.35	0.11	1.08	0.33
Diluted earnings per share (sen) ⁽³⁾	0.35	0.11	1.08	0.33

Notes:

- (1) Weighted average number of ordinary shares is based on the weighted average number of ordinary shares in issuance for the financial year and financial quarter.
- (2) Basic earnings per share for the current quarter and financial year is calculated based on the net profit divided by the weighted average number of ordinary shares.
- (3) Diluted earnings per share of the Company for the current quarter and financial period to date ended 31 December 2022 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 FOURTH (4th) QUARTER ENDED 31 DECEMBER 2022

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

	<-- Individual Quarter -->		<-- Cumulative Quarter-->	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	807	479	1,769	1,361
Depreciation of right-of-use assets	159	152	608	1,220
Realised (gain)/loss on foreign exchange	(13)	119	468	247
Interest income	(118)	(53)	(488)	(355)
Interest expenses	262	13	661	98

Note:

(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) amortisation of investment properties;
- (ii) rental income;
- (iii) provision for and write off of receivables;
- (iv) provision for and write off of inventories;
- (v) gain or loss on disposal of quoted or unquoted investments or properties;
- (vi) impairment of assets; and
- (vii) gain or loss on derivatives.