

SUPERCOMNET TECHNOLOGIES BERHAD
(Company No. : 199001005958 (197527-H))
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2023
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	(Unaudited)		(Unaudited)	
		Second Quarter Ended 30.06.2023 RM ' 000	30.06.2022 RM ' 000	Cumulative Quarter Ended 30.06.2023 RM ' 000	30.06.2022 RM ' 000
Revenue		33,333	39,863	70,698	75,836
Cost of sales		(23,016)	(26,169)	(48,482)	(50,386)
Gross profit		10,317	13,694	22,216	25,450
Other operating income (net)	#	3,437	2,421	4,989	4,206
Administrative expenses		(3,766)	(2,960)	(7,528)	(6,067)
Distribution costs		(571)	(746)	(1,243)	(1,447)
Profit from operation		9,417	12,409	18,434	22,142
Finance cost, net		-	-	-	-
Profit before tax		9,417	12,409	18,434	22,142
Taxation	19	(2,117)	(3,007)	(4,114)	(5,336)
Profit after tax		7,300	9,402	14,320	16,806
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		7,300	9,402	14,320	16,806
Attributable to :					
Equity holders of the parent		7,300	9,402	14,320	16,806
Non-controlling interest		-	-	-	-
		7,300	9,402	14,320	16,806
Gross profit margin (%)		30.95	34.35	31.42	33.56
Profit after tax margin (%)		21.90	23.59	20.26	22.16
Weighted average number of shares ('000)		775,594	761,641	775,594	761,641
Earnings per share attributable to equity holders of the parent in sen					
EPS - Basic (sen)	24(a)	0.94	1.23	1.85	2.21
- Diluted (sen)	24(b)	0.89	1.16	1.75	2.07
Note # : Net other operating income					
Fair value gain on other financial asset		1,932	631	3,142	1,177
Property, plant and equipment written off		(1)	(28)	(1)	(29)
Gain on disposal of property, plant and equipment		-	13	56	13
Gain from scrap sales and other disposal		474	350	650	950
Interest income		234	109	388	153
Rental income		6	-	12	27
Unrealised gain on foreign exchange		586	810	361	972
Realised gain on foreign exchange		206	536	381	943
		3,437	2,421	4,989	4,206

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the year ended December 31, 2022.

SUPERCOMNET TECHNOLOGIES BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As At End Of Current Quarter 30.06.2023 RM ' 000	(Audited) As At Preceding Financial Year End 31.12.2022 RM ' 000
ASSETS		
Non-Current Assets		
Intangible asset	11,715	13,279
Goodwill	87,478	87,478
Property, plant and equipment	22,976	20,521
Right-of-use assets	1,725	1,752
Deferred tax assets	912	1,004
Term deposits with licensed banks	208	258
	<u>125,014</u>	<u>124,292</u>
Current Assets		
Inventories	40,473	38,714
Trade and other receivables	22,711	31,896
Other financial asset	132,367	126,924
Term deposits with licensed bank	31,240	19,550
Cash and bank balances	30,880	16,299
	<u>257,671</u>	<u>233,383</u>
TOTAL ASSETS	<u><u>382,685</u></u>	<u><u>357,675</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	263,870	247,571
Treasury shares	(272)	(123)
Share options reserve	796	-
Retained earnings	95,748	81,428
	<u>360,142</u>	<u>328,876</u>
Non-Current Liability		
Deferred tax liabilities	5,095	5,471
	<u>5,095</u>	<u>5,471</u>
Current Liabilities		
Trade payables	6,475	11,600
Other payables	7,184	6,842
Current tax payable	902	1,510
Accrued expenses	2,887	3,376
	<u>17,448</u>	<u>23,328</u>
Total Liabilities	<u>22,543</u>	<u>28,799</u>
TOTAL EQUITY AND LIABILITIES	<u><u>382,685</u></u>	<u><u>357,675</u></u>
Net asset per share (RM)	<u>0.46</u>	<u>0.41</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the year ended December 31, 2022.

SUPERCOMNET TECHNOLOGIES BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	2023	2022
	6 months	6 months
	ended	ended
	30.06.2023	30.06.2022
	RM ' 000	RM ' 000
Profit for the period	14,320	16,806
Adjustments for :-		
Depreciation and amortisation of non-current assets	3,242	3,130
Fair value gain on financial asset carried at fair value through profit or loss	(3,142)	(1,177)
Gain on disposal of property, plant and equipment	(56)	(13)
Interest income	(388)	(153)
Property, plant and equipment written off	1	29
Share options granted under ESOS	796	-
Unrealised loss/(gain) on foreign exchange	(361)	(972)
Tax expense recognised in profit or loss	4,114	5,336
Operating profit before changes in working capital	<u>18,526</u>	<u>22,986</u>
Changes in Working Capital :-		
Net Change in inventories : (Increase)	(1,759)	(607)
Net Change in other current assets : Decrease	9,081	7,972
Net Change in current liabilities : (Decrease)	<u>(5,272)</u>	<u>(9,564)</u>
Cash generated from operation	20,576	20,787
Income taxes paid	<u>(5,006)</u>	<u>(3,386)</u>
Net cash generated from operation	<u>15,570</u>	<u>17,401</u>
CASH FLOWS FROM INVESTING ACTIVITIES :-		
Interest received	388	153
Decrease in term deposits	50	57
Increase in other financial asset	(2,301)	(8,148)
Purchase of property, plant and equipment	(4,122)	(1,329)
Proceeds from disposal of property, plant and equipment	71	14
Net cash used in investing activities	<u>(5,914)</u>	<u>(9,253)</u>
CASH FLOWS FROM FINANCING ACTIVITIES :-		
Conversion of warrants to ordinary shares	16,299	1,524
Purchase of treasury shares	<u>(149)</u>	<u>(56)</u>
Net cash generated from financing activities	<u>16,150</u>	<u>1,524</u>
Net change in cash & cash equivalents	25,806	9,616
Cash & cash equivalents at beginning of period	29,149	41,673
Effects of foreign exchange rate changes	465	1,204
Cash & cash equivalents at end of period	<u>55,420</u>	<u>52,493</u>
Cash and cash equivalents comprise the following:		
Term deposits with licensed bank	31,448	18,980
Cash and bank balances	<u>30,880</u>	<u>36,993</u>
	62,328	55,973
Less : Term deposit held as security	(208)	(130)
Less : Deposits not recognised as cash and cash equivalent	<u>(6,700)</u>	<u>(3,350)</u>
	<u>55,420</u>	<u>52,493</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Group for the year ended December 31, 2022.

SUPERCOMNET TECHNOLOGIES BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2023
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)				Total
	Share Capital	<----- Attributable to equity holders of the parent ----->		Total	
	RM ' 000	Treasury Share RM ' 000	Share Options Reserve RM ' 000	Retained Earnings RM ' 000	RM ' 000
<u>Current Year's 6 months ended 30.06.2023</u>					
Balance as of January 1, 2023	247,571	(123)	-	81,428	328,876
Total comprehensive income for the period	-	-	-	14,320	14,320
Exercise of warrants	16,299	-	-	-	16,299
Purchase of treasury shares	-	(149)	-	-	(149)
Share options granted under ESOS	-	-	796	-	796
Balance as of June 30, 2023	<u>263,870</u>	<u>(272)</u>	<u>796</u>	<u>95,748</u>	<u>360,142</u>
<u>Preceding Year's 6 months ended 30.06.2022</u>					
Balance as of January 1, 2022	245,917	-	-	63,765	309,682
Total comprehensive income for the period	-	-	-	16,806	16,806
Exercise of warrants	1,524	-	-	-	1,524
Purchase of treasury shares	-	(56)	-	-	(56)
Balance as of June 30, 2022	<u>247,441</u>	<u>(56)</u>	<u>-</u>	<u>80,571</u>	<u>327,956</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the year ended December 31, 2022.

SUPERCOMNET TECHNOLOGIES BERHAD
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QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2023

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis Of Preparation

This interim financial report is unaudited and has been prepared in accordance with the requirements of Chapter 9, Continuing Disclosure, Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market ("AMLR") and in compliance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB) and should be read in conjunction with the Group's annual audited financial statements for the financial year ended December 31, 2022.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended December 31, 2022.

New MFRS adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that are issued by the Malaysian Accounting Standards Board (MASB) during the financial year.

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	January 1, 2023
Amendment to MFRS 17 <i>Insurance Contracts</i>	January 1, 2023
Amendment to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	January 1, 2023
Amendments to MFRS 101 and MFRS Practice Statement 2 <i>Disclosure of Accounting Policies</i>	January 1, 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	January 1, 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	January 1, 2023

2. Audit Report of Preceding Annual Financial Statements

The auditors' report on the preceding annual financial statements was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

4. Unusual Material Event

There was no unusual material event during the quarter.

5. Material Changes In Estimates

There were no changes in estimates which materially affect the current interim period.

6. Changes in Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except for the following:

- (i) issuance of 23,805,366 ordinary shares at an issue price of RM0.65 per share on each warrant exercised,
- (ii) repurchased 120,000 ordinary shares from open market at an average price of RM1.23, the total consideration paid including transaction costs was RM148,486.20.

As at June 30, 2023, of the total 787,050,263 issued and fully paid ordinary shares, 230,000 ordinary shares are held as treasury shares by the Company.

7. Dividends Paid

No dividend has been paid in the current quarter under review.

8. Segmental Reporting

The Group's principal activities include manufacturing and assembly of medical cables and devices, automotive fuel tanks, wires and cable for electrical appliances, consumer electronics and automotive markets.

For the quarter under review, the medical segment continues to be key contributor for the Group with a revenue contribution of 69% as compared to 61% in the last corresponding period.

Meanwhile, the automotive segment has higher revenue contribution at 11%, compared to 10% in the last corresponding period.

Revenue contribution for the industrial segment stands at 20%, compared to 29% in the last corresponding period.

9. Valuations of Property, Plant and Equipment

Not applicable as the Group did not revalue its property, plant and equipment during the current financial period.

10. Material Subsequent Events

There were no material subsequent events during the financial period under review.

11. Significant Event

There is no significant event during the financial period under review.

12. Changes in the Composition of The Group

The Group had two subsidiaries at the reporting date.

13. Contingent Liabilities and Contingent Assets

There was no contingent liabilities / assets during the financial period under review.

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QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2023

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

14. Capital Commitments

As of June 30, 2023, the Group has the following commitments in respect of capital expenditure on acquisition of property, plant and equipment

	30.06.2023 RM ' 000
Contracted and not provided for:	
Property, plant and equipment	8,000

15. Review of Performance

	Individual Quarter Ended			Cumulative Quarter Ended		
	30.06.2023	30.06.2022	Variance	30.06.2023	30.06.2022	Variance
	RM ' 000	RM ' 000	%	RM ' 000	RM ' 000	%
Revenue	33,333	39,863	(16.38)	70,698	75,836	(6.78)
Operating Profit	9,417	12,409	(24.11)	18,434	22,142	(16.75)
<i>Profit before Interest and Tax</i>	9,417	12,409	(24.11)	18,434	22,142	(16.75)
<i>Profit before Tax</i>	9,417	12,409	(24.11)	18,434	22,142	(16.75)
<i>Profit After Tax</i>	7,300	9,402	(22.36)	14,320	16,806	(14.79)
<i>Profit Attributable to Ordinary Equity Holders of the Parent</i>	7,300	9,402	(22.36)	14,320	16,806	(14.79)

For the quarter under review, the Group recorded a declined in revenue of RM6.530 million (or 16.38%) from RM39.863 million (Q2/22) to RM33.333 million (Q2/23) due to the decreased in demand from all three segments especially for industrial segment. Profit after tax for the group decreased by RM2.102 million (or 22.36%) from RM9.402 million (Q2/22) to RM7.300 million (Q2/23) attributed by decreased in revenue as mentioned above, higher electricity tariff and recognition of RM0.796 million for fair value expense related to share options granted under ESOS.

The cumulative revenue recorded a declined of RM5.138 million (or 6.78%) from RM75.836 million (cumulative Q2/22) to RM70.698 million (cumulative Q2/23) and the cumulative profit after tax of the group has decreased by RM2.486 million (or 14.79%) from RM16.806 million (cumulative Q2/22) to RM14.320 million (cumulative Q2/23) attributed by decrease in revenue from medical and industrial segments, one-off expenses of RM0.590 million related to transfer listing of Company share capital to Main Market of Bursa and recognition of RM0.796 million for fair value expense related to share options granted under ESOS.

16. Comparison with Immediate Preceding Quarter's Result

	Current Quarter Ended	Immediate Preceding Quarter Ended	Variance %
	30.06.2023	31.03.2023	
	RM ' 000	RM ' 000	
Revenue	33,333	37,365	(10.79)
Operating Profit	9,417	9,017	4.44
<i>Profit Before Interest and Tax</i>	9,417	9,017	4.44
<i>Profit Before Tax</i>	9,417	9,017	4.44
<i>Profit After Tax</i>	7,300	7,020	3.99
<i>Profit Attributable to Ordinary Equity Holders of the Parent</i>	7,300	7,020	3.99

As compared to the immediate preceding quarter, the Group revenue declined by RM4.032 million (or 10.79%) from RM37.365million (Q1/23) to RM33.333 million (Q2/23) mainly due to the decreased in revenue from automotive segment. The profit after tax showed an increased of RM0.280 million (or 3.99%) from RM7.020 million (Q1/23) to RM7.300 million (Q2/23) due to improved in margin from medical segment by increased in sales of higher profit margin products and favorable foreign exchange, however the increase was mitigated by lower revenue generated from automotive segment.

17. Prospects

We remain optimistic with the Group's mid to long term prospects and will continue work closely with existing and new customers on new products development.

Thus, barring any unforeseen circumstances, the Group expects the performance for the current financial year to be satisfactory.

18. Profit Forecast or Guarantee

The Group has not given any profit forecast nor guarantee in respect of any corporate proposals.

19. Taxation

Taxation comprises the following :-

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Current tax:				
Income tax expense in respect of current year	(2,235)	(3,024)	(4,397)	(5,588)
Deferred tax	118	17	283	252
	(2,117)	(3,007)	(4,114)	(5,336)

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QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2023

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

20. Corporate Proposals

Save as disclosed below, there was no corporate proposal announced but not completed as at the date of this quarterly report:

On December 21, 2022, the Company had announced that the Company proposed to undertake the proposed transfer of the listing of and quotation for the entire issued share capital and the outstanding warrants of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer"). The Proposed Transfer was completed on August 21, 2023.

21. Borrowings and Debts Securities

There was no Group borrowings and Debts Securities at the end of the reporting period.

22. Changes in Material Litigation

There was no material litigation pending on the date of this announcement.

23. Dividend

The Directors proposed a final single tier dividend of RM0.015 per ordinary shares in respect of the financial year ended December 31, 2022. This dividend has been approved by shareholders during the Annual General Meeting held on June 08, 2023 and the payment was subsequently made on July 18, 2023.

24. Earnings Per Share (EPS)

(a) Basic EPS

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit attributable to shareholders (RM '000)	7,300	9,402	14,320	16,806
Weighted average number of ordinary shares ('000)	775,594	761,641	775,594	761,641
Basic EPS (sen)	0.94	1.23	1.85	2.21

(b) Fully Diluted EPS

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit attributable to shareholders (RM '000)	7,300	9,402	14,320	16,806
Weighted average number of ordinary shares ('000)	775,594	761,641	775,594	761,641
Warrant shares deemed to be issued for no consideration ('000)	43,196	50,001	43,196	50,001
Share options deemed to be issued for no consideration ('000)	367	-	367	-
	819,157	811,642	819,157	811,642
Diluted EPS (sen)	0.89	1.16	1.75	2.07

25. Profit for the Period

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Profit for the period is arrived at after crediting / (charging) :				
Depreciation and amortisation	(1,471)	(1,572)	(3,242)	(3,130)
Gain on disposal of property, plant and equipment	-	13	56	13
Interest income	234	109	388	153
Rental income	6	-	12	27
Property, plant and equipment written off	(1)	(28)	(1)	(29)
Net foreign exchange gain	792	1,346	742	1,915

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Securities Ace Market Listing Requirements are not applicable.

26. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on August 22, 2023.