

**ARTRONIQ BERHAD**

(Formerly known as PLASTRADE TECHNOLOGY BERHAD)

(Company No.: 200201023414 (591077-X))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2021**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
		31/03/2021	31/03/2020	31/03/2021	31/03/2020
		RM'000	RM'000	RM'000	RM'000
<b><u>Continuing operations</u></b>					
Revenue		41,741	21,696	41,741	21,696
Cost of sales		(40,453)	(21,291)	(40,453)	(21,291)
<b>Gross profit</b>		1,288	405	1,288	405
Other income		5	165	5	165
Administrative expenses		(876)	(652)	(876)	(652)
Selling and distribution expenses		(404)	(45)	(404)	(45)
Profit/(Loss) from operations		13	(127)	13	(127)
Finance costs		(11)	(8)	(11)	(8)
<b>Profit/(Loss) before tax</b>	20	2	(135)	2	(135)
Tax expenses	21	(173)	(74)	(173)	(74)
<b>Loss from continuing operations, net of tax</b>		(171)	(209)	(171)	(209)
<b><u>Discontinued operations</u></b>					
Profit/(Loss) from discontinued operations, net of tax		5,177	(334)	5,177	(334)
<b>Profit/(Loss) and total comprehensive income/ (expense) for the period</b>		5,006	(543)	5,006	(543)
<b>Profit/(Loss) attributable to:</b>					
Equity holder of the Company		5,006	(543)	5,006	(543)
<b>Earning/(Loss) per share attributable to equity holders of the Company (sen):</b>					
Basic and diluted	28				
- continuing operations		(0.06)	(0.08)	(0.06)	(0.08)
- discontinued operations		1.79	(0.13)	1.79	(0.13)
		1.73	(0.21)	1.73	(0.21)

(The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Quarterly Report.)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

	(UNAUDITED) AS AT 31/03/2021 RM'000	(AUDITED) AS AT 31/12/2020 RM'000
	Note	
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	235	246
Right of use asset	8	33
Investment in unquoted share	1,000	1,000
Goodwill	15,413	15,413
	<u>16,656</u>	<u>16,692</u>
<b>Current Assets</b>		
Trade receivables	3,204	3,987
Other receivables, deposits and prepayments	12,700	6,701
Income tax assets	248	270
Fixed deposits with licensed banks	253	1,234
Cash and bank balances	4,557	6,401
	<u>20,962</u>	<u>18,593</u>
Assets held for sales	2,836	7,612
<b>TOTAL ASSETS</b>	<u>40,454</u>	<u>42,897</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	39,642	39,642
Accumulated losses	(5,789)	(10,795)
<b>Total equity</b>	<u>33,853</u>	<u>28,847</u>
<b>Non-Current Liabilities</b>		
Contingent consideration	1,374	1,374
Hire purchase payables	26 164	189
Deferred tax liabilities	3	3
	<u>1,541</u>	<u>1,566</u>
<b>Current Liabilities</b>		
Trade payables	529	726
Other payables and accruals	2,802	9,950
Contingent consideration	1,435	1,435
Hire purchase payables	26 113	112
Lease liability	9	36
Income tax liabilities	172	225
	<u>5,060</u>	<u>12,484</u>
<b>Total liabilities</b>	<u>6,601</u>	<u>14,050</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>40,454</u>	<u>42,897</u>
Net assets per share (sen) attributable to equity holders of the Company	<u>11.74</u>	<u>9.98</u>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Quarterly Report.)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2021**

	< ----- Attributable to equity holders of the Company ----- >		
	Non-Distributable	Distributable	
	<b>SHARE CAPITAL</b>	<b>ACCUMULATED (LOSSES)/ RETAINED PROFITS</b>	<b>TOTAL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Balance at 1 January 2021</b>	39,642	(10,795)	28,847
Profit and total comprehensive income for the period	-	5,006	5,006
<b>Balance at 31 March 2021</b>	<u>39,642</u>	<u>(5,789)</u>	<u>33,853</u>
<b>Balance at 1 January 2020</b>	27,722	1,031	28,753
Loss and total comprehensive expenses for the period	-	(543)	(543)
Contribution by and distributions to owner of the Company:			
- Issuance of shares	8,009	-	8,009
<b>Balance at 31 March 2020</b>	<u>35,731</u>	<u>488</u>	<u>36,219</u>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Quarterly Report.)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2021**

	<b>3 MONTHS ENDED</b>	
	<b>CURRENT</b>	<b>PRECEDING</b>
	<b>PERIOD TO DATE</b>	<b>PERIOD TO DATE</b>
	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax		
- continuing operations	2	(135)
- discontinued operations	5,177	(357)
	<u>5,179</u>	<u>(492)</u>
<b>Adjustments for :-</b>		
Depreciation of property, plant and equipment	22	168
Depreciation of right of use asset	25	26
Amortisation of intangible assets	-	1
Gain on disposal of property, plant and equipment	(5,333)	-
Impairment loss on trade receivables	7	4
Reversal of impairment loss on trade receivables	-	(275)
Reversal of inventories previously written down	-	(31)
Interest expense	3	8
Interest income	(3)	(6)
Unrealised gain on foreign exchange	(81)	(68)
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES</b>	<u>(181)</u>	<u>(665)</u>
Inventories	-	151
Receivables	(5,058)	(2,212)
Payables	(7,456)	1,037
<b>CASH FLOWS FOR OPERATIONS</b>	<u>(12,695)</u>	<u>(1,689)</u>
Interest income received	3	6
Tax paid	(204)	(131)
<b>NET CASH FLOWS FOR OPERATING ACTIVITIES</b>	<u>(12,896)</u>	<u>(1,814)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decreased in fixed deposits pledged to licensed banks	981	-
Purchase of property, plant and equipment	(12)	(5)
Net proceeds from disposal of property, plant and equipment	10,110	-
Acquisition of business undertaking, net of cash and cash equivalents	-	679
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>11,079</u>	<u>674</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2021 (CONT'D)**

	3 MONTHS ENDED	
	CURRENT	PRECEDING
	PERIOD TO DATE	PERIOD TO DATE
	31/3/2021	31/3/2020
	RM'000	RM'000
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(3)	(8)
Repayment of hire purchase payables	(24)	(26)
Repayment of lease liability	-	(26)
<b>NET CASH FLOWS FOR FINANCING ACTIVITIES</b>	<u>(27)</u>	<u>(60)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	(1,844)	(1,200)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	6,401	6,645
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>4,557</u>	<u>5,445</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Quarterly Report.)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

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### **1. Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2020. The explanatory notes attached to the condensed consolidated interim financial statements 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 31 December 2020.

### **2. Significant Accounting Policies**

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2020 except for the adoption of the following Amendments to MFRSs during the current financial period:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2
- Amendments to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021

The initial application of the above Amendments to MFRSs does not have any significant financial impact to the Group’s results.

### **3. Auditors' Report of Preceding Annual Financial Statements**

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

### **4. Seasonal or Cyclical Factors**

There were no seasonal or cyclical factors affecting the results of the Group for the current financial quarter.

### **5. Unusual Items**

There were no other items which were unusual because of their nature, size, or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter.

### **6. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior interim periods that have a material effect on the current financial quarter.

### **7. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter.

### **8. Dividend Paid**

There was no dividend paid during the current financial quarter.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

**9. Segmental Information**

Quarter Ended 31 March 2021	<u>Continuing operations</u>				<u>Discontinued operations</u>			
	Investment Holding	ICT products	Inter- company elimination	Total	Resin compound for wire and cable	Resin compound for other industries	Inter- company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	-	41,741	-	41,741	-	-	-	-
Inter-segment revenue	60	-	(60)	-	-	-	-	-
<b>Total revenue</b>	<b>60</b>	<b>41,741</b>	<b>(60)</b>	<b>41,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Segment result	(683)	734	(38)	13	(76)	5,244	30	5,198
Finance cost	(2)	(9)	-	(11)	-	(29)	8	(21)
<b>(Loss)/Profit before tax</b>	<b>(685)</b>	<b>725</b>	<b>(38)</b>	<b>2</b>	<b>(76)</b>	<b>5,215</b>	<b>38</b>	<b>5,177</b>
Segment assets	36,254	22,832	(31,891)	27,195	10,829	10,722	(8,292)	13,259
Segment liabilities	7,021	17,282	(20,987)	3,316	390	7,460	(4,622)	3,228
Quarter Ended 31 March 2020	Investment Holding	ICT products	Inter- company elimination	Total	Resin compound for wire and cable	Resin compound for other industries	Inter- company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	-	21,696	-	21,696	1,224	44	-	1,268
Inter-segment revenue	30	1	(31)	-	-	237	(237)	-
<b>Total revenue</b>	<b>30</b>	<b>21,697</b>	<b>(31)</b>	<b>21,696</b>	<b>1,224</b>	<b>281</b>	<b>(237)</b>	<b>1,268</b>
Segment result	(401)	314	(40)	(127)	(29)	(327)	8	(348)
Finance cost	(3)	(5)	-	(8)	(1)	(39)	31	(9)
<b>(Loss)/Profit before tax</b>	<b>(404)</b>	<b>309</b>	<b>(40)</b>	<b>(135)</b>	<b>(30)</b>	<b>(366)</b>	<b>39</b>	<b>(357)</b>
Segment assets	38,468	16,942	(16,770)	38,640	15,501	9,790	(18,740)	6,551
Segment liabilities	7,855	13,125	(14,499)	6,481	1,726	7,201	(6,436)	2,491

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

**9. Segmental Information (Cont'd)****Geographical reporting:**

	Quarter Ended			3 Months Ended		
	31/03/2021 RM'000	31/03/2020 RM'000	Changes %	31/03/2021 RM'000	31/03/2020 RM'000	Changes %
<b><u>Continuing operations</u></b>						
Malaysia	2,555	2,659	-3.91%	2,555	2,659	-3.91%
Asia	35,116	17,200	104.16%	35,116	17,200	104.16%
Middle East	642	1,693	-62.08%	642	1,693	-62.08%
America	3,385	-	100.00%	3,385	-	100.00%
Others	43	144	-70.14%	43	144	-70.14%
	<b>41,741</b>	<b>21,696</b>	<b>92.39%</b>	<b>41,741</b>	<b>21,696</b>	<b>92.39%</b>
<b><u>Discontinued operations</u></b>						
Malaysia	-	709	-100.00%	-	709	-100.00%
Asia	-	559	-100.00%	-	559	-100.00%
Middle East	-	-	0.00%	-	-	100.00%
Others	-	-	0.00%	-	-	100.00%
	<b>-</b>	<b>1,268</b>	<b>-100.00%</b>	<b>-</b>	<b>1,268</b>	<b>-100.00%</b>

**10. Material Events Subsequent to the End of the Current Quarter**

Save for those disclosed in Note 25 and Note 26, there were no events materially affecting the results of the Group for the financial period-to-date, which might have occurred between 31 March 2021 and the date of this announcement.

On 16 April 2021, the Company received a notice of intention from four shareholders, Tee Yen Chong, Yeoh Guan Fook, Lee Pei Mei and Chew Hun Seng (the Requisitionists") who alleged they are members of the Company holding not less than ten percent (10%) of the total issued shares of the Company to remove the entire board of directors via an extraordinary general meeting ("EGM") which is planned to be held virtually on 17 May 2021.

On 30 April 2021, the Company announced that the Company had verified the shareholdings of the Requisitionists and confirmed that they did not and do not possess at least ten percent (10%) of the total issued shares of the Company, in which they have misled the Company and the shareholders at large through the issuance of the Notice. The Company had demanded the Requisitionists to withdraw the Notice and the Requisitionists had on 30 April 2021 written to the Company to withdraw/retract the Notice. Accordingly, the EGM convened by the Requisitionists to be held on 17 May 2021 has been cancelled and will not take place. The Company reserves its rights to seek damages from the Requisitionists.

**11. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter except the following under financial period-to-date:

On 6 January 2021, the Group has incorporated a wholly owned subsidiary for one (1) ordinary share of RM1, Artroniq Innovation Sdn Bhd ("AISB") and its principal activity is involved in provision of point of sales ("POS") solution and distribution of POS hardware, peripherals and related services.

On 3 May 2021, AISB has increased its issue and paid-up share capital from 1 to 500,000 ordinary shares of RM1 each. The Company has subscribed for an additional of 254,999 ordinary shares of RM1 each in AISB by way of cash. Consequently, AISB became a 51% owned subsidiary of the Company.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

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**12. Changes in Contingent Liabilities and Contingent Assets**

There were no changes in the material contingent liabilities or assets of the Group as at the date of this announcement.

**13. Capital Commitments**

There were no material capital commitments as at the date of this announcement.

**14. Comparatives**

The comparatives for the Consolidated Statement of Profit or Loss and Other Comprehensive Income have been re-presented to show the discontinued operations pursuant to the cessation of manufacturing business of resin compound for wire and cable and resin compound for other industries in 3<sup>rd</sup> quarter 2020.

**15. Significant Related Party Transaction**

The related party transactions are taken under normal course of business and on terms that are not more favourable than those available to other third parties.

There were no significant related party transactions of the Group for the financial period-to-date.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS FOR THE ACE MARKET OF THE BURSA MALAYSIA SECURITIES BERHAD****16. Review of Group Performance****Current Financial Quarter****Continuing operations**

The Group recorded a revenue of RM41.741 million for the current quarter ended 31 March 2021 ("1Q2021"), representing an increase of approximately 92% as compared to the preceding year corresponding quarter ended 31 March 2020 ("1Q2020") of RM21.696 million. The Group recorded a profit before tax of RM0.002 million for 1Q2021 as compared to a loss before tax of RM0.135 million for 1Q2020.

**ICT products:**

Revenue increased by 92% to RM41.741 million in 1Q2021 as compared to 1Q2020 was due to contribution from a subsidiary, Artronix Sdn Bhd ("Artronix") commenced business in the second quarter 2020. This business segment recorded a profit before tax of RM0.725 million for 1Q2021 as compared with a profit before tax of RM0.309 million for 1Q2020. The increase in profit was due to the contribution of Artronix in the market.

**Discontinued operations**

Manufacturing business of resin compound for wire and cable and resin compound for other industries had ceased its operations on 22 September 2020.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

**17. Comparison with Previous Quarter's Results**

Continuing operations	Revenue			(Loss)/Profit before tax		
	Current Quarter	Preceding Quarter		Current Quarter	Preceding Quarter	
Segment	31/03/2021	31/12/2020	Changes	31/03/2021	31/12/2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Investment holding	-	-	0.00%	(723)	(2,211)	67.30%
ICT products	41,741	58,252	-28.34%	725	1,132	-35.95%
<b>Total</b>	<b>41,741</b>	<b>58,252</b>	<b>-28.34%</b>	<b>2</b>	<b>(1,079)</b>	<b>100.19%</b>

Discontinued operations	Revenue			Profit/(Loss) before tax		
	Current Quarter	Preceding Quarter		Current Quarter	Preceding Quarter	
Segment	31/03/2021	31/12/2020	Changes	31/03/2021	31/12/2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Resin compound for wire and cable	-	10	-100.00%	(53)	(1,866)	97.16%
Resin compound for other industries	-	10	-100.00%	5,230	(2,983)	275.33%
<b>Total</b>	<b>-</b>	<b>20</b>	<b>-100.00%</b>	<b>5,177</b>	<b>(4,849)</b>	<b>206.76%</b>

**Continuing operations**

For 1Q2021, the Group recorded a revenue of RM41.741 million, representing a decrease of approximately 28.34% as compared to the previous quarter ended 31 December 2020 ("4Q2020") of RM58.252 million. However, the Group recorded a profit before tax of RM0.002 million in 1Q2021 as compared to 4Q2020 of loss before tax of RM1.079 million. The decrease in loss for 1Q2021 was mainly due to changes in fair value of investment in unquoted share in previous quarter.

**18. Prospects**

Major economies of the world continue to show recovery with the United States ("US") and China leading the way. This is mainly due to policies managing the Covid-19 pandemic and the various historically large stimulus packages being implemented by these countries. Despite the increasing pace of vaccination particularly in the US, the pandemic concerns including new variants remain as the infection rate continue to rise and stay at high levels in many parts of the world including India, Europe, South America, Africa and Malaysia. These developments are bound to impact adversely on the economic growth trajectory.

The Group is striving to rectify the situation by reviewing, revisiting and realigning our next steps and strategies to ensure the continuity of the business. Besides, the Group will also work to seek more opportunities beyond these businesses to mitigate the risks and find a way to overcome this hurdle together. The Board of Directors will continuously assess the impact of COVID-19 on its operations and financial performance of the Group for the financial year 2021.

**19. Variance of Profit Forecast**

Not applicable as no profit forecast has been issued.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

**20. Loss Before Tax**

Loss before tax is arrived at after charging/(crediting):

	Quarter Ended		3 Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	22	168	22	168
Depreciation of right of use asset	25	26	25	26
Amortisation of intangible assets	-	1	-	1
Impairment loss on trade receivables	7	4	7	4
Provision of litigation claim [Note (a)]	-	286	-	286
Interest expense	3	8	3	8
Reversal of impairment loss on trade receivables	-	(275)	-	(275)
Reversal of inventories previously written down	-	(31)	-	(31)
Gain on disposal of property, plant and equipment	(5,333)	-	(5,333)	-
Interest income	(3)	(6)	(3)	(6)
Unrealised gain on foreign exchange	(81)	(68)	(81)	(68)
Net loss on foreign exchange	(116)	(71)	(116)	(71)

*Note (a): Provision amount is arising from disclosure in Note 27.***21. Tax Expense**

Tax expense comprise of the following:

	Quarter Ended		3 Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
<b><u>Income tax</u></b>				
<b>Current year</b>				
- continuing operations	173	74	173	74
- discontinued operations	-	-	-	-
<b><u>Deferred tax</u></b>				
<b>Prior year</b>				
- continuing operations	-	-	-	-
- discontinued operations	-	(23)	-	(23)
	173	51	173	51

The Group's effective tax rate for the financial period ended 31 March 2021 is higher than the statutory tax rate of 24% principally due to losses incurred by the investment holding operation.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021

**22. Financial instruments****Classification**

The following table analyses the financial assets and financial liabilities of the Group in the condensed consolidated statement of financial position by the classes and categories of financial instruments to which they are assigned by their measurement basis.

	As At 31/03/2021 RM'000	As At 31/03/2020 RM'000
<b>Financial Assets</b>		
<i><u>Fair value through profit or loss</u></i>		
Investment in unquoted share	1,000	4,000
<i><u>At amortised cost</u></i>		
Trade receivables	3,204	3,007
Other receivables and deposits	12,601	2,578
Fixed deposits with licensed banks	253	1,666
Cash and bank balances	4,557	4,054
	<u>20,615</u>	<u>11,305</u>
<b>Total financial assets</b>	<u>21,615</u>	<u>15,305</u>
<b>Financial Liabilities</b>		
<i><u>At amortised cost</u></i>		
Trade payables	529	1,636
Other payables and accruals	2,802	2,978
Contingent consideration	2,809	3,724
Bank borrowings	277	492
Lease liability	9	115
	<u>6,426</u>	<u>8,945</u>

**23. Fair Value Information**

At the end of the reporting period, except for disclosed in Note 22 there were no financial instruments carried at fair values in the statement of financial position.

The carrying amount of financial assets and financial liabilities at amortised cost are reasonable approximation of their fair values.

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**24. Cash and Cash Equivalents**

Cash and cash equivalents included in the statement of cash flows comprise of the following:

	<b>As At 30/03/2021 RM'000</b>	<b>As At 31/03/2020 RM'000</b>
<b>Fixed deposits with licensed banks</b>		
- continuing operations	253	164
- discontinued operations	-	1,502
<b>Cash and bank balances</b>		
- continuing operations	3,791	1,407
- discontinued operations	766	2,647
<b>Bank overdrafts</b>		
- discontinued operations	-	(111)
	4,810	5,609
<b>Less: Fixed deposits pledged to licensed banks</b>		
- continuing operations	(253)	(164)
	4,557	5,445

Fixed deposits of the Group totaling of RM0.253 million, which have been pledged to banks for banking facilities granted to subsidiaries are not available for general use by the Group other than to meet the obligations under the banking facilities.

**25. Status of Corporate Proposals Announced**

On 23 July 2020, Plascable Polymer Sdn Bhd, a wholly owned subsidiary of the Company, has entered into a conditional sale and purchase agreement (“SPA”) with Actgen Industry Sdn Bhd for the proposed disposal of the Property held under H.S.(D) 493851, Lot PTD 76050, Mukim Tebrau, Daerah Johor Bahru, for a cash consideration of RM10.65 million. The proposed disposal has obtained shareholders’ approval at the Extraordinary General Meeting held on 30 October 2020. The SPA has been made unconditional on 19 November 2020 (“unconditional date”). Pursuant to the provisions of the SPA, the extended completion date shall fall on 18 April 2021. The transaction has been completed on 12 March 2021.

The status of the utilisation of the proceeds raised from the disposal of the Property amounting to RM10,650,000 is as follows:

<b>Purposes:</b>	<b>Amount Raised RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Balance Unutilise RM'000</b>	<b>Timeframe for Utilisation</b>
Purchase of inventories for ICT business	9,523	-	9,523	Within 3 years
Estimated expenses	1,127	(1,127)	-	Immediately
	10,650	(1,127)	9,523	

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**25. Status of Corporate Proposals Announced (Cont'd)**

On 30 July 2020, the Company proposed to undertake a private placement of up to 26,266,600 new ordinary shares, representing not more than 10% of its issued ordinary shares of the Company. The proceeds from the private placement will be utilised in the manner of purchase inventories for the expansion of ICT business. The proposed private placement has been completed following the listing of and quotation for 26,266,600 placement shares on the ACE Market of Bursa Securities on 12 October 2020.

The status of the utilisation of the proceeds raised from the private placement of 26,266,600 shares at an issue price of RM0.1489 per share amounting to RM3,911,097 is as follows:

<b>Purposes:</b>	<b>Amount Raised RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Balance Unutilise RM'000</b>	<b>Timeframe for Utilisation</b>
Purchase of inventories for ICT business	3,738	(1,000)	2,738	Within 3 years
Private placement costs	173	(173)	-	Immediately
	<u>3,911</u>	<u>(1,173)</u>	<u>2,738</u>	

On 29 December 2020, the Company proposed private placement of up to 86,679,000 new ordinary shares, representing not more than 30% of the issued ordinary shares of the Company. The proceeds raised are expected to be utilised for future viable investment and working capital for the Group. The proposed private placement is expected to be completed by the second quarter of 2021. Bursa Securities had, vide its letter dated 19 February 2021, approved the listing of and quotation for up to 86,679,000 placement shares to be issued pursuant to the proposed private placement subject to the conditions as provided under the ACE Market Listing Requirements. The Proposals was duly rejected by the shareholders at the Extraordinary General Meeting held on 18 March 2021.

On 8 January 2021, the Company intends to seek its shareholders' approval for the proposed amendment to the Constitution of the Company and proposed additional 10% general mandate in relation to the authority to issue shares pursuant to sections 75 and 76 of the Companies Act, 2016. The Proposals have obtained shareholders' approval at the Extraordinary General Meeting held on 3 February 2021.

On 10 February 2021, the Company and its wholly owned subsidiary, Artroniq Innovation Sdn Bhd ("AISB") (incorporated as a private limited company in Malaysia on 6 January 2021 and its principal activities are the provision of point of sales ("POS") solutions and distributions of POS hardware, peripherals and related services) has entered into a Collaboration Agreement with Heng Chip Hian ("HCH") to establish the manner in which the Collaboration Company, namely AISB ("CC") and the intended business to be carried out by CC. The proposed shareholding structure of the CC shall be 51% held by the Company and 49% held by HCH. The proposed Collaboration is intended to enable the parties to combine their skills, expertise, experience and capabilities collectively with regard to the business and will strengthen the Group's core competencies in the information and communication technology industry. Such Collaboration is not expected to have any material effect to the Group and it does not require approval from the shareholders of the Company or any relevant authorities.

On 25 March 2021, The Company submitted its application to Bursa Securities for Proposed Placement of up to 10% of total number of issued shares ("Proposal"). Subsequently on 30 March 2021, an Injunction Application has been filed by Tee Yen Chong and Fortune Biotech Supply Sdn Bhd to restrain the Proposal from proceeding. The details are disclosed in Note 27(b).

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**26. Group Borrowings and Debt Securities**

The Group borrowings as of 31 March 2021 are as follows:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Non-current</b>			
Hire purchase payables	164	-	164
<b>Current</b>			
Hire purchase payables	113	-	113
<b>Total borrowings</b>	277	-	277

No borrowing in foreign currency.

**27. Material Litigation**

- a) On 29 June 2020, the Board of Directors wishes to inform that the Company had received a legal opinion from Company's solicitors, K.S. Ong & Co., informing that a sealed copy of Writ of Summons and Statement of Claim via Johor Bahru Sessions Court Civil Suit No: JA-A52NCC-134-06/2020 was served to MHT Manufacturing Sdn Bhd ("MHT" or "the Defendant"), a wholly owned subsidiary, by Messrs Lee & Tengku Azrina, the Advocates & Solicitors ("the Plaintiff's solicitors) for Ravago Hong Kong Limited ("Ravago" or "the Plaintiff"). The Plaintiff claims damages and losses on rejection of the goods against the Defendant for sum of USD66,825.55 (equivalent of RM286,347 at rate USD 1 = RM4.285).

Subsequent to the Writ of Summons and Statement of Claim filed by the Plaintiff, K.S. Ong & Co. have filed the Memorandum of Appearance on 6 July 2020, filed the Defence on 16 July 2020 and filed the Notice of Application of Security for Costs together with the Affidavit in Support on 20 July 2020. On 11 September 2020, Plaintiff's solicitors received a sum of RM12,000 from the Plaintiff being the Security Cost and they act as a stakeholder who will then hold the monies for the Defendant till the decision of the main suit. The sum had been deposited to Plaintiff's solicitors account on 18 September 2020. The Plaintiff's solicitors have filed the Notice of Application together with the Affidavit On Application Under Order 14 Rule 2 Rules Of Court 2012 and fixed for Hearing of Notice Application on 5 November 2020. On the same day 5 November 2020, K.S. Ong & Co. have received the Plaintiff's Application for Summary Judgment and the Court has given the Defendant to file Affidavit Jawapan by 3 December 2020. Subsequent to the Notice of Application for Summary Judgment dated 4 November 2020 together with the Affidavit Sokongan filed by the Plaintiff, K.S. Ong & Co. have filed the Affidavit Jawapan Defendan on 1 December 2020, received the Affidavit Balasan Plaintiff on 13 January 2021 and filed the Affidavit Balasan Defendan on 27 January 2021. The Parties are required to file the Written Submission by 24 February 2021 and Written Submission in Reply by 17 March 2021.

The Court decision on 1 April 2021, that the Plaintiff's application for summary judgement was dismissed with cost of RM2,000. The Plaintiff has file the notice of Appeal on 12 April 2021.

On 19 May 2021, the Court has fixed a further case management on 22 June 2021 for the Appellant to file Supplementary Record of Appeal pending Grounds of Judgement from the Learned Session Court Judge.

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### **27. Material Litigation (Cont'd)**

- b) On 14 April 2021, the Board of Directors wishes to announce that the Company had on 13 April 2021 received the following documents from Messrs Chee Yuen & Co, solicitors for Tee Yen Chong and Fortune Biotech Supply Sdn Bhd (“Plaintiffs”):-
- i) Originating Summons dated 30 March 2021 (“Originating Summons”);
  - ii) Affidavit in Support affirmed by Tee Yen Chong on 30 March 2021;
  - iii) Supplemental Affidavit affirmed by Tee Yen Chong on 2 April 2021;
  - iv) Notice of Application (Ex-parte) dated 30 March 2021 (“Notice of Application”);
  - v) Affidavit in Support affirmed by Tee Yen Chong on 30 March 2021;
  - vi) Supplemental Affidavit affirmed by Tee Yen Chong on 2 April 2021; and
  - vii) Certificate of Urgency dated 30 March 2021.

The Company is named as the 5th Defendant in the Suit.

Pursuant to the Originating Summons, the Plaintiffs allege that:-

- i) the 1st to 4th Defendants have exercised their powers in a manner oppressive to the Plaintiffs;
- ii) the Plaintiffs’ interests as members of the Company have been disregarded;
- iii) the 1st to 4th Defendants have acted in a manner which was and is unfairly unprejudicial and oppressive to the Plaintiffs’ interests as members of the Company; and
- iv) the affairs of the Company are being conducted and/or the powers of the directors are being exercised in disregard of the interests of the Company.

Pursuant to the Notice of Application, the Plaintiffs seek, among others, an injunction to restrain the 1st to 4th Defendants jointly and severally, by themselves, their servants, agents, nominees, employees, trustees or howsoever from proceeding with the proposed placement of up to 28,893,200 ordinary shares representing not more than 10% of the total number of issued shares of the Company until the final disposal of the Originating Summons and/or further order of Court.

This matter is currently fixed for Hearing on 17 June 2021.

The above litigation cases have no material impact to the Group.



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**28. Earning/(Loss) Per Share**

	<b>Quarter Ended</b>		<b>3 Months Ended</b>	
	<b>31/03/2021</b>	<b>31/03/2020</b>	<b>31/03/2021</b>	<b>31/03/2020</b>
<b>Profit/(Loss)</b>				
Net profit/(loss) attributable to equity holders of the Company (RM'000)				
- continuing operations	(171)	(209)	(171)	(209)
- discontinued operations	5,177	(334)	5,177	(334)
	<u>5,006</u>	<u>(543)</u>	<u>5,006</u>	<u>(543)</u>
<b>Basic</b>				
Weighted average number of the ordinary shares in issue ('000)				
	<u>288,933</u>	<u>262,666</u>	<u>288,933</u>	<u>262,666</u>
<b>Basic earning/(loss) per ordinary share (sen)</b>				
- continuing operations	(0.06)	(0.08)	(0.06)	(0.08)
- discontinued operations	1.79	(0.13)	1.79	(0.13)
	<u>1.73</u>	<u>(0.21)</u>	<u>1.73</u>	<u>(0.21)</u>

Diluted earnings per share is equal to the basic earnings per share as there were no potential ordinary shares outstanding in both the previous and current period.

**29. Proposed Dividend**

No dividend was declared or proposed during the current financial quarter.

**30. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 May 2021.

BY ORDER OF THE BOARD OF  
ARTRONIQ BERHAD