

ARTRONIQ 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 2022

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2021 RM'000	CURRENT YEAR TO DATE 31/03/2022 RM'000	PRECEDING YEAR TO DATE 31/03/2021 RM'000
<u>Continuing operations</u>					
Revenue		62,728	41,741	62,728	41,741
Cost of sales		(60,614)	(40,453)	(60,614)	(40,453)
Gross profit		2,114	1,288	2,114	1,288
Other income		148	5	148	5
Administrative expenses		(1,719)	(876)	(1,719)	(876)
Selling and distribution expenses		(623)	(404)	(623)	(404)
Other operating expenses		-	-	-	-
Profit/(Loss) from operations		(80)	13	(80)	13
Finance costs		(29)	(11)	(29)	(11)
(Loss)/Profit before tax	20	(109)	2	(109)	2
Tax expenses	21	(159)	(173)	(159)	(173)
Loss from continuing operations, net of tax		(268)	(171)	(268)	(171)
<u>Discontinued operations</u>					
(Loss)/Profit from discontinued operations, net of tax		(98)	5,177	(98)	5,177
(Loss)/Profit and total comprehensive income/ (expense) for the period		(366)	5,006	(366)	5,006
(Loss)/Profit attributable to:					
Equity holder of the Company		(555)	5,006	(555)	5,006
Non-controlling interest		189	-	189	-
		(366)	5,006	(366)	5,006
(Loss)/Earning per share attributable to equity holders of the Company (sen):					
Basic and diluted	28				
- continuing operations		(0.15)	(0.06)	(0.15)	(0.06)
- discontinued operations		(0.03)	1.79	(0.03)	1.79
		(0.18)	1.73	(0.18)	1.73

(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 2021 and the accompanying explanatory notes attached to the Quarterly Report.)

ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	(UNAUDITED) AS AT 31/03/2022 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
	Note	
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,834	1,872
Right of use asset	2,678	2,762
Goodwill	15,413	15,413
	<u>19,925</u>	<u>20,047</u>
Current Assets		
Inventories	2,539	1,345
Trade receivables	15,320	7,900
Other receivables, deposits and prepayments	9,047	14,018
Income tax assets	545	404
Fixed deposits with licensed banks	10,805	805
Cash and bank balances	3,063	6,362
	<u>41,319</u>	<u>30,834</u>
Assets held for sales	2,836	2,836
TOTAL ASSETS	<u>64,080</u>	<u>53,717</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 (CONT'D)

	(UNAUDITED) AS AT 31/03/2022 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
Note		
EQUITY AND LIABILITIES		
Equity		
Share capital	52,643	39,642
Accumulated losses	<u>(6,532)</u>	<u>(5,977)</u>
Total equity attributable to Owners of the Company	46,111	33,665
Non-controlling interests	<u>838</u>	<u>649</u>
Total equity	<u>46,949</u>	<u>34,314</u>
Non-Current Liabilities		
Hire purchase payables	26 117	145
Lease liabilities	2,383	2,463
Deferred tax liabilities	<u>3</u>	<u>3</u>
	<u>2,503</u>	<u>2,611</u>
Current Liabilities		
Trade payables	8,793	5,849
Other payables and accruals	3,693	8,780
Contingent consideration	1,374	1,374
Hire purchase payables	26 137	136
Lease liability	315	314
Income tax liabilities	<u>316</u>	<u>339</u>
	<u>14,628</u>	<u>16,792</u>
Total liabilities	<u>17,131</u>	<u>19,403</u>
TOTAL EQUITY AND LIABILITIES	<u>64,080</u>	<u>53,717</u>
Net assets per share (sen) attributable to equity holders of the Company	<u>14.51</u>	<u>11.65</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 2021 and the accompanying explanatory notes attached to the Quarterly Report.)

ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2022

----- Attributable to equity holders of the Company -----

Non-Distributable Distributable

	SHARE ACCUMULATED CAPITAL	(LOSSES)/ RETAINED PROFITS	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 Jan 2022	39,642	(5,977)	33,665	649	34,314
(Loss)/Profit and total comprehensive income for the period	-	(555)	(555)	189	(366)
Contribution by and distributions to owner of the Company:					
- Issuance of shares	13,001	-	13,001	-	13,001
Balance at 31 Mar 2022	52,643	(6,532)	46,111	838	46,949
Balance at 1 Jan 2021	39,642	(10,795)	28,847	-	28,847
Profit and total comprehensive expenses for the period	-	5,006	5,006	-	5,006
Balance at 31 Mar 2021	39,642	(5,789)	33,853	-	33,853

(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 2021 and the accompanying explanatory notes attached to the Quarterly Report.)

ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2022

	3 MONTHS ENDED	
	CURRENT PERIOD TO DATE 31/03/2022 RM'000	PRECEDING PERIOD TO DATE 31/03/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax		
- continuing operations	(109)	2
- discontinued operations	(98)	5,177
	<u>(207)</u>	<u>5,179</u>
Adjustments for :-		
Depreciation of property, plant and equipment	73	22
Net depreciation of right of use asset	84	25
Gain on disposal of property, plant and equipment	-	(5,333)
Impairment loss on trade receivables	-	7
Interest expense	32	3
Interest income	(17)	(3)
Unrealised loss on foreign exchange	(131)	(81)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	<u>(166)</u>	<u>(181)</u>
Inventories	(1,194)	-
Receivables	(4,582)	(5,058)
Payables	120	(7,456)
CASH FLOWS FOR OPERATIONS	<u>(5,822)</u>	<u>(12,695)</u>
Interest income received	17	3
Tax refund	5	-
Tax paid	(328)	(204)
NET CASH FLOWS FOR OPERATING ACTIVITIES	<u>(6,128)</u>	<u>(12,896)</u>
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Decreased in fixed deposits pledged to licensed banks	-	981
Purchase of property, plant and equipment	(35)	(12)
Net proceeds from disposal of property, plant and equipment	-	10,110
NET CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES	<u>(35)</u>	<u>11,079</u>
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	13,001	-
Interest paid	(32)	(3)
Repayment of hire purchase payables	(27)	(24)
Repayment of lease liability	(78)	-
NET CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES	<u>12,864</u>	<u>(27)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>6,701</u>	<u>(1,844)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>6,912</u>	<u>6,401</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>13,613</u>	<u>4,557</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 2021 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 2022

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 2021. 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 2021.

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 2021 except for the adoption of the following Amendments to MFRSs during the current financial period:

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 3: 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: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial application of the above Amendments to MFRSs and IC Int 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

7. Debt and Equity Securities

On 26 January 2022, the total issued ordinary share capital of the Company was increased from RM39,641,480 comprising 288,932,600 ordinary shares to RM52,643,420 comprising 317,825,800 ordinary shares by way of an issuance of 28,893,200 new ordinary shares at an issue price of RM0.45 per share from the private placement.

The new ordinary shares issued rank pari passu in all respects with the existing issued ordinary shares of the Company.

Other than above, 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.

9. Segmental Information

3 Months Ended 31 Mar 2022	<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	-	62,728	-	62,728	-	-	-	-
Inter-segment revenue	60	2,106	(2,166)	-	-	-	-	-
Total revenue	60	64,834	(2,166)	62,728	-	-	-	-
Segment result	(742)	692	(30)	(80)	(67)	(44)	13	(98)
Finance cost	(1)	(28)	-	(29)	-	(17)	17	-
(Loss)/Profit before tax	(743)	664	(30)	(109)	(67)	(61)	30	(98)
Segment assets	49,911	49,511	(39,231)	60,191	10,884	7,257	(14,252)	3,889
Segment liabilities	11,910	37,748	(33,391)	16,267	625	4,273	(4,034)	864

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

9. Segmental Information (Cont'd)

3 Months Ended 31 Mar 2021	Investment Holding	ICT products	Inter- company elimination	Total	Resin	Resin	Inter- company elimination	Total
					compound for wire and cable	compound for other industries		
	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)	-	-	-	-	-
Total revenue	60	41,741	(60)	41,741	-	-	-	-
Segment result	(683)	734	(38)	13	(76)	5,244	30	5,198
Finance cost	(2)	(9)	-	(11)	0	(29)	8	(21)
(Loss)/Profit before tax	(685)	725	(38)	2	(76)	5,215	38	5,177
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

Geographical reporting:

	Quarter Ended			3 Months Ended		
	31/03/2022	31/03/2021	Changes	31/03/2022	31/03/2021	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing operations						
Malaysia	9,008	2,555	252.56%	9,008	2,555	252.56%
Asia	49,780	35,116	41.76%	49,780	35,116	41.76%
Middle East	3,940	642	513.71%	3,940	642	513.71%
America	-	3,385	-100.00%	-	3,385	-100.00%
Others	-	43	-100.00%	-	43	-100.00%
	62,728	41,741	50.28%	62,728	41,741	50.28%

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

Other than those disclosed in Note 25 and Note 27, there were no events materially affecting the results of the Group for the financial period-to-date, which might have occurred between 31 March 2022 and the date of this announcement.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

13. Capital Commitments

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

14. Comparatives

There were no changes in the comparatives of the Group during the current financial quarter.

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.

Save as disclosed in the below, there were no significant related party transactions of the Group for the financial period-todate:

	Quarter Ended 31/03/2022 RM'000	3 Months Ended 31/03/2022 RM'000
<u>Continuing operations</u>		
Transaction with a Company which a former director and major shareholder has interest:		
<i>Artroniq Innovation Sdn Bhd ("AISB")</i>		
- Provision of Financial Assistance from the Company	3,000	3,000
- Purchase of ICT products from the Group	2,103	2,103
- Sales of ICT products to the Group	(3)	(3)
- Office rental charge to the Group	(60)	(60)
- Services provide by former director's company	3	3

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 RM62.728 million for the current quarter ended 31 March 2022 ("1Q2022"), representing an increase of approximately 50.3% as compared to the preceding year corresponding quarter ended 31 March 2021 ("1Q2021") of RM41.741 million. The Group incurred a loss before tax of RM0.109 million for 1Q2022 as compared to a profit before tax of RM0.002 million for 1Q2021.

ICT products:

Revenue increased by 50.3% to RM62.728 million in 1Q2022 as compared to RM41.741 million in 1Q2021 was mainly contribution from local and Asia market. This business segment recorded a profit before tax of RM0.664 million for 1Q2022 as compared with a profit before tax of RM0.725 million for 1Q2021. The decrease in profit was due to lower gross profit margin and higher distribution cost for the current quarter.

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 2022

17. Comparison with Previous Quarter's Results

Continuing operations	Revenue			Profit/(Loss) before tax		
	Current Quarter	Preceding Quarter		Current Quarter	Preceding Quarter	
Segment	31/03/2022	31/12/2021	Changes	31/03/2022	31/12/2021	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Investment holding	-	-	0.00%	(773)	(1,417)	45.45%
ICT products	62,728	78,706	-20.30%	664	2,025	-67.21%
Total	62,728	78,706	-20.30%	(109)	608	117.93%

Discontinued operations	Revenue			Profit/(Loss) before tax		
	Current Quarter	Preceding Quarter		Current Quarter	Preceding Quarter	
Segment	31/03/2022	31/12/2021	Changes	31/03/2022	31/12/2021	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Resin compound for wire and cable	-	-	0.00%	(69)	(16)	-331.25%
Resin compound for other industries	-	-	0.00%	(29)	(53)	45.28%
Total	-	-	0.00%	(98)	(69)	-42.03%

Continuing operations

For 1Q2022, the Group achieved revenue of RM62.728 million, representing a decrease of approximately 20.3% as compared to the previous quarter ended 31 December 2021 ("4Q2021") of RM78.706 million. The Group loss before tax of RM0.109 million in 1Q2022 as compared to 4Q2021 profit before tax of RM0.608 million. The decrease in profit was mainly due to lower revenue in the quarter.

18. Prospects

The global economy enters 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant spreads, many countries have reimposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

The Group is continue 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 2022.

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 2022

20. Profit/(Loss) Before Tax

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

	Quarter Ended		3 Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	73	22	73	22
Depreciation of right of use asset	83	25	83	25
Impairment loss on trade receivables	-	7	-	7
Interest expense	32	3	32	3
Gain on disposal of property, plant and equipment	-	(5,333)	-	(5,333)
Interest income	(17)	(3)	(17)	(3)
Unrealised gain on foreign exchange	(132)	(81)	(132)	(81)
Realised loss/(gain) on foreign exchange	111	(116)	111	(116)

21. Tax Expense

Tax expense comprise of the following:

	Quarter Ended		3 Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Income tax</u>				
Current year				
- continuing operations	159	173	159	173
Prior year				
- continuing operations	-	-	-	-
<u>Deferred tax</u>				
Prior year				
- discontinued operations	-	-	-	-
	159	173	159	173

The Group's effective tax rate for the financial period ended 31 March 2022 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 2022

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 31/03/2022 RM'000	As At 31/03/2021 RM'000
Financial Assets		
<i><u>Fair value through profit or loss</u></i>		
Investment in unquoted share	-	1,000
<i><u>At amortised cost</u></i>		
Trade receivables	15,320	3,204
Other receivables and deposits	8,808	12,601
Fixed deposits with licensed banks	10,805	253
Cash and bank balances	3,063	4,557
	<u>37,996</u>	<u>20,615</u>
Total financial assets	<u>37,996</u>	<u>21,615</u>
Financial Liabilities		
<i><u>At amortised cost</u></i>		
Trade payables	8,793	529
Other payables and accruals	3,693	2,802
Contingent consideration	1,374	2,809
Bank borrowings	254	277
Lease liability	2,698	9
Total financial liabilities	<u>16,812</u>	<u>6,426</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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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

24. Cash and Cash Equivalents

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

	As At 31/03/2022 RM'000	As At 31/03/2021 RM'000
Fixed deposits with licensed banks		
- continuing operations	10,255	253
- discontinued operations	550	-
Cash and bank balances		
- continuing operations	2,793	3,791
- discontinued operations	270	766
Bank overdrafts		
- discontinued operations	-	-
	<u>13,868</u>	<u>4,810</u>
Less: Fixed deposits pledged to licensed banks		
- continuing operations	(255)	(253)
	<u>13,613</u>	<u>4,557</u>

Fixed deposits of the Group totaling of RM0.255 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 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”). Bursa Securities vide its letter dated 3 November 2021, approved the listing of and quotation for up to 28,893,200 new Shares to be issued pursuant to the Proposed Placement.

The Placement has been completed on 28 January 2022 following the listing of and quotation for 28,893,200 Shares on the ACE Market of Bursa Securities.

The status of the utilisation of the proceeds raised from the private placement of 28,893,200 shares at an issue price of RM0.45 per share amounting to RM13,001,940 is as follows:

Purposes:	Amount Raised RM'000	Amount Utilised RM'000	Balance Unutilise RM'000	Timeframe for Utilisation
Purchase of inventories for				
ICT business	11,000	(3,000)	8,000	Within 36 months
Working capital	1,831	(405)	1,426	Within 36 months
Private placement costs	171	(171)	-	Immediately
	<u>13,002</u>	<u>(3,576)</u>	<u>9,426</u>	

The Company had on 12 April 2022 entered into a conditional shares sale agreement with Heng Chip Hian and Seniq Kinetic Sdn Bhd for the proposed acquisition of the remaining 49% equity interest in Artroniq Innovation Sdn Bhd for a purchase consideration of RM14.7 million, which shall be fully satisfied via the issuance and allotment of 26,068,451 ordinary shares in Artroniq at an issue price of RM0.5639 each.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

26. Group Borrowings and Debt Securities

The Group borrowings as of 31 March 2022 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
Hire purchase payables	117	-	117
Current			
Hire purchase payables	137	-	137
Total borrowings	254	-	254

No borrowing in foreign currency.

27. Material Litigation

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.

On 13 October 2021, after the hearing oral submission from both Counsel for the Appellant and Respondent, the Court has given the parties to file Executive Summary in English before 5 November 2021 and fixed 23 November 2021 for decision further vacated to 25 January 2022.

The decision on 25 January 2022 that the Plaintiff's appeal has been dismissed with cost of RM3,000.00 subject to payment of Allocator. Full trial was fixed on 16 February 2022 has been vacated to 15 November 2022 and 16 November 2022.

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

28. Earning/(Loss) Per Share

	Quarter Ended		3 Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Profit/(Loss)				
Net profit/(loss) attributable to equity holders of the Company (RM'000)				
- continuing operations	(457)	(171)	(457)	(171)
- discontinued operations	(98)	5,177	(98)	5,177
	<u>(555)</u>	<u>5,006</u>	<u>(555)</u>	<u>5,006</u>
Basic				
Weighted average number of the ordinary shares in issue ('000)	<u>309,478</u>	<u>288,933</u>	<u>309,478</u>	<u>288,933</u>
Basic earning/(loss) per ordinary share (sen)				
- continuing operations	(0.15)	(0.06)	(0.15)	(0.06)
- discontinued operations	(0.03)	1.79	(0.03)	1.79
	<u>(0.18)</u>	<u>1.73</u>	<u>(0.18)</u>	<u>1.73</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 30 May 2022.

BY ORDER OF THE BOARD OF
ARTRONIQ BERHAD