

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 DECEMBER 2022

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
Note	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<u>Continuing operations</u>				
Revenue	19,451	78,706	143,222	267,566
Cost of sales	(14,946)	(75,500)	(130,181)	(259,506)
Gross profit	4,505	3,206	13,041	8,060
Other income	(730)	33	1,212	255
Administrative expenses	(1,501)	(1,183)	(9,115)	(4,362)
Selling and distribution expenses	(114)	(418)	(1,210)	(1,471)
Other operating expenses	-	(1,000)	-	(1,000)
Profit/(Loss) from operations	2,160	638	3,928	1,482
Finance costs	(194)	(30)	(448)	(154)
Profit/(Loss) before tax	1,966	608	3,480	1,328
Tax expenses	(918)	(332)	(1,946)	(1,049)
Profit/(Loss) from continuing operations, net of tax	1,048	276	1,534	279
<u>Discontinued operations</u>				
(Loss)/Profit from discontinued operations, net of tax	(274)	(69)	(591)	4,943
Profit/(Loss) and total comprehensive income/(expense) for the period	774	207	943	5,222
Profit/(Loss) attributable to:				
Equity holder of the Company	1,037	(293)	1,128	4,818
Non-controlling interest	(263)	500	(185)	404
	774	207	943	5,222
Earning/(Loss) per share attributable to equity holders of the Company (sen):				
Basic and dilute	28			
- continuing operations	0.41	(0.08)	0.55	(0.04)
- discontinued operations	(0.09)	(0.02)	(0.19)	1.71
	0.32	(0.10)	0.36	1.67

(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 DECEMBER 2022

	(UNAUDITED) AS AT 31/12/2022 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
	Note	
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,621	1,872
Right of use asset	2,203	2,762
Goodwill	15,631	15,413
	<u>20,455</u>	<u>20,047</u>
Current Assets		
Inventories	1,914	1,345
Trade Receivables	44,769	7,900
Other receivables, deposits and prepayments	1,475	14,018
Income tax assets	197	404
Fixed deposits with licensed banks	261	805
Cash and bank balances	10,315	6,362
	<u>58,931</u>	<u>30,834</u>
Assets held for sales	2,836	2,836
TOTAL ASSETS	<u>82,222</u>	<u>53,717</u>

(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 DECEMBER 2022
(CONT'D)**

	(UNAUDITED) AS AT 31/12/2022 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
Note		
EQUITY AND LIABILITIES		
Equity		
Share capital	52,643	39,642
Accumulated losses	(4,841)	(5,977)
Total equity attributable to Owners of the Company	<u>47,802</u>	<u>33,665</u>
Non-controlling interests	464	649
Total equity	<u>48,266</u>	<u>34,314</u>
Non-Current Liabilities		
Hire purchase payables	26 426	145
Lease liabilities	2,011	2,463
Deferred tax liabilities	3	3
	<u>2,440</u>	<u>2,611</u>
Current Liabilities		
Trade payables	27,067	5,849
Other payables and accruals	3,246	8,780
Contingent consideration	-	1,374
Hire purchase payables	26 97	136
Lease liabilities	274	314
Income tax liabilities	832	339
	<u>31,516</u>	<u>16,792</u>
Total liabilities	<u>33,956</u>	<u>19,403</u>
TOTAL EQUITY AND LIABILITIES	<u>82,222</u>	<u>53,717</u>
Net assets per share (sen) attributable to equity holders of the Company	<u>15.05</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 DECEMBER 2022

	-----Attributable to equity holder of the Company-----				
	Non-Distributable	Distributable		NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	ACCUMULATED (LOSSES)/ RETAINED PROFITS	TOTAL	RM'000	RM'000
	RM'000	RM'000	RM'000		
Balance at 1 January 2022, previously stated	39,642	(5,977)	33,665	649	34,314
Prior year adjustment	-	8	8	-	8
Balance at 1 January 2022, restated	39,642	(5,969)	33,673	649	34,322
Profit/(Loss) and total comprehensive (expenses)/income for the period	-	1,128	1,128	(184)	974
Contribution by and distributions to owner of the Company					
- Issuance of shares	13,001	-	13,001	-	13,001
Balance as 31 December 2022	52,643	(4,841)	47,802	465	48,267
Balance at 1 January 2021	39,642	(10,795)	28,847	-	28,847
Profit/(Loss) and total comprehensive income/(expenses) for the period	-	4,818	4,818	404	5,222
Changes in composition of the Group					
- Issuance of shares	-	-	-	245	245
Balance at 31 December 2021	39,642	(5,977)	33,665	649	34,314

(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 DECEMBER 2022

	12 MONTHS ENDED	
	CURRENT PERIOD TO DATE 31/12/2022 RM'000	PRECEDING PERIOD TO DATE 31/12/2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit/(Loss) before tax		
- continuing operations	3,688	1,328
- discontinued operations	(700)	4,943
	2,988	6,271
Adjustments for :-		
Depreciation of property, plant and equipment	351	133
Net depreciation of right of use asset	333	213
Gain on disposal of property, plant and equipment	(108)	(5,383)
Impairment loss on trade receivables	-	3
Impairment loss on property, plant and equipment	3	-
Changes in fair value of investment in unquoted shares		1,000
Interest expense	61	108
Interest income	(66)	(37)
Property, plant and equipment written off		13
Unrealised (gain)/loss on foreign exchange	(92)	106
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	3,470	2,427
Inventories	(570)	(1,345)
Receivables	(25,229)	(11,256)
Payables	15,465	3,870
CASH FLOWS FROM/(FOR) OPERATIONS	(6,864)	(6,304)
Interest income received	-	37
Tax refund	195	-
Tax paid	(1,643)	(1,069)
NET CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES	(8,312)	(7,336)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Decreased in fixed deposits pledged to licensed banks	-	979
Purchase of property, plant and equipment	(736)	(1,670)
Net proceeds from disposal of property, plant and equipment	-	10,160
Acquisition of subsidiary, net cash and cash equivalents acquired	(218)	245
Interest received	60	-
Proceeds from sales of PPE	241	-
Payment of contingent consideration	-	(1,435)
NET CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES	(653)	8,279
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	13,001	-
Interest paid	(61)	(108)
Repayment of hire purchase payables	(258)	(123)
Repayment of lease liability	(314)	(201)
NET CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES	12,368	(432)
NET CHANGES IN CASH AND CASH EQUIVALENTS	3,403	511
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,912	6,401
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10,315	6,912

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(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.)

ARTRONIQ BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 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 (“Bursa Securities”).

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 DECEMBER** 2022

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 DECEMBER** 2022**9. Segmental Information**

12 Months Ended 31 December 2022	<u>Continuing operations</u>					<u>Discontinued operations</u>			
	Investment Holding RM'000	ICT products RM'000	Loan Financing RM'000	Inter-company elimination RM'000	Total RM'000	Resin compound for wire and cable RM'000	Resin compound for other industries RM'000	Inter-company elimination RM'000	Total RM'000
External revenue	-	143,192	30	-	143,222	-	-	-	-
Inter-segment revenue	240	2,666	-	(2,906)	-	-	-	-	-
Total revenue	240	145,858	30	(2,906)	143,222	-	-	-	-
Segment result	(4,116)	8,153	9	(117)	3,929	(274)	(352)	51	(575)
Finance cost	(130)	(315)	(1)	(3)	(449)	(8)	(69)	69	(8)
(Loss)/Profit before tax	(4,246)	7,838	8	(120)	3,480	(282)	(421)	120	(583)
Segment assets	46,718	68,608	3,165	(39,245)	79,246	10,664	6,948	(14,634)	2,978
Segment liabilities	12,221	51,448	1,776	(32,354)	33,091	621	4,331	(4,086)	866

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 DECEMBER** 2022**9. Segmental Information (Cont'd)**

12 Months Ended 31 December 2021	<u>Continuing operations</u>				<u>Discontinued operations</u>			
	Investment Holding RM'000	ICT products RM'000	Inter- company elimination RM'000	Total RM'000	Resin compound for wire and cable RM'000	Resin compound for other industries RM'000	Inter- company elimination RM'000	Total RM'000
External revenue	-	267,566	-	267,566	-	-	-	-
Inter-segment revenue	240	1,462	(1,702)	-	-	-	-	-
Total revenue	240	269,028	(1,702)	267,566	-	-	-	-
Segment result	(3,285)	4,900	(133)	1,482	(189)	5,093	41	4,945
Finance cost	(71)	(83)	-	(154)	(1)	(94)	93	(2)
(Loss)/Profit before tax	(3,356)	4,817	(133)	1,328	(190)	4,999	134	4,943
Segment assets	38,686	49,911	(38,871)	49,726	10,956	7,301	(14,266)	3,991
Segment liabilities	12,174	38,651	(32,290)	18,535	630	4,255	(4,017)	868

Geographical reporting:

<u>Continuing operations</u>	Quarter Ended			12 Months Ended		
	31/12/2022 RM'000	31/12/2021 RM'000	Changes %	31/12/2022 RM'000	31/12/2021 RM'000	Changes %
Malaysia	10,849	14,679	-26.09%	31,889	33,373	-4.44%
Asia	-1,749	56,496	-103.10%	69,051	212,593	-66.52%
Middle East	-	4,461	-100.00%	7,934	9,877	-19.67%
America	10,380	3,070	238.11%	34,348	11,680	194.07%
Others	-	-	0.00%	-	43	-100.00%
	19,480	78,706	-75.25%	143,222	267,566	-46.47%

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 DECEMBER** 2022

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 December 2022 and the date of this announcement.

11. Changes in Composition of the Group

On 27 May 2022, the Company had incorporated a new wholly owned subsidiary Company namely, Artroniq iTech Sdn. Bhd. (“iTech”) in Malaysia under the Companies Act 2016. The issued and paid-up share capital of iTech is RM1.00 comprising 1 ordinary share. iTech is currently a dormant company.

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 DECEMBER** 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 below, there were no significant related party transactions of the Group for the financial period-todate:

	Quarter Ended 31/12/2022 RM'000	12 Months Ended 31/12/2022 RM'000
<u>Continuing operations</u>		
Transaction with a Company which a former director and major shareholder have interest:		
Services provided by former director's company	-	<u>3</u>

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 RM19.451 million for the current quarter ended 31 December 2022 ("4Q2022"), representing a decrease of approximately 75.28% as compared to the preceding year corresponding quarter ended 31 December 2021 ("4Q2021") of RM78.706 million. The Group incurred a profit before tax of RM1.966 million for 4Q2022 as compared to a profit before tax of RM0.608 million for 4Q2021.

ICT products:

Revenue decreased by 75.32% to RM19.421 million in 4Q2022 as compared to RM78.706 million in 4Q2021 was due to lower revenue contributed from local and Asia market. This business segment recorded a profit before tax of RM2.983 million for 4Q2022 as compared with a profit before tax of RM2.025 million for 4Q2021. The increase in profit was due to a higher gross profit margin 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 DECEMBER 2022

17. Comparison with Previous Quarter's Results

<u>Continuing operations</u>	Current Quarter	Revenue		Changes	Profit/(Loss) before tax		
		31/12/2022	Preceding Quarter		30/09/2022	Current Quarter	Preceding Quarter
Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	%
Investment holding	-	-	-	0.00%	(1,026)	(1,724)	-40.48%
ICT products	19,421	27,449	-	-29.24%	2,983	2,818	5.86%
Loan Financing	30	-	-	100%	8	-	100%
Total	19,451	27,449	-	-29.13%	1,965	1,094	79.61%

<u>Discontinuing operations</u>	Current Quarter	Revenue		Changes	Profit/(Loss) before tax		
		31/12/2022	Preceding Quarter		30/09/2022	Current Quarter	Preceding Quarter
Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	%
Resin compound for wire and cable	-	-	-	0.00%	(142)	(44)	222.73%
Resin compound for other industries	-	-	-	0.00%	(124)	(95)	30.53%
Total	-	-	-	0.00%	(266)	(139)	91.36%

Continuing operations

For 4Q2022, the Group achieved revenue of RM19.451 million, representing a decrease of approximately 29.13% as compared to the previous quarter ended 30 September 2022 ("3Q2022") of RM27.449 million. The Group profit before tax of RM1.966 million in 4Q2022 as compared to 3Q2022 profit before tax of RM1.094 million. The increase in profit was due to a higher gross profit margin for the current quarter.

18. Prospects

The Group anticipates the challenging environment for the industry to continue for the year, as high commodities prices, rising freight costs, hike in the overnight policy rate of another 25 basis point by Bank Negara Malaysia, weakening of Ringgit Malaysia due to general election held in the country and geopolitical uncertainties weigh on the Group's margin while rising inflationary pressures may dampen discretionary spending.

To counter the challenges, the Group have further expanded by successfully acquired another business. Aside from that, the Group have also proposed to further develop its business into diversifying the portfolio to include precision engineering which is widely utilized in electronics and automotive industry to support new segment in the Electric Vehicle (EV).

The Group will continuously expend and diversifying effort in new segments while taking steps to maintain sufficient liquidity to enable it to meet its liabilities as and when they fall due. Against this backdrop, the Board will continue to focus on improving productivity and efficiency to enable the Company to continue to improve its performance.

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 DECEMBER 2022****20. Profit/(Loss) Before Tax**

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

	Quarter Ended		12 Months Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	108	49	353	133
Depreciation of right of use asset	83	83	333	213
Impairment loss on trade receivables	-	(7)	-	3
Interest expense	180	16	243	108
Gain on disposal of property, plant and equipment	108	-	108	(5,383)
Interest income	(9)	(10)	(73)	(37)
Unrealised loss/(gain) on foreign exchange	561	100	(92)	106
Realised gain on foreign exchange	(499)	(8)	(590)	(226)

21. Tax Expense

Tax expense comprise of the following:

	Quarter Ended		12 Months Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year				
continuing operations	918	332	1,946	1,049
	<u>918</u>	<u>332</u>	<u>1,946</u>	<u>1,049</u>

The Group's effective tax rate for the financial period ended 31 December 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 DECEMBER** 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 31/12/2022 RM'000	As At 31/12/2021 RM'000
Financial Assets		
<u>Fair value through profit or loss</u>		
Investment in unquoted share	-	-
At amortised cost		
Trade receivables	44,769	7,900
Other receivables and deposits	1,475	13,755
Fixed deposits with licensed banks	261	805
Cash and bank balances	10,315	6,362
Total financial assets	56,820	28,822
Financial Liabilities		
<u>At amortised cost</u>		
Trade payables	27,067	5,849
Other payables and accruals	3,246	8,780
Contingent consideration	-	1,374
Bank borrowings	523	281
Lease liability	2,285	2,777
Total financial liabilities	33,121	19,061

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 DECEMBER 2022****24. Cash and Cash Equivalents**

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

	As At 31/12/2022 RM'000	As At 31/12/2021 RM'000
Fixed deposits with licensed banks		
- continuing operations	261	253
- discontinued operations	-	3,100
Cash and bank balances		
- continuing operations	10,196	3,689
- discontinued operations	119	785
Less: Fixed deposits pledged to licensed banks	<u>10,576</u>	<u>7,827</u>
- continuing operations	(261)	(253)
	<u>10,315</u>	<u>7,574</u>

Fixed deposits of the Group totaling of RM0.261 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**(i) Proposed Placement**

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:	Proposed utilisation of proceeds RM'000	Amount utilisation RM'000	Balance to be utilised RM'000	Utilisation timeframe
Purchase of inventories for its				
ICT Business	11,302	(8,651)	2,651	Within 36 months
Working capital	1,200	(1,200)	-	Within 36 months
Estimated expenses	500	(171)	⁽ⁱ⁾ 329	Within 1 month
	<u>13,002</u>	<u>(10,022)</u>	<u>2,980</u>	

Note: -

- (i) The surplus will be allocated to the purchases of inventories for the ICT Business.

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25. Status of Corporate Proposals Announced (Cont'd)**(ii) Proposed Acquisition of Artroniq Innovation Sdn. Bhd.**

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. (“AISB”) 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.

The Conditions Precedent to proposed acquisition of AISB have not been fulfilled within the Conditional Period of 5 months till the date of 12 September 2022. The SSA has been terminated following expiry of the Conditional Period and shall lapse and cease to have any effect and save for the antecedent breach.

(iii) Proposed Establishment of an Employees’ Share Option Scheme (“ESOS”)

The Company had on 2 June 2022 proposed to undertake the establishment of an ESOS involving 30% of the Company’s total number of issued shares (excluding treasury shares, if any) at any point of time during the duration of the ESOS for eligible directors and employees of the Group (excluding dormant subsidiaries).

As of 31st December 2022, the Company has yet to allot any ESOS options to any directors or employees.

(iv) Proposed Disposal of MHT Manufacturing Sdn. Bhd. and Plascable Polymer Sdn. Bhd.

The Company had on 5 July 2022 entered into a conditional sale and purchase agreement with Plastrade Materials Technology Sdn. Bhd. (“PMSB”) to proposed disposal of a freehold land held by MHT Manufacturing Sdn. Bhd. (“MHT”) under H.S.(D) 177841, PTD 52064, Mukim of Tebrau, District of Johor Bahru, State of Johor Darul Ta’zim together with all the fixed assets, buildings and structures thereon refer to (“Property 1”) for a cash consideration of RM3.25 million.

The same agreement with PMSB to proposed disposal of unexpired term of the lease granted over all the parcel of land held by Plascable Polymer Sdn. Bhd. (“PCP”) under GRN 459974, Lot 44892, Mukim of Tebrau, District of Johor Bahru, State of Johor Darul Ta’zim together with all the fixed assets, buildings and structures hereby refer to (“Property 2”) for a cash consideration of RM2.25 million.

The following Plascable Polymer Sdn. Bhd. (“PCP”) receipt of the supplemental letter regard to SPA 2 on 7th November 2022 hence forth all conditions precedent for the SPA 2 have been fulfilled accordingly and has become unconditional on 2nd December 2022.

The proposed disposal of MHT and the Purchaser had on 30th December 2022 mutually agreed to extend the Conditional Period for the SPA 1 to 30th April 2023 to fulfill the conditional precedent for the SPA1.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 DECEMBER 2022****(v) Proposed Acquisition of Fujim Digital Sdn. Bhd.**

The Company had on 15 July 2022 entered into a conditional shares sale agreement with Teoh Boon Thiam to acquire 156,000 ordinary shares in Fujim Digital Sdn. Bhd. (“FDSB”), representing 60.0% equity interest in FDSB, for a purchase consideration of RM12.0 million which will be satisfied via a cash consideration of RM6.0 million and RM6.0 million will be satisfied via issuance of new ordinary shares in the Company. Additionally, the Company also proposes to undertake the proposed diversification of the existing principal activities of the Company and its subsidiaries to include precision engineering, in conjunction with the Proposed Acquisition.

The company had on 6th January 2023 completed the proposed acquisition following the completion of all deliverables by TBT to Artroniq’s solicitors on the even date. On 3rd January 2023, the consideration of shares were listed and RM6.0 million cash consideration was paid by Artroniq to TBT’s solicitors on the same date.

(vi) Proposed Acquisition of Paklin Venture Capital Sdn. Bhd.

The Company had on 22 July 2022 entered into a shares sale agreement with Khoo Ai Foong and Khoo Ai Chern to acquire 2,000,000 ordinary shares in Paklin Venture Capital Sdn. Bhd. (“PVCSB”) representing 100.0% equity interest in PVCSB, for a purchase consideration of RM1.6 million which will be satisfied entirely in cash.

The Company on 7 November 2022 for proposed acquisition of PVCSB had paid the Purchase Consideration to the vendors and accordingly, the proposed acquisition has been completed on even date.

25. Group Borrowings and Debt Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
Hire purchase payables	426	-	426
Current			
Hire purchase payables	97	-	97
Total borrowings	523	-	523

No borrowing in foreign currency.

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26. 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.

On 15 November 2022, referring to the case management via e-Review that the matter has now been fixed for Hearing on 4 April 2023 and 5 April 2023 at 9.00 a.m.

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 DECEMBER** 2022*[The rest of this page has been intentionally left blank]***27. Earning/(Loss) Per Share**

	Quarter Ended		12 Months Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Profit/(Loss)				
Net profit/(loss) attributable to equity holders of the Company (RM'000)				
- continuing operations	1,311	(224)	1,718	(125)
- discontinued operations	(274)	(69)	(590)	4,943
	<u>1,037</u>	<u>(293)</u>	<u>1,128</u>	<u>4,818</u>
Basic				
Weighted average number of the ordinary shares in issue ('000)	<u>317,826</u>	<u>288,933</u>	<u>315,688</u>	<u>288,933</u>
Basic earning/(loss) per ordinary share (sen)				
- continuing operations	0.41	(0.08)	0.54	(0.04)
- discontinued operations	(0.09)	(0.02)	(0.19)	1.71
	<u>0.32</u>	<u>(0.10)</u>	<u>0.35</u>	<u>1.67</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.

28. Proposed Dividend

The Board of Directors has proposed the payment of a First Interim Single Tier Dividend of RM0.002 per share in respect of the financial year ended 31 December 2022. The entitlement date is 10 March, 2023 and date of payment is 7 April, 2023.

29. 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 23 February 2023.

BY ORDER OF THE BOARD OF
ARTRONIQ BERHAD