

ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

FIFTH QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2023**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER (15 Months Ended)	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	Note	31/3/2023 RM'000	31/3/2022 RM'000	31/3/2023 RM'000	31/3/2022 RM'000
<u>Continuing operations</u>					
Revenue		10,085	-	153,307	-
Cost of sales		(4,079)	-	(134,260)	-
Gross profit		6,006	-	19,047	-
Other income		1,019	-	2,232	-
Administrative expenses		(3,703)	-	(12,819)	-
Selling and distribution expenses		(135)	-	(1,345)	-
Other operating expenses		-	-	-	-
Profit/(Loss) from operations		3,187	-	7,115	-
Finance costs		(64)	-	(512)	-
Profit/(Loss) before tax	20	3,123	-	6,603	-
Tax expenses	21	(2,179)	-	(4,125)	-
Profit/(Loss) from continuing operations, net of tax		944	-	2,478	-
<u>Discontinued operations</u>					
(Loss)/Profit from discontinued operations, net of tax		(81)	-	(671)	-
Profit/(Loss) and total comprehensive income/(expense) for the period		863	-	1,807	-
Profit/(Loss) attributable to:					
Equity holder of the Company		835	-	1,963	-
Non-controlling interest		28	-	(156)	-
		863	-	1,807	-
Earning/(Loss) per share attributable to equity holders of the Company (sen):					
Basic and dilute	28				
- continuing operations		0.28	-	0.80	-
- discontinued operations		(0.02)	-	(0.20)	-
		0.26	-	0.60	-

Notes :

- The financial year end of the Group has been changed from 31 December to 30 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2022 to 30 June 2023. There will be no comparative financial information available for the financial period ended 31 March 2023.
- 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 2023

	(UNAUDITED) AS AT 31/3/2023 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
Note		
ASSETS		
Non-Current Assets		
Property, plant and equipment	7,381	1,872
Other investment	133	-
Right of use asset	2,128	2,762
Goodwill	24,290	15,413
	<u>33,932</u>	<u>20,047</u>
Current Assets		
Inventories	1,993	1,345
Trade receivables	48,239	7,900
Other receivables, deposits and prepayments	1,269	14,018
Income tax assets	496	404
Fixed deposits with licensed banks	743	805
Cash and bank balances	5,739	6,362
	<u>62,744</u>	<u>30,834</u>
Assets held for sales	2,836	2,836
TOTAL ASSETS	<u>95,247</u>	<u>53,717</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.)

ARTRONIQ BERHAD

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023
(CONT'D)**

		(UNAUDITED) AS AT 31/3/2023 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
	Note		
EQUITY AND LIABILITIES			
Equity			
Share capital		58,643	39,642
Retained profit/(Accumulated loss)		(4,029)	(5,977)
Total equity attributable to Owners of the Company		54,614	33,665
Non-controlling interests		493	649
Total equity		55,107	34,314
Non-Current Liabilities			
Hire purchase payables	26	410	145
Long term borrowing	26	1,082	-
Lease liabilities		2,011	2,463
Deferred tax liabilities		242	3
		3,745	2,611
Current Liabilities			
Trade payables		27,443	5,849
Other payables and accruals		3,156	8,780
Contingent consideration		-	1,374
Hire purchase payables	26	1,245	136
Short term borrowing	26	1,570	-
Lease liabilities		207	314
Income tax liabilities		2,774	339
		36,395	16,792
Total liabilities		40,140	19,403
TOTAL EQUITY AND LIABILITIES		95,247	53,717
Net assets per share (sen) attributable to equity holders of the Company		16.64	11.65

(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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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIFTH QUARTER ENDED 31 MARCH 2023

	-----Attributable to equity holder of the Company-----				
	Non-Distributable	Distributable (ACCUMULATED LOSSES)/ RETAINED PROFITS	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL 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	-	1,963	1,963	(156)	1,807
Acquisition of new subsidiary	-	(23)	(23)	-	(23)
Contribution by and distributions to owner of the Company					
- Issuance of shares	19,001	-	19,001	-	19,001
Balance as 31 March 2023	58,643	(4,029)	54,614	493	55,107
Balance at 1 January 2021	-	-	-	-	-
Profit/(Loss) and total comprehensive income/(expenses) for the period	-	-	-	-	-
Changes in composition of the Group					
- Issuance of shares	-	-	-	-	-
Balance at 31 March 2022	-	-	-	-	-

Notes :

- The financial year end of the Group has been changed from 31 December to 30 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2022 to 30 June 2023. There will be no comparative financial information available for the financial period ended 31 March 2023.
- 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 CASH FLOWS FOR THE FIFTH QUARTER ENDED 31 MARCH 2023

		15 MONTHS ENDED	
		CURRENT	PRECEDING
		PERIOD TO	PERIOD TO
		DATE	DATE 31/3/2022
Note		31/3/2023	
		RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Profit/(Loss) before tax			
		6,603	-
- continuing operations		(664)	-
- discontinued operations			
		5,939	-
Adjustments for :-			
Depreciation of property, plant and equipment		455	-
Net depreciation of right of use asset		634	-
Gain on disposal of property, plant and equipment		(108)	-
Impairment loss on property, plant and equipment		3	-
Interest expense		143	-
Interest income		(65)	-
Unrealised (gain)/loss on foreign exchange		(438)	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES			
		6,563	-
Inventories		(537)	-
Receivables		(25,476)	-
Payables		14,932	-
CASH FLOWS GENERATED FROM/(USED IN) OPERATIONS			
		(4,518)	-
Tax refund		195	-
Tax paid		(2,174)	-
NET CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
		(6,497)	-
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Decreased in fixed deposits pledged to licensed banks		261	-
Purchase of property, plant and equipment		(758)	-
Acquisition of subsidiary, net cash and cash equivalents acquired	28	(6,673)	-
Interest received		60	-
Proceeds from sales of PPE		242	-
NET CASH FLOWS (USED IN)/GENERATED FROM INVESTING ACTIVITIES			
		(6,868)	-

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIFTH QUARTER ENDED 31 MARCH 2023 (CONT'D)

	Note	15 MONTHS ENDED CURRENT PERIOD TO DATE 31/3/2023 RM'000	PRECEDING PERIOD TO DATE 31/3/2022 RM'000
CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		13,002	-
Interest paid		(143)	-
Repayment of hire purchase payables		(285)	-
Repayment of lease liability		(559)	-
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES		12,015	-
NET CHANGES IN CASH AND CASH EQUIVALENTS		(1,350)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		6,912	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	24	5,562	-

Notes :

- i. The financial year end of the Group has been changed from 31 December to 30 June. As such, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2022 to 30 June 2023. There will be no comparative financial information available for the financial period ended 31 March 2023.
- ii. 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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 MARCH 2023**

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 MARCH 2023

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** 2023**9. Segmental Information**

15 Months Ended 31 March 2023	<u>Continuing operations</u>						<u>Discontinued operations</u>			
	Investment Holding RM'000	ICT products RM'000	Loan Financing RM'000	Semi Conductor 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	-	152,099	128	1,080	-	153,307	-	-	-	-
Inter-segment revenue	330	2,719	-	-	(3,049)	-	-	-	-	-
Total revenue	330	154,818	128	1,080	(3,049)	153,307	-	-	-	-
Segment result	(5,402)	12,014	15	635	(147)	7,115	(330)	(390)	64	(656)
Finance cost	(131)	(348)	-	(30)	(3)	(512)	(8)	(87)	86	(9)
(Loss)/Profit before tax	(5,533)	11,666	15	605	(150)	6,603	(338)	(477)	150	(665)
Segment assets	51,558	71,745	3,037	8,584	(42,601)	92,323	10,645	6,901	(14,621)	2,925
Segment liabilities	12,347	52,808	1,641	4,789	(32,338)	39,247	658	4,338	(4,103)	893

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 MARCH** 2023**9. Segmental Information (Cont'd)**

15 Months Ended 31 March 2022	<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	-	-	-	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-	-	-
Segment result	-	-	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-	-	-
(Loss)/Profit before tax	-	-	-	-	-	-	-	-
Segment assets	-	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	-	-

Geographical reporting:

<u>Continuing operations</u>	<u>Quarter Ended</u>			<u>15 Months Ended</u>		
	31/3/2023 RM'000	31/3/2022 RM'000	Changes %	31/3/2023 RM'000	31/3/2022 RM'000	Changes %
Malaysia	4,177	-	-	34,326	-	-
Asia	5,685	-	-	76,476	-	-
Middle East	-	-	-	7,934	-	-
America	223	-	-	34,571	-	-
Others	-	-	-	-	-	-
	10,085	-	-	153,307	-	-

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 2023 and the date of this announcement.

11. 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

12. Capital Commitments

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

13. Comparatives

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 MARCH** 2023

14. 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 31/3/2023 RM'000	15 Months Ended 31/3/2023 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	-	3

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS FOR THE ACE MARKET OF THE BURSA MALAYSIA SECURITIES BERHAD**15. Review of Group Performance****Current Financial Quarter****Continuing operations**

The Group recorded a revenue of RM10.085 million for the current quarter ended 31 March 2023. The Group incurred a profit before tax of RM3.123 million for Qtr 5.

ICT products:

Revenue of RM8.907 million for the current quarter ended 31 March 2023. This business segment recorded a profit before tax of RM3.813 million for 5Q2022.

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** 2023**16. Comparison with Previous Quarter's Results**

<u>Continuing operations</u>	Revenue			Profit/(Loss) before tax		
	Current Quarter	Preceding Quarter	Changes	Current Quarter	Preceding Quarter	Changes
Segment	31/3/2023 RM'000	31/12/2022 RM'000	%	31/3/2023 RM'000	31/12/2022 RM'000	%
Investment holding	-	-	0.00%	(1,316)	(1,026)	28.26%
ICT products	8,907	19,421	-54.13%	3,813	2,983	27.82%
Loan Financing	98	30	226.66%	21	8	162.50%
Semi Conductor	1,080	-	0.00%	605	-	0.00%
Total	10,085	19,451	-48.15%	3,123	1,965	58.93%

<u>Discontinuing operations</u>	Revenue			Profit/(Loss) before tax		
	Current Quarter	Preceding Quarter	Changes	Current Quarter	Preceding Quarter	Changes
Segment	31/3/2023 RM'000	31/12/2022 RM'000	%	31/3/2023 RM'000	31/12/2022 RM'000	%
Resin compound for wire and cable	-	-	0.00%	(58)	(142)	-59.15%
Resin compound for other industries	-	-	0.00%	(23)	(124)	-81.45%
Total	-	-	0.00%	(81)	(266)	-69.54%

Continuing operations

For 5Q2022, the Group achieved revenue of RM10.085 million, representing a decrease of approximately 48.15% as compared to the previous quarter ended 31 December 2022 ("4Q2022") of RM19.451 million. The Group profit before tax of RM3.123 million in 5Q2022 as compared to 4Q2022 profit before tax of RM1.965 million. The increase in profit was due to a higher gross profit margin for the current quarter.

17. Prospects

The Malaysian ICT industry has experienced steady growth in recent years, with several key drivers of innovation and development, including the rise of digital platforms and ecosystems, the integration of artificial intelligence and machine learning, and the increasing focus on cybersecurity and privacy.

The Malaysian government has also demonstrated a commitment to supporting the industry through initiatives such as the National 5G Initiative and the Malaysia Digital Economy Blueprint. The report outlines the potential opportunities for growth and investment in the industry, including emerging sectors such as fintech and smart cities.

The Group anticipates the challenges may face in the Malaysian ICT industry in 2023, including increased competition, regulatory uncertainty, and shifting customer demands. Nevertheless, we believe that the group is well-positioned to capitalize on the opportunities presented by Malaysia's ICT industry in 2023, leveraging its existing capabilities and partnerships to capture new market share.

18. Variance of Profit Forecast

Not applicable as no profit forecast has been issued.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 MARCH** 2023

19. Profit/(Loss) Before Tax

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

	Quarter Ended		15 Months Ended	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	190	-	543	-
Depreciation of right of use asset	42	-	376	-
Interest expense	108	-	352	-
Gain on disposal of property, plant and equipment	16	-	124	-
Interest income	-	-	(74)	-
Unrealised loss/(gain) on foreign exchange	(346)	-	(438)	-
Realised loss/(gain) on foreign exchange	30	-	(560)	-

20. Tax Expense

Tax expense comprise of the following:

	Quarter Ended		15 Months Ended	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year				
continuing operations	2,179	-	4,125	-
	2,179	-	4,125	-

The Group's effective tax rate for the financial period ended 31 March 2023 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** 2023**21. 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 31/3/2023 RM'000	As At 31/12/2021 RM'000
Financial Assets		
<u>Fair value through profit or loss</u>		
Investment in unquoted share	133	-
At amortised cost		
Trade receivables	48,239	7,900
Other receivables and deposits	1,269	13,755
Fixed deposits with licensed banks	743	805
Cash and bank balances	5,739	6,362
Total financial assets	56,123	28,822
Financial Liabilities		
<u>At amortised cost</u>		
Trade payables	27,443	5,849
Other payables and accruals	3,156	8,780
Contingent consideration	-	1,374
Bank borrowings	4,307	281
Lease liability	2,218	2,777
Total financial liabilities	37,124	19,061

22. Fair Value Information

At the end of the reporting period, except for disclosed in Note 21 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** 2023**23. Cash and Cash Equivalents**

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

	As At 31/3/2023 RM'000	As At 31/12/2021 RM'000
Fixed deposits with licensed banks		
- continuing operations	743	255
- discontinued operations	-	550
Cash and bank balances		
- continuing operations	5,685	6,092
- discontinued operations	54	270
Less: Fixed deposits pledged to licensed banks	<u>6,482</u>	<u>7,167</u>
- continuing operations	<u>(743)</u>	<u>(255)</u>
	<u>5,739</u>	<u>6,912</u>

Fixed deposits of the Group totaling of RM0.743 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.

24. 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	(11,631)	(329)	Within 36 months
Working capital	1,200	(1,200)	-	Within 36 months
Estimated expenses	500	(171)	①329	Within 1 month
	<u>13,002</u>	<u>(13,002)</u>	<u>-</u>	

Note: -

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

24. Status of Corporate Proposals Announced (Cont'd)

(ii) Proposed Acquisition of Artroniq Innovation Sdn. Bhd.

The Company has on 15 February 2023 entered into a sales and purchase agreement with Mr. Heng Chip Hian and Seniq Kinetic Sdn Bhd (“Vendors”) to acquire the remaining 49% equity interest in AISB for a purchase consideration of RM245,000.00 with the view to fully consolidate the financial result of AISB. The said acquisition was completed on 10 March 2023.

(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 March 2023, the company has yet to allot any ESOS options or shares 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. Following the payment of the Balance Disposal Consideration for SPA 2 to PCP by the Purchaser on 24 February 2023, the proposed disposal of Property 2 has been completed.

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. On 28th April 2023, all conditions precedent for SPA 1 have been fulfilled and accordingly, SPA 1 has become unconditional.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 MARCH** 2023**24. Status of Corporate Proposals Announced (Cont'd)****(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 March 2023 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
Hire purchase payables	410	-	410
Term Loan	1,082	-	1,082
	<u>1,492</u>	<u>-</u>	<u>1,492</u>
Current			
Hire purchase payables	1,245	-	1,245
Term Loan	1,570	-	1,570
	<u>2,815</u>	<u>-</u>	<u>2,815</u>
Total borrowings			
Hire purchase payables	1,655	-	1,655
Term Loan	2,652	-	2,652
	<u>4,307</u>	<u>-</u>	<u>4,307</u>

No borrowing in foreign currency.

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.

Ravago had filed the Notice of Discontinuance on 30 March 2023 and the matter has been withdrawn without liberty to file afresh and with no order as to costs.

The above litigation case has since been deemed resolved

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 MARCH** 2023**27. Earning/(Loss) Per Share**

	Quarter Ended		15 Months Ended	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
Profit/(Loss)				
Net profit/(loss) attributable to equity holders of the Company (RM'000)				
- continuing operations	944	-	2,478	-
- discontinued operations	(81)	-	(671)	-
	<u>863</u>	<u>-</u>	<u>1,807</u>	<u>-</u>
Basic				
Weighted average number of the ordinary shares in issue ('000)	<u>328,297</u>	<u>-</u>	<u>328,297</u>	<u>-</u>
Basic earning/(loss) per ordinary share (sen)				
- continuing operations	0.28	-	0.80	-
- discontinued operations	(0.02)	-	(0.20)	-
	<u>0.26</u>	<u>-</u>	<u>0.60</u>	<u>-</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. Effects of a Business Combination

On 6th January 2023, the company acquired a controlling 60% interest in the equity shares of Fujim Digital Sdn Bhd. Fujim Digital Sdn Bhd operates in the semiconductor industry, with trading, manufacturing and design of jig and fixture, precision tooling component, machinery parts and related products. By combining the semiconductor operations of Fujim Digital Sdn Bhd, the Group expects to extract synergies for the combined operations, which would lead to cost reductions and other economies of scale.

The cost of the combination amounted to RM12,000,000.00 and this consisted of the following components:

	RM
(i) Cash consideration	6,000,000
(ii) 10,471,204 ordinary shares of the Company	<u>6,000,000</u>
	<u>12,000,000</u>

The fair value of the 10,471,204 ordinary shares issued as part of the consideration paid for Fujim Digital Sdn Bhd was determined on the basis of the estimated fair value of the company's ordinary shares of RM0.573 per share on the acquisition date.

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28. Effects of a Business Combination (Cont'd)

The recognised amounts of classes of assets , and liabilities of Fujim Digital Sdn Bhd at the acquisition date were as follows:

	As at 31 March 2023 RM '000
Property, plant and equipment	4,843
Other Investment	133
Inventories	112
Trade and other receivables	2,365
Cash and cash equivalents	920
Total Assets	8,373
Trade and other payables	(338)
Term Loan	(2,652)
Hire purchase payables	(1,159)
Tax liabilities	(429)
Total Identifiable net assets acquired	3,795
Non-controlling interest share of net assets	(1,564)
Parent's share of net assets	2,231
Goodwill on combination	9,769
Cost of combination	12,000

Net cash outflows, net of cash acquired, presented as investing activities in the Group statement of cash flows

Fujim- investing activities	(5,080)
Fujim- non -controlling interest share of net assets	(1,564)
Fujim-Minority interest	190
Paklin- Goodwill	(219)
	(6,673)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED **31 MARCH** 2023

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 19 May 2023.

BY ORDER OF THE BOARD OF
ARTRONIQ BERHAD