

ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER (3 Months Ended)	
		CURRENT PERIOD QUARTER	PRECEDING PERIOD CORRESPONDING QUARTER	CURRENT PERIOD TO DATE	PRECEDING PERIOD TO DATE
		30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
<u>Continuing operations</u>					
Revenue		16,043	-	16,043	-
Cost of sales		(13,321)	-	(13,321)	-
Gross profit		2,722	-	2,722	-
Other income		2,385	-	2,385	-
Administrative expenses		(4,910)	-	(4,910)	-
Selling and distribution expenses		(121)	-	(121)	-
Other operating expenses		-	-	-	-
Loss from operations		76	-	76	-
Finance costs		(87)	-	(87)	-
Loss before tax		(11)	-	(11)	-
Tax expenses	20	(805)	-	(805)	-
Loss from continuing operations, net of tax		(816)	-	(816)	-
<u>Discontinued operations</u>					
Loss from discontinued operations, net of tax		(19)	-	(19)	-
Loss for the period, representing total comprehensive deficit for the period		(835)	-	(835)	-
Loss attributable to:					
Equity holder of the Company		(932)	-	(932)	-
Non-controlling interest		97	-	97	-
		(835)	-	(835)	-
Loss per share attributable to equity holders of the Company (sen):					
Basic	27				
- continuing operations		(0.27)	-	(0.27)	-
- discontinued operations		(0.00)	-	(0.00)	-
		(0.27)	-	(0.27)	-
Dilute	27				
- continuing operations		(0.17)	-	(0.17)	-
- discontinued operations		(0.00)	-	(0.00)	-
		(0.17)	-	(0.17)	-

Notes:

- i. No comparative figures were disclosed as the Group changed its financial year end from 31 December to 30 June during the preceding 18 months' period ended 30 June 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 period ended 30 June 2023 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 30 SEPTEMBER 2023

	UNAUDITED AS AT 30/9/2023 RM'000	AUDITED AS AT 30/6/2023 RM'000
	Note	
ASSETS		
Non-Current Assets		
Property, plant and equipment	7,599	5,766
Investment property	1,500	1,500
Right-of-use assets	2,118	2,224
Goodwill on consolidation	12,923	12,923
	<u>24,140</u>	<u>22,413</u>
Current Assets		
Inventories	2,092	1,990
Trade receivables	47,778	50,198
Other receivables, deposits and prepayment	31,509	17,080
Short-term investment	-	56
Income tax assets	1,967	591
Fixed deposits with licensed banks	750	748
Cash and bank balances	6,679	1,144
	<u>90,775</u>	<u>71,807</u>
TOTAL ASSETS	<u>114,915</u>	<u>94,220</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)

	UNAUDITED AS AT 30/9/2023 RM'000	AUDITED AS AT 30/6/2023 RM'000
	Note	
EQUITY AND LIABILITIES		
Equity		
Share capital	102,453	58,643
Accumulated loss	(18,909)	(17,977)
Total equity attributable to Owners of the Company	<u>83,544</u>	<u>40,666</u>
Non-controlling interests	1,923	1,826
Total equity	<u>85,467</u>	<u>42,492</u>
Non-Current Liabilities		
Loans and borrowings	25 1,411	1,575
Lease liabilities	1,918	1,934
Deferred tax liabilities	205	205
	<u>3,534</u>	<u>3,714</u>
Current Liabilities		
Trade payables	16,589	36,828
Other payables and accruals	4,231	3,840
Contract liability	907	4,260
Loans and borrowings	25 2,121	1,898
Lease liabilities	316	399
Income tax liabilities	1,750	789
	<u>25,914</u>	<u>48,014</u>
Total liabilities	<u>29,448</u>	<u>51,728</u>
TOTAL EQUITY AND LIABILITIES	<u>114,915</u>	<u>94,220</u>
Net assets per share (sen) attributable to owner of the Company	<u>21.11</u>	<u>12.39</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the period ended 30 June 2023 and the accompanying explanatory notes attached to the Quarterly Report.

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

	-----Attributable to owner of the Company-----				
	Non-Distributable	Distributable		NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000	RM'000	RM'000
Balance as at 1 July 2023	58,643	(17,977)	40,666	1,826	42,492
Loss for the period, representing total comprehensive deficit for the period	-	(932)	(932)	97	(835)
Contributions by owners of the Company:					
- Issuance of shares	43,810	-	43,810	-	43,810
Balance as at 30 September 2023	102,453	(18,909)	83,544	1,923	85,467
Balance as at 1 July 2022	-	-	-	-	-
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-
Contributions by owners of the Company:					
- Issuance of shares	-	-	-	-	-
Balance as at 30 September 2022	-	-	-	-	-

Notes:

- i. No comparative figures were disclosed as the Group changed its financial year end from 31 December to 30 June during the preceding 18 months' period ended 30 June 2023.
- ii. The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the period ended 30 June 2023 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 FIRST QUARTER ENDED 30 SEPTEMBER 2023

	Note	3 MONTHS ENDED	
		CURRENT PERIOD TO DATE 30/9/2023 RM'000	PRECEDING PERIOD TO DATE 30/9/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(30)	-
Adjustments for:-			
Depreciation of property, plant and equipment		297	-
Depreciation of right-of-use assets		106	-
Gain on disposal of property, plant and equipment		(70)	-
Interest expense		87	-
Interest income		(3)	-
Unrealised gain on foreign exchange		(146)	-
Operating profit before working capital changes		241	-
Changes in working capital:-			
Inventories		(102)	-
Receivables		(12,566)	-
Payables		(19,145)	-
Contract liability		(3,353)	-
Cash flows used in operations		(34,925)	-
Tax paid		(1,220)	-
NET CASH USED IN OPERATING ACTIVITIES		(36,145)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3	-
Placement of fixed deposits		(2)	-
Purchase of property, plant and equipment		(2,240)	-
Proceeds from disposal of property, plant and equipment		180	-
NET CASH USED IN INVESTING ACTIVITIES		(2,059)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		43,810	-
Interest paid		(87)	-
Repayment of term loans		(119)	-
Repayment of hire purchase payables		(145)	-
Payment for lease liabilities		(99)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		43,360	-
NET CHANGES IN CASH AND CASH EQUIVALENTS		5,156	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	23	199	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	23	5,355	-

Notes:

- i. No comparative figures were disclosed as the Group changed its financial year end from 31 December to 30 June during the preceding 18 months' period ended 30 June 2023.
- ii. The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the period ended 30 June 2023 and the accompanying explanatory notes attached to the Quarterly Report.

ARTRONIQ BERHAD

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 period ended 30 June 2023. 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 period ended 30 June 2023.

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 period ended 30 June 2023 except for the adoption of the following Amendments to MFRSs during the current financial period:

MFRSs, Amendments to MFRSs and/or IC Interpretations	Effective Date
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 and International Tax Reform – Pillar Two Model Rules	1 January 2023

The initial application of the above Amendments to MFRSs and IC Int does not have any significant financial impact to the current period and prior period financial statement.

As at the date of this announcement, the following MFRSs, amendments to MFRSs and IC Interpretations were issued but yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and/or IC Interpretations	Effective Date
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
MFRS 121: The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

ARTRONIQ BERHAD

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023

5. Unusual Items

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

6. Material Changes in Estimates

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

7. Debt and Equity Securities

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

8. Dividend Paid

There was no dividend paid during the current financial quarter.

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ARTRONIQ BERHAD

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023**9. Segmental Information**

3 Months Ended 30 September 2023	<u>Continuing operations</u>						<u>Discontinued operations</u>			
	Investment Holding RM'000	ICT Products and Related Services 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	-	13,592	247	2,204	-	16,043	-	-	-	-
Inter-segment revenue	90	273	-	-	(363)	-	-	-	-	-
Total revenue	90	13,865	247	2,204	(363)	16,043	-	-	-	-
Segment result	(920)	1,060	(304)	303	(63)	76	(10)	(22)	13	(19)
Finance cost	-	(26)	(2)	(59)	-	(87)	-	(17)	17	-
(Loss)/Profit before tax	(920)	1,034	(306)	244	(63)	(11)	(10)	(39)	30	(19)
Segment assets	90,187	71,843	20,625	9,388	(78,004)	114,039	10,764	7,034	(16,922)	876
Segment liabilities	15,041	67,248	18,141	4,635	(75,695)	29,370	7	4,208	(4,137)	78

ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023**9. Segmental Information (Cont'd)**

3 Months Ended 30 September 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	-	-	-	-	-	-	-	-
Profit before tax	-	-	-	-	-	-	-	-
Segment assets	-	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	-	-

Geographical reporting:

	Quarter Ended			Year Ended		
	30/9/2023 RM'000	30/9/2022 RM'000	Changes %	30/9/2023 RM'000	30/9/2022 RM'000	Changes %
<u>Continuing operations</u>						
Malaysia	12,454	-	-	12,454	-	-
Asia	3,572	-	-	3,572	-	-
America	17	-	-	17	-	-
	16,043	-	-	16,043	-	-

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023

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

As of this announcement, the total issued ordinary share capital of the Company was increased from RM102,453,030 comprising 395,841,404 ordinary shares to RM109,667,310 comprising 407,865,204 ordinary shares by way of conversion of warrants as follows:

<u>Conversion date</u>	<u>No. of warrants conversion</u>	<u>Amount (RM)</u>
4 October 2023	525,000	315,000
6 October 2023	100,000	60,000
19 October 2023	1,051,600	630,960
24 October 2023	2,670,000	1,602,000
26 October 2023	2,218,000	1,330,800
31 October 2023	1,279,600	767,760
2 November 2023	2,227,600	1,336,560
7 November 2023	648,000	388,800
9 November 2023	1,020,000	612,000
15 November 2023	284,000	170,400

Other than above, save for those disclosed in Note 24 and Note 26, there were no events materially affecting the results of the Group for the financial period-to-date, which might have occurred between 30 September 2023 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.

13. Capital Commitments

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

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ARTRONIQ BERHAD

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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.

The Directors of the Company are of the opinion that there are no related party transactions which would have a material impact on the financial position and the business of the Group during the current financial quarter and financial period-to-date.

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 RM16.043 million for the current year quarter ended 30 September 2023 (“Q1 2024”). The Group incurred a loss before tax of RM0.011 million for Q1 2024.

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. The Group incurred a loss before tax of RM0.019 million for Q1 2024.

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ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023**16. Comparison with Previous Quarter's Results**

<u>Continuing operations</u>	Current Quarter 30/9/2023 RM'000	Revenue		Changes %	Profit/(Loss) before tax		
		Preceding Quarter 30/6/2023 RM'000			Current Quarter 30/9/2023 RM'000	Preceding Quarter 30/6/2023 RM'000	Changes %
Investment holding	-	-	-	0.00%	(965)	(1,008)	-4.27%
ICT products and related services	13,592	(4,667)		-391.24%	1,034	(17,518)	-105.90%
Loan Financing	247	2,031		-87.84%	(324)	1,743	-118.59%
Semi Conductor	2,204	2,707		-18.58%	244	816	-70.10%
Total	16,043	71	22,495.77%		(11)	(15,967)	-99.93%

<u>Discontinuing operations</u>	Current Quarter 30/9/2023 RM'000	Revenue		Changes %	Profit/(Loss) before tax		
		Preceding Quarter 30/6/2023 RM'000			Current Quarter 30/9/2023 RM'000	Preceding Quarter 30/6/2023 RM'000	Changes %
Resin compound for wire and cable	-	-	-	-	(13)	(21)	-38.10%
Resin compound for other industries	-	-	-	-	(6)	1	-700.00%
Total	-	-	-		(19)	(20)	-5.00%

Continuing operations

For Q1 2024, the Group achieved revenue of RM16.043 million, representing an increase of approximately 22,495.77% as compared to the previous quarter ended 30 June 2023 ("Q6 2023") of RM0.071 million. The significant increase in revenue is mainly due to there was product returns in Q6 2023 for ICT product and related services segment, which initiated by the customers encountering manufacturing defects in the IT equipment and hence returned to supplier to avail on the warranty.

The Group incurred a loss before tax of RM0.011 million in Q1 2024 as compared to a loss before tax of RM15.967 million in Q6 2023. The significant decline is mainly due to the recognition of goodwill impairment in Q6 2023 for ICT product and related services segment.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023

17. Prospects

The semiconductor industry has experienced remarkable growth over the past two decades. As the industry grows, the global semiconductor industry is facing several challenges such as securing factory spaces, finding skilled talents, navigating the geopolitical environment and participating in the highly collaborative value chain.

Recognising the significance of the industry, Malaysian government has placed strategic focus on initiatives to help the country move up the semiconductor value chain from back-end assembly to front-end design. Penang's strategic location and comprehensive ecosystem have made it an attractive investment destination for global semiconductor companies. Despite the strategic location, Southeast Asia emerges as an attractive region due to its cost-effectiveness and reduced strategic risks as semiconductor companies consider reshoring or friend-shoring strategies. By capitalising on its strengths, Malaysia become an even more vital player in the industry.

Malaysia Automotive, Robotics and IoT Institute (MARii) stated that the Electric Motorcycle Usage Incentive Scheme initiative announced in Budget 2024 is expected to increase the demand and usage of electronic motorcycles (e-bikes) in Malaysia and is in line with the government's target to achieve 15% of electric vehicles (EV) for total motorcycle sales by 2030. MARii's continuous support on the manufacturing and assembly of EVs and autonomous vehicles in the country through the existing ecosystem, including research and development for manufacturing important components boost the development of EV market in Malaysia.

The Group anticipates the challenges may face in the Malaysian semiconductor industry during the current period, including that the semiconductor industry is highly dynamic, influenced by various global factors, technological advancements, and market conditions. While Malaysia has favorable prospects, it will need to continue adapting and evolving to remain competitive in the rapidly changing semiconductor landscape.

Aside from that, the Group is venturing into the EV industry, starting with electric bicycles. With the support of the scheme, the Group is achieving the Madani Economy's objective which is to empower the people to the use of new technology apart from contributing towards the nation's target to be carbon neutral by 2050.

The Board of Directors will continuously review and monitor the economic situation while exercising prudence in spending to sustain the current challenges and market conditions.

18. Variance of Profit Forecast

The Group has not announced or disclosed any profit forecast in a public document that relates to this reporting period.

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023

19. Loss Before Tax

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

	Quarter Ended		3 Months Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	297	-	297	-
Depreciation of right of use asset	106	-	106	-
Gain on disposal of property, plant and equipment	(70)	-	(70)	-
Interest expense	87	-	87	-
Interest income	(3)	-	(3)	-
Unrealised gain on foreign exchange	(146)	-	(146)	-
Realised gain on foreign exchange	(145)	-	(145)	-

20. Tax Expenses

The tax expenses for the current quarter and period ended are as follows:

	Quarter Ended		3 Months Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year				
- continuing operations	805	-	805	-
	<u>805</u>	<u>-</u>	<u>805</u>	<u>-</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 30/9/2023 RM'000	As At 30/6/2023 RM'000
Financial Assets		
<i>At amortised cost</i>		
Trade receivables	47,778	50,198
Other receivables and deposits	31,386	16,873
Short-term investment	-	56
Fixed deposits with licensed banks	750	748
Cash and bank balances	6,679	1,144
Total financial assets	86,593	69,019
Financial Liabilities		
<i>At amortised cost</i>		
Trade payables	16,589	36,828
Other payables and accruals	4,231	3,840
Contract liability	907	4,260
Loans and borrowings	3,532	3,473
Lease liabilities	2,234	2,333
Total financial liabilities	27,493	50,734

22. Fair Value Information

At the end of the reporting period, 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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ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023**23. Cash and Cash Equivalents**

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

	As At 30/9/2023 RM'000	As At 30/6/2023 RM'000
Fixed deposits with licensed banks		
- continuing operations	750	748
Cash and bank balances		
- continuing operations	5,810	1,073
- discontinued operations	869	71
Short-term investment		
- continuing operations	-	56
Bank overdrafts		
- continuing operations	(1,324)	(1,001)
	<u>6,105</u>	<u>947</u>
Less: Fixed deposits pledged to licensed banks		
- continuing operations	(750)	(748)
	<u>5,355</u>	<u>199</u>

Fixed deposits of the Group totalling RM0.750 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 Private Placement**

On 13 February 2023, the Company submitted its application to Bursa Securities for Proposed Private Placement of up to 20% of total number of issued shares. Bursa Securities has vided its letter dated 18 April 2023 to approve listing of up to 65,659,400 new Shares to be issued pursuant to the Proposed Private Placement.

The Placement has been completed on 6 July 2023 following the listing of 65,659,400 Placement Shares on the ACE Market of Bursa Securities on even date.

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

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023**24. Status of Corporate Proposals Announced (Cont'd)****(i) Proposed Private Placement (cont'd)**

The status of the utilisation of the proceeds raised from the Private Placement of 65,659,400 Shares at an issue price of RM0.65 per share amounting to RM42,678,610 is as follows:

Details of utilisation	Utilisation timeframe	Actual proceeds raised RM'000	Amount utilisation RM'000	Balance to be utilised RM'000
E-Bikes Business	Within 24 months	14,012	(4,991)	9,021
General working capital				
- Research and development of blockchain-based financial services	Within 24 months	28,117	(20,357)	7,760
- Purchase of inventories for its ICT Business				
- Repayment of trade payables	Within 24 months	550	(243)	307
Estimated expenses for the Proposals				
	Total	42,679	(25,591)	17,088

(ii) 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 at 30 September 2023, the Company has yet to allot any ESOS options or shares to any directors or employees.

(iii) 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 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 regarding SPA 2 on 7 November 2022 hence forth all conditions precedent for the SPA 2 have been fulfilled accordingly and has become unconditional on 2 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.

ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023**24. Status of Corporate Proposals Announced (Cont'd)****(iii) Proposed Disposal of MHT Manufacturing Sdn. Bhd. and Plascable Polymer Sdn. Bhd. (cont'd)**

The proposed disposal of MHT and the Purchaser had on 30 December 2022 mutually agreed to extend the Conditional Period for the SPA 1 to 30 April 2023 to fulfill the conditional precedent for the SPA 1. On 28 April 2023, all conditions precedent for SPA 1 have been fulfilled and accordingly, SPA 1 has become unconditional. Following the payment of the Balance Disposal Consideration for SPA 1 to MHT by the Purchaser on 7 July 2023, the proposed disposal of Property 1 has been completed.

(iv) Bonus Issue of Warrants

The Company had proposed to undertake a bonus issue of warrants on a basis of one (1) Warrant for every two (2) ordinary shares in the Company held by the entitled shareholders on 14 July 2023. The listing application in respect of the Proposed Bonus Issue of Warrants has been submitted to Bursa Securities on 13 February 2023 and Bursa Securities has approved listing up to 196,978,202 new Shares to be issued pursuant to the exercise of the Warrants.

The Proposed Bonus Issue of Warrants has been completed on 26 July 2023 following the listing of 196,978,200 Warrants on the ACE Market of Bursa Securities on even date.

25. Group's Borrowings and Debt Securities

The Group's loans and borrowings as at the end of the reporting period are as follows:

	As at 30/9/2023 RM'000	As at 30/6/2023 RM'000
Non-current		
Secured		
Hire purchase payables	791	914
Term loan	620	661
	<u>1,411</u>	<u>1,575</u>
Current		
Secured		
Bank overdrafts	1,324	1,001
Hire purchase payables	532	554
Term loan	265	343
	<u>2,121</u>	<u>1,898</u>
Total loans and borrowings		
Bank overdrafts	1,324	1,001
Hire purchase payables	1,323	1,468
Term loan	885	1,004
	<u>3,532</u>	<u>3,473</u>

The loans and borrowings are all denominated in Ringgit Malaysia.

ARTRONIQ BERHAD

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

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023**26. Material Litigation**

The Group does not have any outstanding material litigation as at the date of this announcement.

27. Loss Per Share

	Quarter Ended		3 Months Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
Loss after tax				
Net loss attributable to equity holders of the Company (RM'000)				
- continuing operations	(913)	-	(913)	-
- discontinued operations	(19)	-	(19)	-
	<u>(932)</u>	<u>-</u>	<u>(932)</u>	<u>-</u>
Basic				
Weighted average number of the ordinary shares in issue ('000)	<u>343,975</u>	<u>-</u>	<u>343,975</u>	<u>-</u>
Basic loss per ordinary share (sen)				
- continuing operations	(0.27)	-	(0.27)	-
- discontinued operations	(0.00)	-	(0.00)	-
	<u>(0.27)</u>	<u>-</u>	<u>(0.27)</u>	<u>-</u>
Diluted				
Weighted average number of the ordinary shares in issue ('000)	<u>539,068</u>	<u>-</u>	<u>539,068</u>	<u>-</u>
Diluted loss per ordinary share (sen)				
- continuing operations	(0.17)	-	(0.17)	-
- discontinued operations	(0.00)	-	(0.00)	-
	<u>(0.17)</u>	<u>-</u>	<u>(0.17)</u>	<u>-</u>

28. Proposed Dividend

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

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 November 2023.

BY ORDER OF THE BOARD OF
ARTRONIQ BERHAD