

AIMFLEX BERHAD (FORMERLY KNOWN AS I-STONE GROUP BERHAD) (1273151-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year-To- Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Revenue	A9	25,137	27,181	75,747	66,966
Cost of sales		(16,697)	(18,919)	(56,297)	(46,739)
<b>Gross profit ("GP")</b>		<b>8,440</b>	<b>8,262</b>	<b>19,450</b>	<b>20,227</b>
Other income		193	248	1,029	1,692
Selling and distribution expenses		(914)	(138)	(1,541)	(672)
Administrative expenses		(4,174)	(4,884)	(13,907)	(11,447)
Other expenses		(53)	(242)	(186)	(570)
<b>Profit from Operations</b>		<b>3,492</b>	<b>3,246</b>	<b>4,845</b>	<b>9,230</b>
Finance costs		(2)	(9)	-	(75)
<b>Profit before tax ("PBT")</b>	B12	<b>3,490</b>	<b>3,237</b>	<b>4,845</b>	<b>9,155</b>
Taxation	B6	361	(672)	(116)	(1,537)
<b>Profit after tax ("PAT")</b>		<b>3,851</b>	<b>2,565</b>	<b>4,729</b>	<b>7,618</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		19	1	69	(3)
<b>Total comprehensive income for the financial period</b>		<b>3,870</b>	<b>2,566</b>	<b>4,798</b>	<b>7,615</b>
<b>Profit for the financial period attributable to:</b>					
• Owners of the Company		3,851	2,565	4,729	7,618
• Non-controlling interests		-	-	-	-
		<b>3,851</b>	<b>2,565</b>	<b>4,729</b>	<b>7,618</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
• Owners of the Company		3,870	2,566	4,798	7,615
• Non-controlling interests		-	-	-	-
		<b>3,870</b>	<b>2,566</b>	<b>4,798</b>	<b>7,615</b>
<b>Earnings per share attributable to owners of the Company</b>					
• Basic (sen)	B11	0.31	0.21	0.39	0.62
• Diluted (sen)	B11	0.31	0.21	0.39	0.62

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup> (CONT'D)**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021<sup>(1)</sup>

	<b>UNAUDITED</b>	<b>AUDITED</b>
	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,923	22,831
Investment properties	271	278
Goodwill	856	856
Deferred tax assets	1,045	-
<b>Total non-current assets</b>	<b>26,095</b>	<b>23,965</b>
<b>Current Assets</b>		
Inventories	12,923	6,041
Trade receivables	35,851	25,516
Other receivables	1,495	1,211
Cash and cash equivalents	22,394	27,128
<b>Total current assets</b>	<b>72,663</b>	<b>59,896</b>
<b>TOTAL ASSETS</b>	<b>98,758</b>	<b>83,861</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	55,346	54,516
Retained earnings	36,248	31,324
Reserves	(13,944)	(14,554)
<b>Total Equity</b>	<b>77,650</b>	<b>71,286</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	113	22
Deferred tax liabilities	-	699
<b>Total non-current liabilities</b>	<b>113</b>	<b>721</b>
<b>Current liabilities</b>		
Trade payables	5,386	5,004
Other payables	14,587	6,046
Current tax liabilities	911	720
Lease liabilities	111	84
<b>Total current liabilities</b>	<b>20,995</b>	<b>11,854</b>
<b>TOTAL LIABILITIES</b>	<b>21,108</b>	<b>12,575</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>98,758</b>	<b>83,861</b>
<b>NET ASSETS PER SHARE (RM)</b> <sup>(2)</sup>	0.06	0.06

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021<sup>(1)</sup> (CONT'D)**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on share capital of 1,224,121,200 shares and 1,221,477,200 shares in issuance as at 31 December 2021 and 31 December 2020 respectively.

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**AIMFLEX BERHAD (FORMERLY KNOWN AS I-STONE GROUP BERHAD) (1273151-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>**

	Non-distributable				Distributable	
	Share Capital RM'000	Translation Reserve RM'000	Merger Reserve RM'000	Share Options Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>As at 1 January 2020</b>	54,516	635	(16,628)	-	26,760	<b>65,283</b>
Total comprehensive income:						
- Profit for the year	-	-	-	-	7,618	<b>7,618</b>
- Foreign currency translation differences for foreign operations	-	(3)	-	-	-	<b>(3)</b>
	-	(3)	-	-	7,618	<b>7,615</b>
Transactions with owners:						
- Dividends paid	-	-	-	-	(3,054)	<b>(3,054)</b>
- Share options granted under ESOS	-	-	-	1,442	-	<b>1,422</b>
	-	-	-	1,442	(3,054)	<b>(1,612)</b>
<b>As at 31 December 2020</b>	<b>54,516</b>	<b>632</b>	<b>(16,628)</b>	<b>1,442</b>	<b>31,324</b>	<b>71,286</b>

**AIMFLEX BERHAD (FORMERLY KNOWN AS I-STONE GROUP BERHAD) (1273151-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup> (CONT'D)**

	Non-distributable			Distributable		
	Share Capital RM'000	Translation reserve RM'000	Merger Reserve RM'000	Share Options Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>As at 1 January 2021</b>	54,516	632	(16,628)	1,442	31,324	<b>71,286</b>
Total comprehensive income:						
- Profit for the period	-	-	-	-	4,729	<b>4,729</b>
- Foreign currency translation differences for foreign operations	-	69	-	-	-	<b>69</b>
	-	69	-	-	4,729	<b>4,798</b>
Total transactions with owners:						
- Transfer from Share Options Reserve	-	-	-	(195)	195	-
- Share options granted under ESOS	-	-	-	1,000	-	<b>1,000</b>
- Exercise of ESOS	830	-	-	(264)	-	<b>566</b>
	830	-	-	541	195	<b>1,566</b>
<b>As at 31 December 2021</b>	<b>55,346</b>	<b>701</b>	<b>(16,628)</b>	<b>1,983</b>	<b>36,248</b>	<b>77,650</b>

**AIMFLEX BERHAD (FORMERLY KNOWN AS I-STONE GROUP BERHAD) (1273151-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED  
31 DECEMBER 2021<sup>(1)</sup> (CONT'D)**

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>

	CUMULATIVE QUARTER	
	Current Year- To-Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>4,845</b>	<b>9,155</b>
Adjustments for:		
Depreciation of property, plant and equipment	1,665	1,314
Depreciation of right-of-use asset	110	200
Depreciation of investment properties	6	6
Impairment losses on receivables	457	17
Interest expense	1	70
Property, plant and equipment written off	26	36
Provision for warranty	11	42
Dividend income	(297)	(539)
Interest income	(26)	(75)
Rental income	(27)	(28)
Lease rental waived	-	(13)
Gain on disposal of property, plant and equipment	(161)	(69)
Share-based payments for ESOS	1,000	1,442
Unrealised gain on foreign exchange	(65)	(25)
Operating profit before working capital changes	<u>7,545</u>	<u>11,533</u>
<b>Change in working capital</b>		
Inventories	(6,882)	(554)
Trade and other receivables	(10,995)	(1,698)
Trade and other payables	8,897	(99)
	<u>(8,980)</u>	<u>(2,351)</u>
Cash (used in)/from operations	(1,435)	9,182
Interest paid	(1)	(70)
Interest received	26	75
Tax paid	(1,670)	(1,246)
Tax refund	-	192
Net cash (used in)/from operating activities	<u><b>(3,080)</b></u>	<u><b>8,133</b></u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(2,769)	(1,232)
Increase in fixed deposits pledged with a licensed bank	(19)	(65)
Proceeds from disposal of property, plant and equipment	267	192
Dividend received	297	539
Rental received	27	28
Net cash used in investing activities	<u><b>(2,197)</b></u>	<u><b>(538)</b></u>



UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup> (CONT'D)

	<b>CUMULATIVE QUARTER</b>	
	<b>Current Year- To-Date 31.12.2021 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2020 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Repayment of hire purchase payables	-	(1,548)
Dividends paid	-	(3,054)
Proceeds from issuance of ordinary shares	566	-
Repayment of lease liabilities	(111)	(67)
Net cash from/(used in) financing activities	<u>455</u>	<u>(4,669)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,822)	2,926
<b>Cash and cash equivalents at the beginning of the financial period</b>	26,064	23,140
<b>Effect of exchange translation differences on cash and cash equivalents</b>	69	(2)
<b>Cash and cash equivalents at the end of the financial period</b>	<u>21,311</u>	<u>26,064</u>
<b>Cash and cash equivalents at the end of the financial period comprises:</b>		
Cash and bank balances	21,311	26,064
Fixed deposits with licensed banks	1,083	1,064
	<u>22,394</u>	<u>27,128</u>
Less: Fixed deposits pledged with licensed banks	(1,083)	(1,064)
	<u>21,311</u>	<u>26,064</u>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

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**A. NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of preparation**

The interim financial report of AIMFLEX BERHAD (Formerly known as I-STONE GROUP BERHAD) (“AIMFLEX” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to this interim financial report.

**A2. Summary of Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2020 except for the adoption of the following new and amended MFRSs with effect from 1 January 2021:

- Amendments to MFRS 2 Share-based Payment
- Amendments to MFRS3 Business Combinations
- Amendments to MFRS 4 Insurance Contracts,
- Amendments to MFRS 7 Financial Instruments: Disclosures,
- Amendments to MFRS 9 Financial Instruments,
- Amendments to MFRS 16 Leases,
- Amendments to MFRS 139 Financial Instruments: Recognition and Measurement,

The adoptions of the above standards, amendments and interpretations do not have any material impact to the financial position and performance of the Group.

**A3. Auditors’ report on preceding annual financial statements**

The audited financial statements of the Company for the financial year ended 31 December 2020 was not subject to any qualification.

**A4. Seasonal or cyclical factors**

The business operations of the Group were not materially affected by seasonal and cyclical effects.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

**A6. Material changes in estimates**

There were no material changes in the estimates that have a material effect to the Group in the current financial quarter under review.

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A7. Debt and equity securities**

Save as disclosed below, there was no issuance or repayment of debts and equity securities, share buy-backs and share cancellations during the current financial quarter under review:-

Employees' Share Option Scheme ("ESOS")

During the current financial quarter under review, 556,000 ordinary shares were issued under the Company's ESOS at the exercise price of RM0.2139 per ordinary share.

**A8. Dividends paid**

There was no dividend paid during the current financial quarter under review.

**A9. Segmental information**

The Group's segmental information for the current financial period is as follows:

(a) Analysis of revenue by business segments

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31.12.2021 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2020 RM'000</b>	<b>Current Year-To-Date 31.12.2021 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2020 RM'000</b>
Manufacturing	20,572	24,483	64,164	57,353
Distribution	4,565	2,698	11,583	9,613
<b>Total</b>	<b>25,137</b>	<b>27,181</b>	<b>75,747</b>	<b>66,966</b>

(b) Analysis of revenue by geographical location

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31.12.2021 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2020 RM'000</b>	<b>Current Year Quarter 31.12.2021 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2020 RM'000</b>
<b>Manufacturing</b>				
Malaysia	13,628	18,102	47,808	42,351
Philippines	4,048	4,448	7,330	9,386
Singapore	2,505	1,911	8,408	5,464
Others	391	22	618	152
<b>Sub-total</b>	<b>20,572</b>	<b>24,483</b>	<b>64,164</b>	<b>57,353</b>

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A9. Segmental information (Cont'd)**

(b) Analysis of revenue by geographical location (Cont'd)

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31.12.2021 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2020 RM'000</b>	<b>Current Year Quarter 31.12.2021 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2020 RM'000</b>
<b>Distribution</b>				
Malaysia	3,489	2,067	6,790	6,347
Singapore	916	502	3,703	2,909
India	-	-	465	109
Hong Kong	34	-	421	-
Indonesia	83	129	161	178
Others	43	-	43	70
<b>Sub-total</b>	<b>4,565</b>	<b>2,698</b>	<b>11,583</b>	<b>9,613</b>
<b>Total</b>	<b>25,137</b>	<b>27,181</b>	<b>75,747</b>	<b>66,966</b>

**A10. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current financial quarter under review.

**A11. Material events subsequent to the end of the current financial quarter**

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

**A12. Changes in the composition of the Group**

There were no material changes in the composition of the Group for the current financial quarter under review.

**A13. Contingent assets and contingent liabilities**

There were no contingent assets and contingent liabilities as at the date of this interim report.

**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A14. Capital commitments**

	<b>UNAUDITED</b>
	<b>As at</b>
	<b>31.12.2021</b>
	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Contracted but not provided for	433
Approved but not contracted for	7,400
	<u>7,833</u>

**A15. Related party transactions**

There were no material related party transactions during the current financial quarter under review.

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

**(a) Results for current quarter**

	INDIVIDUAL QUARTER		VARIANCE	
	3 months ended 31.12.2021 RM'000	3 months ended 31.12.2020 RM'000	RM'000	%
Revenue	25,137	27,181	(2,044)	(7.5%)
Profit Before Tax (PBT")	3,490	3,237	253	7.8%

The Group recorded revenue of RM25.14 million for the current financial quarter ended 31 December 2021 ("Q4 2021"), a decrease of 7.5% as compared to the same quarter ended 31 December 2020 ("Q4 2020"). The decrease was mainly attributable to the lower revenue recorded from the manufacturing segment by 16.0%.

In Q4 2021, the Group's revenue was principally derived from the manufacturing segment, contributing approximately 81.8% of the Group's total revenue (Q4 2020: 90.1%). On the geographical standpoint, the Malaysian market remains the largest contributor to the Group's revenue of 68.1% in Q4 2021 (Q4 2020: 74.2%).

The Group registered a PBT of RM3.49 million in Q4 2021 as compared to PBT of RM3.24 million in Q3 2021, which represents an increase of RM0.25 million. The improvement in PBT was mainly due to lower non-cash employee benefits arising from share option granted under ESOS by RM1.13 million provided from RM1.44 million in Q4 2020 to RM0.31 million in Q4 2021.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B1. Review of Performance (Cont'd)**

**(b) Results for financial year-to-date**

	<u>CUMULATIVE QUARTER</u>		<u>VARIANCE</u>	
	<b>12 months ended 31.12.2021 RM'000</b>	<b>12 months ended 31.12.2020 RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	75,747	66,966	8,781	13.11%
Profit Before Tax ("PBT")	4,845	9,155	(4,310)	(47.1%)

The Group recorded revenue of RM75.75 million for the 12 months ended 31.12.2021 ("12M 2021"), an increase of RM8.78 million from RM66.97 million for the 12 months ended 31.12.2020 ("12M 2020"). The increase was mainly attributable to the higher revenue recorded from the manufacturing segment by 11.9% and the distribution segment by 20.5%.

The Group registered a Profit Before Tax of RM4.85 million for 12M 2021 as compared to Profit Before Tax of RM9.16 million for 12M 2020, which represents a decrease of 47.1%. Lower PBT recorded for 12M 2021 was mainly attributable to higher depreciation by RM0.26 million, higher impairment loss on trade receivables by RM0.44 million, higher professional fee by RM0.38 million (mainly arising from services in relation to dividend payment, EGM for change of company name, corporate advisory fee and investor relations/public relations fees), additional staff cost by RM0.92 million for the business development team set up in Q3 2020, lower government wage subsidies and grant by RM0.20 million, lower interest and dividend income by RM0.29 million, higher carriage outwards by RM0.64 million and higher Covid-related employee welfare expenses by RM0.33 million.

**B2. Comparison with immediate preceding quarter's results**

	<u>INDIVIDUAL QUARTER</u>		<u>VARIANCE</u>	
	<b>3 months ended 31.12.2021 RM'000</b>	<b>3 months ended 30.09.2021 RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	25,137	16,800	8,337	49.6%
Profit/(Loss) Before Tax	3,490	1,680	1,811	107.8%

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B2. Comparison with immediate preceding quarter's results (Cont'd)**

The Group recorded a revenue of RM25.14 million in Q4 2021 as compared to RM16.80 million in the preceding financial quarter ended 30 September 2021 ("Q3 2021"), an increase of RM8.34 million during the current financial quarter.

Higher revenue derived from both manufacturing and distribution segments have contributed to the increase in the Group's revenue. The revenue derived from manufacturing segment has increased by 40.0% from RM14.70 million in Q3 2021 to RM20.57 million in Q4 2021 while for distribution segment, the revenue has increased by 116.9% from RM2.11 million in Q3 2021 to RM4.57 million in Q4 2021.

The Group registered a Profit Before Tax of RM3.49 million in Q4 2021 as compared to RM1.68 million in Q3 2021, mainly due to higher revenue generated in Q4 2021.

**B3. Prospects and outlook**

The Group takes cognisance that the effects of COVID-19 pandemic are still prevalent in the Malaysian economy and the manufacturing industry. There is no assurance that a resurgence of COVID-19 cases and/ or the emergence of new COVID-19 variants will not adversely impact the manufacturing industry in Malaysia and in turn, our Group's operations and financial position. Notwithstanding the above, our Group is in anticipation of a gradual recovery of the Malaysian economy and manufacturing industry, supported by the nationwide COVID-19 vaccination programme and ongoing stimulus packages and economic assistance, such as Perlindungan Ekonomi dan Rakyat Malaysia (PERMAI) and PEMERKASA.

At present, the Group is focused on expanding its existing business segments, by focusing on the following areas, including, amongst others, electrical & electronic manufacturing process automation, Industry Revolution 4.0 introduction with data and artificial intelligence driven manufacturing, assembly process automation for electrical-vehicle (EV) batteries and digitalisation of business. The Group will continue to focus its resources on developing products and technologies that are aligned with the Industrial Revolution 4.0, such as robotics, big data and machine vision.

Barring any unforeseen circumstances and premised on the above as well as the relevant economy and industry outlook, the Group holds a cautiously optimistic view on the prospect of 2022.



**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B4. Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

**B5. Status of corporate proposals**

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this interim report.

On 14 January 2021, the Company proposed to change the Company's name from i-Stone Group Berhad to AIMFLEX Berhad ("Proposed change of Name"). The proposed change of name is to have a new corporate identity to better reflect the Group's core business and its future undertakings. On 16 February 2021, the Proposed change of Name has been approved by shareholders at the Extraordinary General Meeting. The Company had on 19 February 2021 announced that the above mentioned Proposed change of Name was completed. On 23 February 2021, the Company further announced the Stock Code change from ISTONE to AIMFLEX effect from 9.00 a.m., 25 February 2021 and Stock Code remain unchanged as 0209.

On 11 January 2022, the Company entered into separate conditional share subscription agreements with Ng Wymin ("**Subscription Agreement I**"), Chuah Chong Ewe ("**Subscription Agreement II**"), Datuk Seri Chiau Beng Teik, JP ("**Subscription Agreement III**"), Teoh Tian Wen ("**Subscription Agreement IV**"), Ong Khye Siang ("**Subscription Agreement V**"), Loo Jia Jia ("**Subscription Agreement VI**"), Datin Cheah Meow Choong ("**Subscription Agreement VII**") and Luster Industries Bhd ("**Subscription Agreement VIII**") (collectively referred to as the "**Investor(s)**") (Subscription Agreement I to Subscription Agreement VIII are collectively referred to as the "**Subscription Agreements**"), whereby the Investors will subscribe for an aggregate amount of 244,824,000 new ordinary shares in Aimflex ("**Subscription Share(s)**") at an issue price of RM0.1267 ("**Subscription Price**") per Subscription Share to be fully satisfied in cash in accordance with the terms and conditions of the respective Subscription Agreements ("**Proposed Subscription**"). The application pursuant to the Proposed Subscription has been submitted to Bursa Malaysia Securities Berhad on 15 February 2022.

**B6. Income tax expenses**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year-To-Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Income tax expense:				
- Current year	1,364	624	1,689	1,330
- Prior year	4	(1)	154	3
Foreign withholding tax	16	1	18	156
	1,384	624	1,861	1,489
Deferred tax expense	(1,745)	48	(1,745)	48
<b>Total tax expense</b>	<b>(361)</b>	<b>672</b>	<b>116</b>	<b>1,537</b>
Effective tax rate (%)	(10.91)	23.69	(1.16)	15.74

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B6. Income tax expenses (Cont'd)**

**Notes:**

- (1) The Group's current quarter effective tax rate was lower than the statutory income tax mainly due to one of the subsidiaries, Aimflex Systems Sdn Bhd, has been granted the Pioneer Status incentives by the Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act 1986 and the recognition of deferred tax asset arising from contract liabilities. The contract liabilities primarily relate to the advance consideration received from customers, which revenue is recognised at point in time at which the performance obligations are satisfied. The revenue will be recognised within 12 months of the end of the reporting period. However, income tax is payable in the period in which the advance consideration was received.
- (2) Income tax expense is recognised based on management's estimate.
- (3) Income tax expense – Prior year is in respect of under provision of income tax of certain subsidiaries for FY2020 upon finalisation of tax computation in the current financial quarter.

**B7. Utilisation of proceeds from the IPO**

Based on the IPO Price, the gross proceeds arising from the Public issue amounting to RM39.09 million is intended to be utilised in the following manner:-

<u>Details of utilisation</u>	<u>Proposed Utilisation</u> RM'000	<u>Actual Utilisation</u> RM'000	<u>Unutilised Amount</u> RM'000	<u>Estimated timeframe for utilisation upon listing</u>
Process and product development	4,200	3,910	290	Within 48 months <sup>(1)</sup>
Repayment of borrowings	13,482	13,482	-	Within 12 months
Construction of new D&D centre	6,800	-	6,800	Within 48 months
Capital expenditures	5,200	2,357	2,843	Within 48 months <sup>(1)</sup>
Working capital requirements	5,905	5,905	-	Within 36 months
Estimated listing expenses	3,500	3,500	-	Within 1 months
	<u>39,087</u>	<u>29,154</u>	<u>9,933</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 21 June 2019.

<sup>(1)</sup> The Board of Directors has approved the extension of timeframe for the utilisation of the remaining unutilised IPO Proceeds earmarked for "Process and product development" and "Capital expenditures" for an additional 24 months of up to 48 months from the date of listing.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B8. Group borrowings and debt securities**

The Group has no borrowings and debts securities as at the end of the reporting period.

**B9. Material litigation**

There were no material litigation involving the Group as at the end of the reporting period.

**B10. Dividend proposed**

No dividend has been proposed for the current financial quarter under review.

**B11. Earnings per share**

The basic and diluted (loss)/earnings per share (“EPS”) are calculated by dividing the (loss)/profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31.12.2021</b>	<b>Preceding Year Corresponding Quarter 31.12.2020</b>	<b>Current Year-To-Date 31.12.2021</b>	<b>Preceding Year Corresponding Period 31.12.2020</b>
Profit attributable to ordinary owners of the Company (RM'000)	3,851	2,565	4,729	7,618
Weighted average number of ordinary shares ('000)	1,224,121	1,221,477	1,223,645	1,221,477
Basic EPS (sen)	0.31	0.21	0.39	0.62
Diluted EPS (sen) <sup>(1)</sup>	0.31	0.21	0.39	0.62

**Notes:**

(1) The basic and diluted EPS are the same as the Group’s convertible options are anti-dilutive for the reporting period.

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**B12. Disclosure on selected expense/income items as required by the Listing Requirements**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year-To-Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Depreciation of property, plant and equipment	445	369	1,665	1,314
Depreciation of right-of-use asset	28	21	110	200
Depreciation of investment properties	1	1	6	6
Interest expense	2	9	1	70
Property, plant and equipment written off	-	36	26	36
Rental expense	1	2	7	10
Share-based payment	314	1,442	1,000	1,442
Subsidies received	(118)	(81)	(313)	(508)
Dividend income	(59)	(111)	(297)	(539)
(Gain)/Loss on foreign exchange				
- Realised	10	105	(49)	81
- Unrealised	(4)	73	(65)	(25)
Interest income	(2)	(2)	(26)	(75)
Rental income	(7)	(7)	(27)	(28)
Impairment losses on receivables	430	(184)	457	17
Gain on disposal of property, plant and equipment	-	(41)	(161)	(69)

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.