



**AIMFLEX BERHAD (201801011135 / 1273151-K)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE  
2023<sup>(1)</sup>**

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year-To- Date 30.06.2023 RM'000	Preceding Year Corresponding Period 30.06.2022 RM'000
Revenue	A9	23,757	23,247	40,969	47,203
Cost of sales		(14,199)	(15,713)	(26,735)	(31,531)
<b>Gross profit</b>		<b>9,558</b>	<b>7,534</b>	<b>14,234</b>	<b>15,672</b>
Other income		1,425	587	2,146	723
Selling and distribution expenses		(1,312)	(667)	(1,892)	(1,345)
Administrative expenses		(5,701)	(3,507)	(8,894)	(6,374)
Other expenses		(2)	(21)	(174)	(25)
<b>Profit from Operations</b>		<b>3,968</b>	<b>3,926</b>	<b>5,420</b>	<b>8,651</b>
Finance costs		(54)	(2)	(83)	(4)
<b>Profit before tax</b>	B12	<b>3,914</b>	<b>3,924</b>	<b>5,337</b>	<b>8,647</b>
Taxation	B6	(1,016)	(487)	(1,301)	(2,267)
<b>Profit after tax</b>		<b>2,898</b>	<b>3,437</b>	<b>4,036</b>	<b>6,380</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		285	110	373	138
<b>Total comprehensive income for the financial period</b>		<b>3,183</b>	<b>3,547</b>	<b>4,409</b>	<b>6,518</b>
<b>Profit for the financial period attributable to:</b>					
• Owners of the Company		2,969	3,437	3,986	6,380
• Non-controlling interests		(71)	-	50	-
		<u>2,898</u>	<u>3,437</u>	<u>4,036</u>	<u>6,380</u>
<b>Total comprehensive income for the financial period attributable to:</b>					
• Owners of the Company		3,254	3,547	4,359	6,518
• Non-controlling interests		(71)	-	50	-
		<u>3,183</u>	<u>3,547</u>	<u>4,409</u>	<u>6,518</u>
<b>Earnings per share attributable to owners of the Company</b>					
• Basic (sen)	B11	0.20	0.26	0.27	0.50
• Diluted (sen)	B11	0.20	0.26	0.27	0.50



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE  
2023<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 2022 and the accompanying explanatory notes attached to this interim financial report.

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**AIMFLEX BERHAD (201801011135 / 1273151-K)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023<sup>(1)</sup>**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	27,713	22,921
Investment properties	262	265
Goodwill	2,785	856
Deferred tax assets	659	773
<b>Total non-current assets</b>	<b>31,419</b>	<b>24,815</b>
<b>Current Assets</b>		
Inventories	12,488	11,842
Trade receivables	21,990	21,830
Other receivables	1,575	1,332
Current tax assets	1,449	643
Cash and cash equivalents	81,343	77,646
<b>Total current assets</b>	<b>118,845</b>	<b>113,293</b>
<b>TOTAL ASSETS</b>	<b>150,264</b>	<b>138,108</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	86,365	86,365
Retained earnings	53,900	49,832
Reserves	(12,278)	(12,815)
<b>Equity attributable to owners of the Company</b>	<b>127,987</b>	<b>123,382</b>
Non-controlling interests	670	-
<b>Total Equity</b>	<b>128,657</b>	<b>123,382</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Hire purchase payables	453	-
Loan and borrowings	3,080	-
Lease liabilities	238	24
Deferred tax liabilities	1,113	1,100
<b>Total non-current liabilities</b>	<b>4,884</b>	<b>1,124</b>
<b>Current liabilities</b>		
Trade payables	5,907	4,136
Other payables	10,152	9,374
Hire purchase payables	268	-
Loan and borrowings	142	-
Lease liabilities	254	92
<b>Total current liabilities</b>	<b>16,723</b>	<b>13,602</b>
<b>TOTAL LIABILITIES</b>	<b>21,607</b>	<b>14,726</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>150,264</b>	<b>138,108</b>
<b>NET ASSETS PER SHARE (RM) <sup>(2)</sup></b>	<b>0.09</b>	<b>0.08</b>



**AIMFLEX BERHAD (201801011135 / 1273151-K)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
30 JUNE 2023<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 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on share capital of 1,448,945,200 shares in issuance as at 31 December 2022 and 30 June 2023 respectively.

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AIMFLEX BERHAD (201801011135 / 1273151-K)  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023<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 2022</b>	55,346	701	(16,628)	1,983	36,248	<b>77,650</b>
Total comprehensive income:						
- Profit for the year	-	-	-	-	13,219	<b>13,219</b>
- Foreign currency translation differences for foreign operations	-	362	-	-	-	<b>362</b>
	-	362	-	-	13,219	<b>13,581</b>
Transactions with owners:						
- Share options forfeited	-	-	-	(365)	365	-
- Issuance of shares	31,019	-	-	-	-	<b>31,019</b>
- Share options granted under ESOS	-	-	-	1,132	-	<b>1,132</b>
	31,019	-	-	767	365	<b>32,151</b>
<b>As at 31 December 2022</b>	<b>86,365</b>	<b>1,063</b>	<b>(16,628)</b>	<b>2,750</b>	<b>49,832</b>	<b>123,382</b>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023<sup>(1)</sup> (CONT'D)**

	Non-distributable				Distributable		Total attributable to owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Translation reserve RM'000	Merger Reserve RM'000	Share Options Reserve RM'000	Retained Earnings RM'000				
<b>As at 1 January 2023</b>	86,365	1,063	(16,628)	2,750	49,832	<b>123,382</b>	-	<b>123,382</b>	
Acquisition of subsidiaries	-	-	-	-	-	-	620	620	
Total comprehensive income:									
- Profit for the period	-	-	-	-	3,986	<b>3,986</b>	50	<b>4,036</b>	
- Foreign currency translation differences for foreign operations	-	373	-	-	-	<b>373</b>	-	<b>373</b>	
	-	373	-	-	3,986	<b>4,359</b>	50	<b>4,409</b>	
Total transactions with owners:									
- Share options forfeited	-	-	-	(82)	82	-	-	-	
- Share options granted under ESOS	-	-	-	246	-	<b>246</b>	-	<b>246</b>	
	-	-	-	164	82	<b>246</b>	-	<b>246</b>	
<b>As at 30 June 2023</b>	<b>86,365</b>	<b>1,436</b>	<b>(16,628)</b>	<b>2,914</b>	<b>53,900</b>	<b>127,987</b>	670	<b>128,657</b>	



**AIMFLEX BERHAD (201801011135 / 1273151-K)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023<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 2022 and the accompanying explanatory notes attached to this interim financial report.



**AIMFLEX BERHAD (201801011135 / 1273151-K)**  
(Incorporated in Malaysia)

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023<sup>(1)</sup>**

	<b>CUMULATIVE QUARTER</b>	
	<b>Current Year- To-Date 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2022 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>5,337</b>	<b>8,647</b>
Adjustments for:		
Depreciation of property, plant and equipment	998	843
Depreciation of right-of-use asset	191	116
Depreciation of investment properties	3	3
Impairment losses on receivables	1,825	(345)
Interest expense	83	4
Property, plant and equipment written off	2	26
Provision for warranty	(10)	21
Dividend income		(67)
Interest income	(703)	(29)
Rental income	(14)	(14)
Gain on disposal of property, plant and equipment	(36)	-
Share-based payments for ESOS	246	653
Unrealised gain on foreign exchange	(343)	(43)
Operating profit before working capital changes	<b>7,579</b>	<b>9,815</b>
<b>Change in working capital</b>		
Inventories	(618)	(362)
Trade and other receivables	(394)	10,882
Trade and other payables	(279)	(3,660)
	<b>(1,291)</b>	<b>6,860</b>
Cash from operations	6,288	16,675
Interest paid	(80)	(4)
Interest received	705	29
Tax paid	(2,014)	(529)
Net cash from operating activities	<b>4,899</b>	<b>16,171</b>
<b>Cash Flows From Investing Activities</b>		
Increase in fixed deposits pledged with licensed banks	-	(120)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(288)	-
Purchase of property, plant and equipment	(1,848)	(260)
Proceeds from disposal of property, plant and equipment	54	-
Dividend received	-	67
Rental received	14	14
Net cash used in investing activities	<b>(2,068)</b>	<b>(299)</b>





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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023<sup>(1)</sup> (CONT'D)

	CUMULATIVE QUARTER	
	Current Year- To-Date 30.06.2023 RM'000	Preceding Year Corresponding Period 30.06.2022 RM'000
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of ordinary shares	-	31,019
Drawdown of term loan	406	-
Repayment of term loan	(56)	-
Proceeds from hire purchase	328	-
Repayment of hire purchase payables	(92)	-
Repayment of lease liabilities	(103)	(57)
Net cash from financing activities	<b>483</b>	<b>30,962</b>
<b>Net increase in cash and cash equivalents</b>	3,314	46,834
<b>Cash and cash equivalents at the beginning of the financial period</b>	76,425	21,311
<b>Effect of exchange translation differences on cash and cash equivalents</b>	383	140
<b>Cash and cash equivalents at the end of the financial period</b>	<b>80,122</b>	<b>68,285</b>
<b>Cash and cash equivalents at the end of the financial period comprises:</b>		
Cash and bank balances	80,122	68,285
Fixed deposits with licensed banks	1,221	1,203
	81,343	69,488
Less: Fixed deposits pledged with licensed banks	(1,221)	(1,203)
	<b>80,122</b>	<b>68,285</b>

**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 2022 and the accompanying explanatory notes attached to this interim financial report.

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AIMFLEX BERHAD (201801011135 / 1273151-K)  
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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 2022 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 2022 except for the adoption of the following new and amended MFRSs with effect from 1 January 2023:

- Amendment to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

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 2022 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.



**AIMFLEX BERHAD (201801011135 / 1273151-K)**  
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**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A7. Debt and equity securities**

There was no issuance or repayment of debts and equity securities, share buy-backs and share cancellations during the current financial quarter under review.

**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 ended 30 June 2023 is as follows:

(a) Analysis of revenue by business segments

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2022 RM'000</b>	<b>Current Year-To- Date 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2022 dRM'000</b>
Manufacturing	22,194	21,253	37,016	43,370
Distribution	1,563	1,994	3,953	3,833
<b>Total</b>	<b>23,757</b>	<b>23,247</b>	<b>40,969</b>	<b>47,203</b>

(b) Analysis of revenue by geographical location

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2022 RM'000</b>	<b>Current Year Quarter 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2022 RM'000</b>
<b>Manufacturing</b>				
Malaysia	6,613	11,998	16,283	19,566
Philippines	12,805	3,023	14,432	4,891
Singapore	2,604	5,664	6,023	17,683
Others	172	568	278	1,230
<b>Sub-total</b>	<b>22,194</b>	<b>21,253</b>	<b>37,016</b>	<b>43,370</b>



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**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 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2022 RM'000</b>	<b>Current Year Quarter 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2022 RM'000</b>
<b>Distribution</b>				
Malaysia	985	1,149	2,335	2,119
Singapore	487	595	1,513	1,291
India	84	148	84	289
Hong Kong	-	-	-	-
Indonesia	7	21	21	21
Others	-	81	-	113
<b>Sub-total</b>	<b>1,563</b>	<b>1,994</b>	<b>3,953</b>	<b>3,833</b>
<b>Total</b>	<b>23,757</b>	<b>23,247</b>	<b>40,969</b>	<b>47,203</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.



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

**A14. Capital commitments**

	<b>UNAUDITED</b>
	<b>As at</b>
	<b>30.06.2023</b>
	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Contracted but not provided for	81
Approved but not contracted for	6,800
	<hr/>
	<b>6,881</b> <hr/>

**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 30.06.2023 RM'000	3 months ended 30.06.2022 RM'000	RM'000	%
Revenue	23,757	23,247	510	2.2%
Profit Before Tax	3,914	3,924	(10)	(0.3%)

The Group recorded revenue of RM23.76 million for the current financial quarter ended 30 June 2023 (“Q2 2023”), an increase of 2.2% as compared to the same quarter ended 30 June 2022 (“Q2 2022”). The increase was mainly attributable to the higher revenue recorded from the manufacturing segment by 4.4%.

In Q2 2023, the Group’s revenue was principally derived from the manufacturing segment, contributing approximately 93.4% of the Group’s total revenue (Q2 2022: 91.4%). On the geographical standpoint, the Philippines market becomes the largest contributor to the Group’s revenue of 53.9% in Q2 2023 (Q2 2022: 13.0%). This is followed by Malaysia which contributed 32.0% of the Group’s revenue (Q2 2022: 56.6%).

The Group registered a Profit Before Tax of RM3.91 million in Q2 2023 as compared to Profit Before Tax of RM3.92 million in Q2 2022. The Group achieved a higher gross profit by RM2.02 million and higher interest income by RM0.34 million, offset by higher impairment loss on trade receivables by RM1.96 million and higher carriage outwards and export expenses by RM0.35 million.



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**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**

	CUMULATIVE QUARTER		VARIANCE	
	6 months ended 30.06.2023	6 months ended 30.06.2022	RM'000	%
	RM'000	RM'000		
Revenue	40,969	47,203	(6,234)	(13.2%)
Profit Before Tax	5,337	8,647	(3,310)	(38.3%)

The Group recorded revenue of RM40.97 million for the six months ended 30.06.2023 (“6M 2023”), a decrease of RM6.23 million from RM47.20 million for the six months ended 30.06.2022 (“6M 2022”). The decrease was mainly attributable to the lower revenue recorded from the manufacturing segment by 14.7%.

The Group registered a Profit Before Tax of RM5.34 million for 6M 2023 as compared to Profit Before Tax of RM8.65 million for 6M 2022, which represents a decrease of 38.3%. Lower PBT recorded for 6M 2023 was mainly due to lower gross profit by RM1.44 million as a result of lower revenue, higher impairment loss on trade receivables by RM2.17 million and higher carriage outwards and export expenses by RM0.54 million, offset by higher interest income by RM0.67 million and higher fair value gain on investment by RM0.34 million.

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

	INDIVIDUAL QUARTER		VARIANCE	
	3 months ended 30.06.2023	3 months ended 31.03.2023	RM'000	%
	RM'000	RM'000		
Revenue	23,757	17,212	6,545	38.0%
Profit Before Tax	3,914	1,423	2,491	175.1%



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**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 RM23.76 million in Q2 2023 as compared to RM17.21 million in the preceding financial quarter ended 31 March 2023 ("Q1 2023"), an increase of RM6.55 million during the current financial quarter. The increase was mainly attributable to the higher revenue recorded from the manufacturing segment by 49.7% offset by lower revenue recorded from the distribution segment by 34.6%.

The Group registered a higher Profit Before Tax by RM2.49 million in Q2 2023 as compared to Q1 2023, mainly due to higher gross profit by RM4.88 million as a result of higher revenue and higher gain on foreign exchange by RM0.87 million, offset by higher impairment loss on trade receivables by RM1.96 million and higher carriage outwards and export expenses by RM0.49 million.

**B3. Prospects and outlook**

The near-term market outlook is uncertain due to various factors, notably the ongoing geopolitical tensions, concerns about a global recession and persistent high inflation. These factors may potentially affect the global economic growth and eventually affect the demand for our products. The Group will diligently observe and implement necessary measures to minimise the effects of the unpredictable operating conditions on its operations.

Notwithstanding these challenges, the Group has been proactively maneuvering within the market dynamics and has demonstrated its resilience in its operations.

Exemplifying its dedication to a strategic expansion of operations, the Group has completed two acquisitions of subsidiaries in Q1 2023. The Group will actively pursue opportunities to strengthen its foothold in the market and leverage potential growth areas. This could encompass seeking suitable business acquisitions, investing in R&D, identifying and commercialising cutting edge technologies and broadening its product range. The Group is beefing up its team to deliver the best-in-class automation solutions and is committed to collaborate with its customers to address their unique needs.

Premised on the above, barring any unforeseen circumstances, we are optimistic of our prospect.





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**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**

There is no corporate proposals announced but not completed as at the date of this interim report.

**B6. Income tax expenses**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2022 RM'000</b>	<b>Current Year-To- Date 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2022 RM'000</b>
Income tax expense:				
- Current year	956	212	1,148	1,067
- Prior year	4	-	4	-
Foreign withholding tax	32	43	35	55
	992	255	1,187	1,122
Deferred tax expense				
- origination and reversal of temporary differences	34	232	114	1,145
- Prior year	(10)	-	-	-
<b>Total tax expense</b>	<b>1,016</b>	<b>487</b>	<b>1,301</b>	<b>2,267</b>
Effective tax rate (%)	25.3%	11.3%	23.6%	25.6%

**Notes:**

- (1) The Group's effective tax rates for the current quarter and year-to-date were slightly higher than and close to the statutory income tax rate respectively despite the availability of Pioneer tax incentive in one of the subsidiaries. This was mainly due to an impairment loss on trade receivable amounting to RM1.89 million being made in the current quarter which is not tax deductible in nature.
- (2) Income tax expense is recognised based on management's estimate.



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

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

(a) 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	4,200	-	Within 48 months
Repayment of borrowings	13,482	13,482	-	Within 12 months
Construction of new D&D centre	6,800	-	6,800	Within 84 months <sup>(1)</sup>
Capital expenditures	5,200	2,472	2,728	Within 84 months <sup>(1)</sup>
Working capital requirements	5,905	5,905	-	Within 36 months
Listing expenses	3,500	3,500	-	Within 1 months
	<u>39,087</u>	<u>29,559</u>	<u>9,528</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 “Construction of new D&D centre” and “Capital expenditures” for up to 84 months from the date of listing.



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

**B7. Utilisation of proceeds from the IPO and the Subscription (Cont'd)**

(b) Based on the Subscription Price, the gross proceeds arising from the Subscription issue amounting to RM31.02 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>
Business / Investment opportunities	6,000	2,115	3,885	Within 24 months
Working capital requirements	24,924	16,874	8,050	Within 24 months
Listing expenses	95	95	-	Upon completion
	<b><u>31,019</u></b>	<b><u>19,084</u></b>	<b><u>11,935</u></b>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 14 April 2022.

**B8. Group borrowings and debt securities**

The Group's borrowings are as follows:-

	<b>31.06.2023</b> RM'000	<b>31.12.2022</b> RM'000
<u>Non-current liabilities</u>		
Loan and borrowings	3,080	-
Hire purchase	453	-
	<b><u>3,533</u></b>	<b><u>-</u></b>
<u>Current liabilities</u>		
Loan and borrowings	142	-
Hire purchase	268	-
	<b><u>410</u></b>	<b><u>-</u></b>
<b>Total borrowings</b>	<b><u>3,943</u></b>	<b><u>-</u></b>

**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.



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

**B11. Earnings per share**

The basic and diluted earnings per share (“EPS”) are calculated by dividing the 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:

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter</u> <u>30.06.2023</u>	<u>Preceding Year Corresponding Quarter</u> <u>30.06.2022</u>	<u>Current Year-To-Date</u> <u>30.06.2023</u>	<u>Preceding Year Corresponding Period</u> <u>30.06.2022</u>
Profit attributable to ordinary owners of the Company (RM'000)	2,969	3,437	3,986	6,380
Weighted average number of ordinary shares ('000)	1,468,945	1,299,452	1,468,945	1,261,995
Basic EPS (sen)	0.20	0.26	0.27	0.50
Diluted EPS (sen) <sup>(1)</sup>	0.20	0.26	0.27	0.50

**Notes:**

- (1) The basic and diluted EPS are the same as the exercise of the Group's exercisable ESOS will not have material impact to the diluted EPS 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):

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2022 RM'000</b>	<b>Current Year-To-Date 30.06.2023 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2022 RM'000</b>
Depreciation of property, plant and equipment	508	422	998	843
Depreciation of right-of-use asset	121	58	191	116
Depreciation of investment properties	1	2	3	3
Interest expense	54	2	83	4
Property, plant and equipment written off	2	26	2	26
Rental expense	57	1	118	2
Share-based payment	121	318	246	653
Subsidies received	-	(3)	(5)	(7)
Dividend income	-	(21)	-	(67)
Gain on foreign exchange				
- Realised	(627)	(451)	(455)	(484)
- Unrealised	(209)	(17)	(343)	(43)
Interest income	(367)	(25)	(703)	(29)
Rental income	(7)	(7)	(14)	(14)
Impairment losses on receivables	1,894	(65)	1,825	(345)
Gain on disposal of property, plant and equipment	-	-	(36)	-

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