



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  
2024<sup>(1)</sup>

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year-To- Date 30.06.2024 RM'000	Preceding Year Corresponding Period 30.06.2023 RM'000
Revenue	A9	23,042	23,757	38,777	40,969
Cost of sales		(14,462)	(14,199)	(25,372)	(26,735)
<b>Gross profit</b>		<b>8,580</b>	<b>9,558</b>	<b>13,405</b>	<b>14,234</b>
Other income		598	1,425	2,009	2,146
Selling and distribution expenses		(892)	(1,312)	(1,569)	(1,892)
Administrative expenses		(3,884)	(5,701)	(7,769)	(8,894)
Other expenses		(233)	(2)	(239)	(174)
<b>Profit from Operations</b>		<b>4,169</b>	<b>3,968</b>	<b>5,837</b>	<b>5,420</b>
Finance costs		(50)	(54)	(102)	(83)
<b>Profit before tax</b>	B12	<b>4,119</b>	<b>3,914</b>	<b>5,735</b>	<b>5,337</b>
Taxation	B6	(494)	(1,016)	(1,032)	(1,301)
<b>Profit after tax</b>		<b>3,625</b>	<b>2,898</b>	<b>4,703</b>	<b>4,036</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		(67)	285	(18)	373
<b>Total comprehensive income for the financial period</b>		<b>3,558</b>	<b>3,183</b>	<b>4,685</b>	<b>4,409</b>
<b>Profit for the financial period attributable to:</b>					
• Owners of the Company		3,661	2,969	4,774	3,986
• Non-controlling interests		(36)	(71)	(71)	50
		<b>3,625</b>	<b>2,898</b>	<b>4,703</b>	<b>4,036</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
• Owners of the Company		3,594	3,254	4,755	4,359
• Non-controlling interests		(36)	(71)	(71)	50
		<b>3,558</b>	<b>3,183</b>	<b>4,684</b>	<b>4,409</b>
<b>Earnings per share attributable to owners of the Company</b>					
• Basic (sen)	B11	0.25	0.20	0.32	0.27
• Diluted (sen)	B11	0.25	0.20	0.32	0.27



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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  
2024<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 2023 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>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	26,904	27,811
Investment properties	256	259
Goodwill	4,354	4,354
Deferred tax assets	381	307
<b>Total non-current assets</b>	<b>31,895</b>	<b>32,731</b>
<b>Current Assets</b>		
Inventories	12,304	13,031
Trade receivables	18,174	23,918
Other receivables	1,223	1,137
Current tax assets	1,575	1,961
Cash and cash equivalents	96,062	91,307
<b>Total current assets</b>	<b>129,338</b>	<b>131,354</b>
<b>TOTAL ASSETS</b>	<b>161,233</b>	<b>164,085</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	87,351	87,351
Retained earnings	63,935	59,031
Reserves	(12,155)	(12,377)
<b>Equity attributable to owners of the Company</b>	<b>139,131</b>	<b>134,005</b>
Non-controlling interests	823	894
<b>Total Equity</b>	<b>139,954</b>	<b>134,899</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Hire purchase payables	215	-
Loan and borrowings	3,033	3,110
Lease liabilities	65	471
Deferred tax liabilities	1,135	1,139
<b>Total non-current liabilities</b>	<b>4,448</b>	<b>4,720</b>
<b>Current liabilities</b>		
Trade payables	5,212	6,636
Other payables	10,984	16,814
Hire purchase payables	232	-
Loan and borrowings	144	137
Current tax liabilities	-	279
Lease liabilities	259	599
<b>Total current liabilities</b>	<b>16,831</b>	<b>24,465</b>
<b>TOTAL LIABILITIES</b>	<b>21,279</b>	<b>29,186</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>161,233</b>	<b>164,085</b>
<b>NET ASSETS PER SHARE (RM) <sup>(2)</sup></b>	<b>0.10</b>	<b>0.09</b>



**AIMFLEX BERHAD (201801011135 / 1273151-K)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
30 JUNE 2024<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 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on share capital of 1,472,742,200 shares in issuance as at 31 December 2023 and 30 June 2024 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 2024<sup>(1)</sup>**

	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	-	-	-	-	-	-	660	660	
Total comprehensive income:									
- Profit for the period	-	-	-	-	9,116	<b>9,116</b>	234	<b>9,350</b>	
- Foreign currency translation differences for foreign operations	-	447	-	-	-	<b>447</b>	-	<b>447</b>	
	-	447	-	-	9,116	<b>9,563</b>	234	<b>9,797</b>	
Total transactions with owners:									
- Share options forfeited	-	-	-	(83)	83	-	-	-	
- Share options exercised	986	-	-	(320)	-	<b>666</b>	-	<b>666</b>	
- Share options granted under ESOS	-	-	-	394	-	<b>394</b>	-	<b>394</b>	
	986	-	-	(9)	83	<b>1,060</b>	-	<b>1,060</b>	
<b>As at 31 December 2023</b>	<b>87,351</b>	<b>1,510</b>	<b>(16,628)</b>	<b>2,741</b>	<b>59,031</b>	<b>134,005</b>	<b>894</b>	<b>134,899</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 2024<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 2024</b>	87,351	1,510	(16,628)	2,741	59,031		<b>134,005</b>	894	<b>134,899</b>
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
Total comprehensive income:									
- Profit for the period	-	-	-	-	4,774		<b>4,774</b>	(71)	<b>4,703</b>
- Foreign currency translation differences for foreign operations	-	(18)	-	-	-		<b>(18)</b>	-	<b>(18)</b>
	-	(18)	-	-	4,774		<b>4,756</b>	(71)	<b>4,685</b>
Total transactions with owners:									
- Share options forfeited	-	-	-	(130)	130		-	-	-
- Share-based payment transactions	-	-	-	370	-		<b>370</b>	-	<b>370</b>
	-	-	-	240	130		<b>370</b>	-	<b>370</b>
<b>As at 30 June 2024</b>	<b>87,351</b>	<b>1,492</b>	<b>(16,628)</b>	<b>2,981</b>	<b>63,935</b>		<b>139,131</b>	<b>823</b>	<b>139,954</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 2024<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 2023 and the accompanying explanatory notes attached to this interim financial report.



**AIMFLEX BERHAD (201801011135 / 1273151-K)**  
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**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 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2023 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>5,735</b>	<b>5,337</b>
Adjustments for:		
Depreciation of property, plant and equipment	1,046	998
Depreciation of right-of-use asset	277	191
Depreciation of investment properties	3	3
Impairment losses on receivables	58	1,825
Interest expense	103	83
Property, plant and equipment written off	6	2
Provision for warranty	15	(10)
Dividend income	(7)	
Interest income	(1,083)	(703)
Rental income	(14)	(14)
Gain on disposal of property, plant and equipment	-	(36)
Share-based payments for ESOS	371	246
Unrealised gain on foreign exchange	(136)	(343)
Operating profit before working capital changes	<b>6,374</b>	<b>7,579</b>
<b>Change in working capital</b>		
Inventories	727	(618)
Trade and other receivables	5,718	(394)
Trade and other payables	(7,341)	(279)
	(896)	(1,291)
Cash from operations	5,478	6,288
Interest paid	(74)	(80)
Interest received	1,172	705
Tax paid	(1,013)	(2,014)
Tax refund	10	-
Net cash from operating activities	<b>5,573</b>	<b>4,899</b>
<b>Cash Flows From Investing Activities</b>		
Increase in fixed deposits pledged with licensed banks	(3)	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(288)
Purchase of property, plant and equipment	(427)	(1,848)
Proceeds from disposal of property, plant and equipment	-	54
Dividend received	7	-
Rental received	14	14
Net cash used in investing activities	<b>(409)</b>	<b>(2,068)</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 30.06.2024 RM'000	Preceding Year Corresponding Period 30.06.2023 RM'000
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of ordinary shares	-	-
Drawdown of term loan	-	406
Repayment of term loan	(70)	(56)
Proceeds from hire purchase	-	328
Repayment of hire purchase payables	(153)	(92)
Repayment of lease liabilities	(169)	(103)
Net cash from financing activities	<b>(392)</b>	<b>483</b>
<b>Net increase in cash and cash equivalents</b>	4,772	3,314
<b>Cash and cash equivalents at the beginning of the financial period</b>	91,185	76,425
<b>Effect of exchange translation differences on cash and cash equivalents</b>	(20)	383
<b>Cash and cash equivalents at the end of the financial period</b>	<b>95,937</b>	<b>80,122</b>
<b>Cash and cash equivalents at the end of the financial period comprises:</b>		
Cash and bank balances	95,868	80,122
Fixed deposits with licensed banks	194	1,221
	96,062	81,343
Less: Fixed deposits pledged with licensed banks	(125)	(1,221)
	<b>95,937</b>	<b>80,122</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 2023 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 2023 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 2023 except for the adoption of the following new and amended MFRSs with effect from 1 January 2024:

- Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure – Supplier Finance Arrangements

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 2023 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 2024 is as follows:

(a) Analysis of revenue by business segments

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2023 RM'000</b>	<b>Current Year-To-Date 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2023 RM'000</b>
Manufacturing	21,684	22,194	35,442	37,016
Distribution	1,359	1,563	3,335	3,953
<b>Total</b>	<b>23,043</b>	<b>23,757</b>	<b>38,777</b>	<b>40,969</b>

(b) Analysis of revenue by geographical location

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2023 RM'000</b>	<b>Current Year Quarter 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2023 RM'000</b>
<b>Manufacturing</b>				
Malaysia	7,340	6,613	12,668	16,283
Philippines	4,638	12,805	6,105	14,432
Singapore	9,447	2,604	16,113	6,023
Others	259	172	556	278
<b>Sub-total</b>	<b>21,684</b>	<b>22,194</b>	<b>35,442</b>	<b>37,016</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 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2023 RM'000</b>	<b>Current Year Quarter 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2023 RM'000</b>
<b>Distribution</b>				
Malaysia	892	985	2,394	2,335
Singapore	467	487	833	1,513
India	-	84	-	84
Hong Kong	-	-	-	-
Indonesia	-	7	47	21
China	-	-	61	-
<b>Sub-total</b>	<b>1,359</b>	<b>1,563</b>	<b>3,335</b>	<b>3,953</b>
<b>Total</b>	<b>23,043</b>	<b>23,757</b>	<b>38,777</b>	<b>40,969</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**

	<u>UNAUDITED</u>
	As at
	30.06.2024
	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for	-
Approved but not contracted for	6,800
	<u>6,800</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**

	<u>INDIVIDUAL QUARTER</u>		<u>VARIANCE</u>	
	<u>3 months ended</u> <u>30.06.2024</u> <u>RM'000</u>	<u>3 months ended</u> <u>30.06.2023</u> <u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	23,042	23,757	(715)	(3%)
Profit Before Tax	4,119	3,914	205	5%

The Group recorded revenue of RM23.04 million for the current financial quarter ended 30 June 2024 (“Q2 2024”), a slight decrease of 3% as compared to the same quarter ended 30 June 2023 (“Q2 2023”). The decrease was mainly attributable to the lower revenue recorded from the manufacturing segment by 2% and distribution segment by 13%.

In Q2 2024, the Group’s revenue was principally derived from the manufacturing segment, contributing approximately 94.1% of the Group’s total revenue (Q2 2023: 93.4%). On the geographical standpoint, the Singapore market becomes the largest contributor to the Group’s revenue of 47.8% in Q2 2024 (Q2 2023: Philippines was the largest contributor, contributing 53.9%). This is followed by Malaysia which contributed 42.5% of the Group’s revenue (Q2 2023: 32%).

The Group registered a Profit Before Tax of RM4.12 million in Q2 2024 as compared to Profit Before Tax of RM3.91 million in Q2 2023, which represent an increase of 5%. Higher PBT recorded in Q2 2024 despite a lower revenue was mainly due to lower carriage outwards and export expenses by RM0.54 million, lower administrative expenses by RM1.80 million (due to impairment loss on trade receivables in Q2 2023 amounting to RM1.95 million), higher interest income by RM0.20 million and offset by lower foreign exchange gain of RM0.9 million, higher sub-con fee by RM0.3 million and R&D expenses by RM0.3 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**

	<u>CUMULATIVE QUARTER</u>		<u>VARIANCE</u>	
	<u>6 months ended</u> <u>30.06.2024</u> <u>RM'000</u>	<u>6 months ended</u> <u>30.06.2023</u> <u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	38,777	40,969	(2,192)	(5%)
Profit Before Tax	5,735	5,337	398	7%

The Group recorded revenue of RM38.78 million for the six months ended 30.06.2024 (“6M 2024”), a decrease of RM2.19 million from RM40.97 million for the six months ended 30.06.2023 (“6M 2023”). The decrease was mainly attributable to the lower revenue recorded from the distribution segment by 15.6%.

The Group registered a Profit Before Tax of RM5.74 million for 6M 2024 as compared to Profit Before Tax of RM5.34 million for 6M 2023, which represents an increase of 7%.

Higher PBT recorded for 6M 2024 was mainly due to lower carriage outwards and export expenses by RM0.67 million, lower administrative expenses by RM1.13 million (due to impairment loss on trade receivables in Q2 2023: RM1.95 million and Q2 2023 yet to acquire Esontech Sdn Bhd, which didn't taken into account director & staff salaries by RM0.80 million), offset by lower gross profit due by RM0.83 million due to lower revenue and higher travelling expenses by RM0.38 million, higher fair value gain on investment by RM0.12 million.



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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**

	<u>INDIVIDUAL QUARTER</u>		<u>VARIANCE</u>	
	<u>3 months ended</u> <u>30.06.2024</u> <u>RM'000</u>	<u>3 months ended</u> <u>31.03.2024</u> <u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	23,042	15,735	7,307	46.4%
Profit Before Tax	4,119	1,615	2,504	155.0%

The Group recorded a revenue of RM23.04 million in Q2 2024 as compared to RM15.74 million in the preceding financial quarter ended 31 March 2024 ("Q1 2024"), an increase of RM7.31 million during the current financial quarter. The increase was mainly attributable to the higher revenue recorded from the manufacturing segment by 36.6% offset by lower revenue recorded from the distribution segment by 45.4%.

The Group registered a higher Profit Before Tax by RM4.12 million in Q2 2024 as compared to Q1 2024, mainly due to higher gross profit by RM3.76 million as a result of higher revenue offset by lower gain on foreign exchange by RM0.81 million and higher carriage outwards and export expenses by RM0.22 million.

**B3. Prospects and outlook**

In July 2024, Bank Negara Malaysia decided to keep the Overnight Policy Rate (OPR) at 3% to support economic growth. The global economy is expanding, bolstered by strong labor markets and recovering trade, with expected stability despite challenges like tight monetary policies and fiscal reductions. Inflation is easing, and global trade is improving, driven by a tech upcycle. However, risks remain from geopolitical tensions, unexpected inflation, and financial market volatility. For Malaysia, economic activity remains robust, supported by strong domestic spending and improved exports, particularly in semiconductors and non-electronics goods. Tourism is also increasing, and ongoing employment and wage growth are boosting household spending. The ringgit's performance is influenced by external factors such as global monetary policies and geopolitical issues, but coordinated efforts by the government and Bank Negara Malaysia are helping to stabilize it. Long-term, domestic structural reforms are expected to offer more lasting support for the ringgit. (Source: Bank Negara Malaysia Monetary Policy Statement 11 July 2024)

In early July 2024, we commenced leasing our new second factory in Penang, Northern Malaysia. This expansion marks our entry into the northern region, allowing us to engage with customers in this area. In 2023, we acquired three companies in the northern region to establish a strategic entry point into the vibrant electrical and electronics sector there. The opening of our second factory in 2024 is in line with the Group's overarching growth strategy, positioning us to penetrate new, promising markets and strengthen our presence in the region.





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

Other than the above, the Group is actively 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.

**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**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year-To- Date 30.06.2024 RM'000	Preceding Year Corresponding Period 30.06.2023 RM'000
Income tax expense:				
- Current year	782	956	1,057	1,148
- Prior year	-	4	(5)	4
Foreign withholding tax	50	32	59	35
	832	992	1,111	1,187
Deferred tax expense				
- origination and reversal of temporary differences	(337)	34	(78)	114
- Prior year	-	(10)	-	-
<b>Total tax expense</b>	<b>495</b>	<b>1,016</b>	<b>1,033</b>	<b>1,301</b>
Effective tax rate (%)	12.0%	25.3%	18.0%	23.6%

**Notes:**

- (1) The Group's current quarter and year-to-date 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 for a period of 10 years commencing on 7 February 2022.
- (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 RM'000</u>	<u>Actual Utilisation RM'000</u>	<u>Unutilised Amount RM'000</u>	<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	2,862	2,338	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>29,949</u>	<u>9,138</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 (17 July 2019).



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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 (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	3,868	2,132	Within 60 months <sup>(1)</sup>
Working capital requirements	24,924	23,571	1,353	Within 60 months <sup>(1)</sup>
Listing expenses	95	95	-	Upon completion
	<b><u>31,019</u></b>	<b><u>27,534</u></b>	<b><u>3,485</u></b>	

<sup>(1)</sup> The Board of Directors has approved the extension of timeframe for the utilisation of the remaining unutilised proceeds raised from Subscriptions Placements earmarked for “Business / Investment opportunities” and “Working capital requirement” for up to 60 months from the date of listing (3 June 2022).

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>30.06.2024</b> RM'000	<b>30.06.2023</b> RM'000
<u>Non-current liabilities</u>		
Loan and borrowings	3,033	3,080
Hire purchase	215	453
	<b><u>3,248</u></b>	<b><u>3,533</u></b>
<u>Current liabilities</u>		
Loan and borrowings	144	142
Hire purchase	232	268
	<b><u>376</u></b>	<b><u>410</u></b>
<b>Total borrowings</b>	<b><u>3,624</u></b>	<b><u>3,943</u></b>



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

**B9. Material litigation**

The Group wholly owned subsidiary, Aimflex Solutions Sdn Bhd (“the Petitioner”) had on 26 June 2024 presented a Winding Up petition dated 26 June 2024 against Andeli Solar Sdn Bhd (“the Respondent”) as the Respondent had failed to settle outstanding sum of RM1,000,000 owing to the Petitioner.

The details and additional information of the circumstances leading to the sum of RM1,000,000 being owed to Aimflex Solutions Sdn. Bhd. (“the Petitioner”) and the subsequent filing of the Winding Up Petition as below:

Vide a letter of appointment dated 1 March 2021 (“LOA”), the Respondent has awarded a project known as Engineering, Procurement, Construction and Commissioning of the 9.99MW (A.C.) Large Scale Solar Farm in Daerah Manjung, Negeri Perak Darul Ridzuan (“the Project”) to the Petitioner to supply solar modules whereby the agreed and accepted contractual sum is RM10,900,000-00.

- a. Pursuant to the LOA, the payment under the Project is due by the Respondent to the Petitioner when: -
  - i. upon receipt of payment by the Respondent from the Main Employer for the Project, i.e. Coral Power Sdn Bhd (Company No.: 201701004571 (1218736-D) (“Coral Power”)); or
  - ii. Within six (6) months from the Commercial Operation Date (as defined in the Power Purchase Agreement dated 26 January 2018 entered into between the Main Employer, Coral Power and Tenaga Nasional Berhad), whichever is earlier.
- b. On 19 March 2021, the Petitioner completed its scope of work under the LOA i.e. supply, installation and commissioning of solar modules and the Petitioner has further issued three (3) invoices together with three (3) delivery orders all dated 19 March 2021 to the Respondent in which the Respondent has signed and acknowledged of the same.
- c. As at 9 February 2022, the balance sum which remained due and owing by the Respondent to the Petitioner under the Project is RM 3,900,000-00.
- d. Subsequently, Coral Power remitted another sum of RM 1,000,000-00 to the Respondent for the Respondent’s payment to the Petitioner. Accordingly, upon receipt of the aforesaid payment from Coral Power by the Respondent, the Respondent has issued a cheque on 15 February 2022 for the said sum of RM 1,000,000-00 made payable in the Petitioner’s favour (“the Cheque”) was accordingly deposited into the Petitioner’s bank account for payment.
- e. However, the Cheque was subsequently dishonoured upon presentation for payment and subsequently returned by the bank on 16 February 2022 with the remarks “payment stopped / payment countermanded”.
- f. Hence, the Respondent is indebted to the Petitioner for the sum of RM 1,000,000-00 under the Project for the Cheque dishonoured.



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

- g. On 23 May 2024, the Petitioner has served the Respondent a Notice pursuant to Section 466 of the Companies Act 2016 dated 23 May 2024 (hereinafter referred to as “the 466 Notice”) by personal delivery to the registered address at Suite 3, KTC Avenue, No. 2-4, 4th Floor, Jalan 2/114, Kuchai Business Centre, 58200 Wilaya Persekutuan Kuala Lumpur and the Respondent’s company secretary and/or agent and/or servant had acknowledged receipt on the proof of letter of service dated 23 May 2024.
- h. More than twenty-one (21) days have passed since the demand was made but the Respondent still failed, refused and/or neglected to pay the sum of RM 1,000,000-00 or any part thereof to the Petitioner.
- i. The Petitioner have proved to the satisfaction of the Honourable Court that the Respondent is unable to pay its debts. Therefore, the solicitors for the Petitioner had presented a Winding Up Petition dated 26 June 2024 against the Respondent.

The Court has fixed the hearing date of the Winding Up Petition on 10th September 2024.

**B10. Dividend proposed**

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

**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:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2024</b>	<b>Preceding Year Corresponding Quarter 30.06.2023</b>	<b>Current Year-To-Date 30.06.2024</b>	<b>Preceding Year Corresponding Period 30.06.2023</b>
Profit attributable to ordinary owners of the Company (RM’000)	3,661	2,969	4,774	3,986
Weighted average number of ordinary shares (’000)	1,472,742	1,468,945	1,472,742	1,468,945
Basic EPS (sen)	0.25	0.20	0.32	0.27
Diluted EPS (sen) <sup>(1)</sup>	0.25	0.20	0.32	0.27

**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):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year-To- Date 30.06.2024 RM'000	Preceding Year Corresponding Period 30.06.2023 RM'000
Depreciation of property, plant and equipment	536	508	1,046	998
Depreciation of right-of-use asset	138	121	277	191
Depreciation of investment properties	1	1	3	3
Interest expense	50	54	103	83
Property, plant and equipment written off	2	2	6	2
Rental expense	31	57	61	118
Share-based payment	178	121	371	246
Subsidies received	-	-	-	(5)
Dividend income	-	-	-	-
Loss on foreign exchange				
- Realised	68	(627)	(470)	(455)
- Unrealised	33	(209)	(136)	(343)
Interest income	(552)	(367)	(1,083)	(703)
Rental income	(7)	(7)	(14)	(14)
Impairment losses on receivables	67	1,894	58	1,825
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.