



COSMOS TECHNOLOGY INTERNATIONAL BERHAD

(Registration no.: 201901017221 (1326549-P))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR THE SECOND QUARTER ENDED 31 OCTOBER 2023

COSMOS TECHNOLOGY INTERNATIONAL BERHAD

(Registration no.: 201901017221 (1326549-P))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 OCTOBER 2023 ⁽¹⁾

	Note	Current Quarter		Cumulative Quarter	
		Unaudited 31.10.2023 RM'000	Unaudited 31.10.2022 RM'000	Unaudited 31.10.2023 RM'000	Unaudited 31.10.2022 RM'000
Revenue	A9	7,946	15,407	19,035	29,249
Cost of sales		(5,486)	(11,519)	(13,722)	(21,783)
Gross profit		2,460	3,888	5,313	7,466
Other income		522	198	854	500
Administrative expenses		(1,172)	(2,257)	(2,563)	(3,423)
Selling and distribution expenses		(561)	(1,166)	(1,165)	(1,669)
Profit from operations		1,249	663	2,439	2,874
Finance costs		(144)	(164)	(292)	(295)
Profit before taxation	B5	1,105	499	2,147	2,579
Taxation	B6	(324)	(447)	(621)	(977)
Profit for the financial period		781	52	1,526	1,602
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		781	52	1,526	1,602
Profit attributable to:					
- Equity holders of the Company		781	52	1,526	1,602
Total comprehensive income for the financial period attributable to:					
- Equity holders of the Company		781	52	1,526	1,602

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	<i>Note</i>	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
		<u>Unaudited</u> <u>31.10.2023</u> RM'000	<u>Unaudited</u> <u>31.10.2022</u> RM'000	<u>Unaudited</u> <u>31.10.2023</u> RM'000	<u>Unaudited</u> <u>31.10.2022</u> RM'000
Earnings per share (sen) ⁽²⁾					
- Basic	<i>B9</i>	0.30	0.02	0.59	0.71
- Diluted		<u>0.30</u>	<u>0.02</u>	<u>0.59</u>	<u>0.71</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 April 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic and diluted earnings per share is calculated based on the weighted average number of issued ordinary shares in the Company ("**Shares**") (as shown in Note B9).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2023⁽¹⁾

		Unaudited As at 31.10.2023 RM'000	Audited As at 30.4.2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		22,145	19,947
Right-of-use assets		57	34
Total non-current assets		<u>22,202</u>	<u>19,981</u>
Current assets			
Inventories		11,784	9,692
Trade and other receivables		20,591	23,129
Other current assets		1,537	1,960
Tax recoverable		378	140
Fixed deposits with licensed banks, cash and bank balances		13,650	19,156
Total current assets		<u>47,940</u>	<u>54,077</u>
TOTAL ASSETS		<u>70,142</u>	<u>74,058</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		35,779	35,779
Retained earnings		16,501	14,975
TOTAL EQUITY		<u>52,280</u>	<u>50,754</u>
Non-current liabilities			
Borrowings	B7	972	423
Lease liabilities	B8	3,013	3,656
Deferred tax liabilities		201	201
Total non-current liabilities		<u>4,186</u>	<u>4,280</u>
Current liabilities			
Trade and other payables		8,274	12,326
Borrowings	B7	4,048	5,192
Lease liabilities	B8	1,290	1,306
Provision of taxation		64	200
Total current liabilities		<u>13,676</u>	<u>19,024</u>
TOTAL LIABILITIES		<u>17,862</u>	<u>23,304</u>
TOTAL EQUITY AND LIABILITIES		<u>70,142</u>	<u>74,058</u>
NET ASSETS PER SHARE (sen)⁽²⁾		20.38	22.19

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2023⁽¹⁾

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 April 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is computed based on the weighted average number of shares of 256,501,300 (as at 30.4.2023: 228,742,951 Shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 OCTOBER 2023⁽¹⁾

	<u>Non-distributable</u> Share capital RM'000	<u>Distributable</u> Retained earnings RM'000	Total equity RM'000
Unaudited			
Balance as at 1 May 2023	35,779	14,975	50,754
Profit for the financial period	-	1,526	1,526
Balance as at 31 October 2023	35,779	16,501	52,280
Audited			
Balance as at 1 May 2022	13,963	12,588	26,551
Issuance of shares	22,443	-	22,443
Share issuance expenses	(627)	-	(627)
Dividend paid	-	(1,283)	(1,283)
Profit for the financial year	-	3,670	3,670
Balance as at 30 April 2023	35,779	14,975	50,754

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 April 2023 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2023⁽¹⁾

	Unaudited As at 31.10.2023 RM'000	Unaudited As at 31.10.2022 RM'000
Cash flows from operating activities		
Profit before taxation	2,147	2,579
Adjustments for:		
Depreciation of property, plant and equipment	904	537
Depreciation of right-of-use assets	45	102
Finance costs	292	295
Interest income	(185)	(51)
Unrealised foreign exchange gain	(115)	-
Operating profit before working capital changes	3,088	3,462
(Increase)/decrease in inventories	(2,092)	685
Decrease/(increase) in trade and other receivables	2,600	(6,274)
Decrease in other current assets	423	1,164
(Decrease)/increase in trade and other payables	(4,052)	3,440
(Decrease)/increase in bills payable	(376)	1,442
Cash (used in)/generated from operations	(409)	3,919
Interest paid	(108)	(103)
Tax paid	(995)	(1,270)
Net cash (used in)/generated from operating activities	(1,512)	2,546
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,957)	(13,848)
Interest received	185	51
Net cash used in investing activities	(2,772)	(13,797)
Cash flows from financing activities		
(Increase)/decrease in fixed deposits pledged to licensed banks	(115)	396
Lease liabilities interest paid	(145)	(143)
Proceeds from issuance of shares	-	22,443
Repayment of obligation under lease liabilities	(872)	(452)
Term loan interest paid	(39)	(49)
Drawdown of term loans	-	10,089
Repayment of term loans	(337)	(7,020)
Net cash (used in)/generated from financing activities	(1,508)	25,264
Net (decrease)/increase in cash and cash equivalents	(5,792)	14,013
Cash and cash equivalents at beginning of the period	17,762	9,690
Effects of currency translation differences	53	-
Cash and cash equivalents at end of the period	12,023	23,703

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2023⁽¹⁾ (CONT'D)

	Unaudited As at 31.10.2023 RM'000	Unaudited As at 31.10.2022 RM'000
Cash and cash equivalents at end of the period consist of:		
Cash and bank balances	4,678	16,262
Fixed deposits placed with licensed bank	8,972	8,765
	<u>13,650</u>	<u>25,027</u>
Bank overdraft	(422)	(443)
Fixed deposits pledged to licensed banks	(1,205)	(881)
	<u>12,023</u>	<u>23,703</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 April 2023 and the accompanying explanatory notes attached to this interim financial report.

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 - INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of Cosmos Technology International Berhad (“COSMOS” or the “Company”) and its subsidiaries (the “Group”) is unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 April 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

(a) MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements:

Title		Effective Date
MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112:	Income Taxes	1 January 2023

(b) MFRSs that have been issued but only effective for financial period beginning on 1 January 2024 and onwards

The following new and revised MFRSs issued by MASB but not yet effective and have not been adopted by the Group. The adoptions are not expected to have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2024
Amendments to MFRS 16:	Leases	1 January 2024
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2024
Amendments to MFRS 107:	Statement of Cash Flows	1 January 2024
Amendments to MFRS 121:	The Effects of Changes In Foreign Exchange Rates	1 January 2025
Amendments to MFRS 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

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A3. Auditors' Report on Preceding Annual Financial Statements

The audited consolidated financial statements of the Group for the financial year ended 30 April 2023 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the current financial quarter under review.

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 under review.

A6. Material Changes in Estimates and Judgements

There were no material changes in accounting estimates and judgements that have a material effect on the current financial quarter under review.

A7. Debts and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter under review.

A8. Dividend Paid

There were no dividends paid during the current financial quarter under review.

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A9. Segmental Information

The segmental analysis of our Group's revenue is set out as follows:

(a) Revenue segmented by business activities, products and services

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u> <u>31.10.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2022</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2022</u> <u>RM'000</u>
Distribution	3,571	3,091	7,811	7,170
Manufacturing	4,375	12,316	11,224	22,079
	<u>7,946</u>	<u>15,407</u>	<u>19,035</u>	<u>29,249</u>

(b) Revenue segmented by geographical locations

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u> <u>31.10.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2022</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2022</u> <u>RM'000</u>
Malaysia	5,092	3,844	11,167	12,090
United States of America	2,854	11,240	7,868	16,836
United Arab Emirates	-	323	-	323
	<u>7,946</u>	<u>15,407</u>	<u>19,035</u>	<u>29,249</u>

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A10. Capital Commitments

Save as below, there were no material capital commitments as at the date of this unaudited interim financial report.

	As at 31.10.2023
	RM'000
Authorised and contracted for:	
Property, plant and equipment	<u>1,512</u>

A11. Valuation of Property, Plant and Equipment

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

A12. Contingent Assets and Liabilities

There were no material contingent assets and liabilities as at the end of the unaudited interim financial period.

A13. Changes in Composition of the Group

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

A14. Related Party Transaction

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

A15. Material Subsequent Events to the Interim Financial Period

There were no material events subsequent to the financial period ended 31 October 2023 that has not been reflected in this interim financial report.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance for the Current Quarter Ended 31 October 2023 (“Q2FY2024”) as compared to the Preceding Year’s Corresponding Quarter Ended 31 October 2022 (“Q2FY2023”)

	Q2FY2024 RM'000	Q2FY2023 RM'000	Variance	
			RM'000	%
Revenue	7,946	15,407	-7,461	-48.4
Gross profit	2,460	3,888	-1,428	-36.7
Gross profit margin (%)	31.0	25.2	N/A	N/A
PBT	1,105	499	606	121.4

The Group recorded a revenue of RM7.9 million in Q2FY2024, which has decreased by RM7.5 million as compared to RM15.4 million in Q2FY2023 due to the decrease in demand from the manufacturing segment.

The gross profit has decreased by 36.7%, while the gross profit margin has increased to 31.0% despite the 48.4% decrease in revenue in Q2FY2024 as compared to Q2FY2023. This is mainly due to the 64.5% decrease in revenue generated from the manufacturing segment in Q2FY2024 as compared to Q2FY2023 which has a lower gross profit margin.

The Group profit before taxation (“PBT”) increase by RM0.6 million as compared to Q2FY2023, stated at RM1.1 million in Q2FY2024 despite the decrease in gross profit was mainly due to the one-off listing expenses of RM1.2 million incurred in Q2FY2023.

B2. Review of Performance for Current Quarter Ended 31 October 2023 (“Q2FY2024”) with the Immediate Preceding Quarter Ended 31 July 2023 (“Q1FY2024”)

	Q2FY2024 RM'000	Q1FY2024 RM'000	Variance	
			RM'000	%
Revenue	7,946	11,089	-3,143	-28.3
Gross profit	2,460	2,853	-393	-13.8
Gross profit margin (%)	31.0	25.7	N/A	N/A
PBT	1,105	1,042	63	6.0

The Group’s revenue has decreased by RM3.1 million from RM11.1 million in Q1FY2024 to RM7.9 million in Q2FY2024. The decrease in revenue is mainly due to the decrease in revenue from manufacturing segment of RM2.4 million and distribution segment of RM0.7 million.

The gross profit has decreased by 13.8%, while the gross profit margin has increased to 31.0% despite the 28.3% decrease in revenue in Q2FY2024 as compared to Q1FY2024. This is mainly due to the 36.1% decrease in revenue generated from the manufacturing segment which has a lower gross profit margin.

The Group recorded a marginal increase in PBT in Q2FY2024 as compared to Q1FY2024.

N/A - Not applicable

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B3. Commentary on Prospects

Driven by the population growth and industrial demand in Malaysia, government and water companies have begun to embrace digital transformation of its water network operations to maximise its operational assets and data. Furthermore, the Selangor government has recently announced its plan on water projects to ensure adequate and sustainable water supply in Selangor as well for the purpose of flood mitigation.

Therefore, the Group anticipates that there will be a growing demand of its water meters, data loggers, Lacroix's Remote Terminal Units, as well as software that enhance digitalised water infrastructure to monitor water leakages, water billing, water treatment operating performance and water quality. The Group will continue to participate in more tenders for water projects in Selangor as well as other states for the replacement of water meters, NRW and upgrading works.

In terms of operations, the Group has relocated to the new factory in the Balakong industrial area in December 2023. This is expected to contribute positively to the Group's future development in terms of operation and production.

The management will also continue to monitor the market trend for oil demand and any external factors that might cause disruption to the oil market. The Group remains cautious with the current market demand for its fabricated metal products as the market demand is volatile in nature. Notwithstanding the above, the Group will continuously explore for new options and opportunities both domestically and globally to expand its customer base for its manufacturing segment.

Overall, the uncertainty in the global economy remains a concern for the management. Nevertheless, the management is optimistic and shall proactively manage any challenges the Group may face in the future.

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B4. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial quarter under review.

B5. Profit before Taxation

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>31.10.2023</u>	<u>31.10.2022</u>	<u>31.10.2023</u>	<u>31.10.2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
- current period	28	15	65	31
Depreciation of property, plant and equipment	467	313	904	537
Depreciation of right-of-use assets	9	51	45	102
Finance cost				
- bank overdraft interest	8	18	15	28
- bills payable interest	42	37	93	75
- term loan interest	18	47	39	49
- lease liabilities interest	75	62	145	143
Listing expenses	-	1,229	-	1,345
and crediting:				
Interest income	92	24	185	51
Realised foreign exchange gain	88	87	253	278
Unrealised foreign exchange gain	115	-	115	-

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B6. Income tax expense

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u> <u>31.10.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2022</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>31.10.2022</u> <u>RM'000</u>
Current tax expense:				
- current financial period	324	447	621	977
Effective tax rate	29.3%	89.6%	28.9%	37.9%
Statutory tax rate	24.0%	24.0%	24.0%	24.0%

The variance between effective tax rate and statutory tax rate for the quarter ended 31 October 2023 was mainly due to the non-deductible administrative expenses amounting to RM360,000 expensed off by the Company during the financial period.

B7. Borrowings

	<u>Unaudited</u> <u>As at</u> <u>31.10.2023</u> <u>RM'000</u>	<u>Audited</u> <u>As at</u> <u>30.4.2023</u> <u>RM'000</u>
Current		
Bank overdraft (secured)	422	304
Bills payable (secured)	2,867	3,243
Term loan (secured)	759	1,645
	<u>4,048</u>	<u>5,192</u>
Non-current		
Term loan (secured)	972	423
	<u>972</u>	<u>423</u>
Total borrowings	<u>5,020</u>	<u>5,615</u>

B8. Lease liabilities

	<u>Unaudited</u> <u>As at</u> <u>31.10.2023</u> <u>RM'000</u>	<u>Audited</u> <u>As at</u> <u>30.4.2023</u> <u>RM'000</u>
Current	1,290	1,306
Non-current	3,013	3,656
Total lease liabilities	<u>4,303</u>	<u>4,962</u>

Lease liabilities of RM4,246,000 (as at 30.4.2023: RM4,926,000) are effectively secured.

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B9. Earnings per share ("EPS")

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u> <u>31.10.2023</u>	<u>Unaudited</u> <u>31.10.2022</u>	<u>Unaudited</u> <u>31.10.2023</u>	<u>Unaudited</u> <u>31.10.2022</u>
Profits attributable to equity holders of the Company (RM'000)	781	52	1,526	1,602
Weighted average number of shares used in computation of basic EPS	256,501,300	224,438,650	256,501,300	224,438,650
Basic earnings attributable to equity holders of the Company (Malaysian sen)	0.30	0.02	0.59	0.71
Diluted earnings attributable to equity holders of the Company (Malaysian sen) ⁽¹⁾	0.30	0.02	0.59	0.71

Notes:

(1) There are no dilutive instruments as at the end of the financial period.

B10. Material Litigation

The Group was not engaged in any material litigation as at the date of this unaudited interim financial report.

B11. Dividend

The Board is not recommending any dividend for the current quarter under review.

B12. Derivative financial instruments

As at 31 October 2023, the Group does not have any derivative financial instruments.

COSMOS TECHNOLOGY INTERNATIONAL BERHAD

(Registration no.: 201901017221 (1326549-P))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2023

B13. Status of corporate proposals

There were no corporate proposals announced but pending completion as at the date of this unaudited interim financial report.

B14. Utilisation of proceeds

On 6 October 2022, COSMOS was officially listed on the ACE Market of Bursa Securities with public issue of 64,125,300 new Shares at an issue price of RM0.35 per Share for the entire enlarged total number of 256,501,300 Shares and raise a funds of total RM22,443,855.

As at 31 October 2023, the gross proceeds of approximately RM22.44 million raised from the IPO which intended to be utilised and up-to-date are mentioned as below:

Purpose	Proposed	Actual	Unutilised	Intended Timeframe for
	Utilisation	Utilisation	Portion	
	RM'000	RM'000	RM'000	
(i) Acquisition of new building	10,000	8,500	1,500	Within 24 months
(ii) Purchase of new machineries	3,500	3,500	-	Within 24 months
(iii) Repayment of bank borrowing	1,500	1,500	-	Within 6 months
(iv) Working capital	4,444	4,444	-	Within 12 months
(v) Estimated listing expenses	3,000	3,000	-	Within 1 months
Total	<u>22,444</u>	<u>20,944</u>	<u>1,500</u>	

BY ORDER OF THE BOARD
COSMOS TECHNOLOGY INTERNATIONAL BERHAD
21 DECEMBER 2023