



COSMOS TECHNOLOGY INTERNATIONAL BERHAD

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

**Unaudited Financial Statements for the 2nd half year
ended 30 April 2020**

COSMOS TECHNOLOGY INTERNATIONAL BERHAD

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

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the 2nd half year ended 30 April 2020

	INDIVIDUAL 6-MONTHS Unaudited 01.11.2019 to 30.04.2020 RM	6-MONTHS Audited⁽¹⁾ 01.11.2018 to 30.04.2019 RM	CUMULATIVE 12-MONTHS Unaudited 14.05.2019 to 30.04.2020 RM	12-MONTHS Audited⁽¹⁾ 01.05.2018 to 30.04.2019 RM
Revenue	10,797,326	N/A	11,962,944	N/A
Cost of sales	<u>(7,082,784)</u>	N/A	<u>(7,639,638)</u>	N/A
Gross profit	3,714,542	N/A	4,323,306	N/A
Other operating income	334,602	N/A	384,455	N/A
Other income – Negative goodwill	-	N/A	877,462	N/A
Gain on disposal of property, plant and equipment	151,600	N/A	151,600	N/A
Selling and distribution expenses	(873,664)	N/A	(972,453)	N/A
Administrative expenses	<u>(2,587,400)</u>	N/A	<u>(2,859,744)</u>	N/A
Profit from operations	739,680	N/A	1,904,626	N/A
Finance costs	<u>(229,144)</u>	N/A	<u>(275,297)</u>	N/A
Profit before tax	510,536	N/A	1,629,329	N/A
Income tax expenses	<u>(255,303)</u>	N/A	<u>(416,303)</u>	N/A
Net profit for the period	<u>255,233</u>	N/A	<u>1,213,026</u>	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive income for the financial period	<u>255,233</u>	N/A	<u>1,213,026</u>	N/A
Total comprehensive income for the financial period attributable to:				
- Equity holders of the Company	<u>255,233</u>	N/A	<u>1,213,026</u>	N/A
Earnings per share (sen)*				
- Basic	0.13	N/A	0.63	N/A
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

*Total number of shares = 192,376,000

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Notes:

- (1) There are no comparative figures for the preceding period as this is the first interim financial report announced in compliance with the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

N/A Not applicable

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Unaudited Condensed Consolidated Statement of Financial Position as at 30 April 2020

	Unaudited 30.04.2020 RM	Unaudited 30.04.2019 ⁽¹⁾ RM
ASSETS		
Non-current assets		
Property, plant and equipment	3,967,478	N/A
Right-of-use assets	429,394	N/A
	4,396,872	N/A
Current assets		
Inventories	10,917,782	N/A
Trade and other receivables	6,320,397	N/A
Other current assets	2,185,552	N/A
Fixed deposits with licensed banks, cash and bank balances	10,618,715	N/A
	30,042,446	N/A
TOTAL ASSETS	34,439,318	N/A
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	13,962,515	N/A
Retained earnings	1,213,026	N/A
TOTAL EQUITY	15,175,541	N/A
Non-current liabilities		
Borrowings	1,441,812	N/A
Deferred tax liabilities	112,861	N/A
Lease liabilities	244,297	N/A
	1,798,970	N/A
Current liabilities		
Trade and other payables	15,131,138	N/A
Borrowings	1,949,606	N/A
Lease liabilities	198,372	N/A
Provision of taxation	185,691	N/A
	17,464,807	N/A
TOTAL LIABILITIES	19,263,777	N/A
TOTAL EQUITY AND LIABILITIES	34,439,318	N/A
NET ASSETS PER SHARE (sen)⁽²⁾	7.89	N/A

Notes:

(1) There are no comparative figures for the preceding period as this is the first interim financial report announced in compliance with the Listing Requirements.

(2) Calculated based on the Company's enlarged issued share capital of 192,376,000 ordinary shares.

N/A Not applicable

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Unaudited Condensed Consolidated Statement of Changes in Equity for the 2nd half year ended 30 April 2020

	<u>Non-distributable</u> Share capital RM	<u>Distributable</u> Retained earnings RM	Total equity RM
<u>Unaudited financial period ended 30 April 2020</u>			
Balance as at 1 November 2019	8,656,800	957,793	9,614,593
Issuance of shares	5,387,200	-	5,387,200
Share issue expenses	(81,485)	-	(81,485)
Profit for the period	-	255,233	255,233
Closing balance as at 30 April 2020	13,962,515	1,213,026	15,175,541
<u>Unaudited financial period ended 31 October 2019</u>			
Balance as at 14 May 2019 (date of incorporation)	2	-	2
Issuance of shares	8,656,798	-	8,656,798
Profit for the period	-	957,793	957,793
Closing balance as at 31 October 2019	8,656,800	957,793	9,614,593

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Unaudited Condensed Consolidated Statement of Cash Flows for the year ended 30 April 2020

	Unaudited 01.11.2019 to 30.04.2020 RM	Unaudited 01.11.2018 to 30.04.2019⁽¹⁾ RM
Cash flows from operating activities		
Profit before taxation	510,536	N/A
Adjustments for:		
Depreciation of property, plant and equipment	389,232	N/A
Depreciation of right-of-use assets	111,556	N/A
Interest expense	229,144	N/A
Interest income	(57,708)	N/A
Gain on disposal of property, plant and equipment - net	(151,600)	N/A
Operating gain before working capital changes	1,031,160	N/A
Increase in inventories	(815,538)	N/A
Decrease in trade and other receivables	1,960,684	N/A
Decrease in other current assets	164,159	N/A
Increase in trade and other payables	6,155,918	N/A
Decrease in bills payable	(5,311,131)	N/A
Cash generated from operations	3,185,252	N/A
Interest paid	(174,789)	N/A
Tax paid	(509,213)	N/A
Net cash generated from operating activities	2,501,250	N/A
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	165,000	N/A
Purchase of property, plant and equipment	(280,167)	N/A
Interest received	57,708	N/A
Net cash used in investing activities	(57,459)	N/A
Cash flows from financing activities		
Repayment of finance lease liabilities	(51,098)	N/A
Finance lease interest paid	(54,355)	N/A
Repayment of obligation under lease liabilities	(108,000)	N/A
Proceeds from issuance of shares	5,305,715	N/A
Net cash generated from financing activities	5,092,262	N/A
Net increase in cash and cash equivalents	7,536,053	N/A
Cash and cash equivalents at beginning of the year	1,750,277	N/A
Cash and cash equivalents at end of the year	9,286,330	N/A
Cash and cash equivalents at end of the year consist of:		
Cash and bank balance	7,697,358	N/A
Fixed deposit with licensed bank	2,921,357	N/A
	10,618,715	N/A
Bank overdraft	(1,332,385)	N/A
	9,286,330	N/A

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Notes:

- (1) There are no comparative figures for the preceding period as this is the first interim financial report announced in compliance with the Listing Requirements.

N/A Not applicable

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Part A: Explanatory Notes to the Unaudited Interim Financial Report for the 6-month Financial Period Ended 30 April 2020

A1. Basis of Preparation

Cosmos Technology International Berhad ("CTIB" or the "Company") was incorporated in Malaysia on 14 May 2019 under the Companies Act 2016 as a private limited company under the name Cosmos Technology International Sdn. Bhd. On 30 September 2019, CTIB was converted to a public limited company and assumed its present name. The Company's registered office is located at No. 11, Jalan Mega 2/1, Kawasan Perindustrian Mega 2, 43500, Semenyih, Selangor.

On 24 September 2019, CTIB completed the acquisitions of the entire equity interest in Cosmos Instruments Sdn Bhd and Marc Conleth Industries Sdn Bhd with total purchase consideration of RM6,876,236 and RM1,780,562 respectively, which was satisfied in full by the issuance of 173,135,960 new ordinary shares of the Company. Upon completion of the acquisitions, the share capital of CTIB is RM8,656,800 comprising 173,136,000 shares.

The interim financial statements of CTIB and its subsidiaries (the "Group") are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and Rule 6.12 and Appendix 6A of the Listing Requirements.

The unaudited interim financial statements should be read in conjunction with the explanatory notes attached to this unaudited interim financial statement.

A2. Significant Accounting Policies

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, except for MFRS 16:

Title		Effective Date
MFRS 16:	Leases	1 May 2019
IC Interpretation 23:	Uncertainty over Income Tax Treatments	1 May 2019
Amendments to MFRS 3:	Business Combinations	1 May 2019
Amendments to MFRS 11:	Joint Arrangements	1 May 2019
Amendments to MFRS 112:	Income Taxes	1 May 2019
Amendments to MFRS 119:	Employee Benefits	1 May 2019
Amendments to MFRS 123:	Borrowings Costs	1 May 2019
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	1 May 2019

The Group adopted MFRS 16 Leases on 1 May 2019, MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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A3. Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A4. 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 period.

A5. 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 period.

A6. Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial period.

A7. Dividend Paid

There were no dividends paid during the current financial period.

A8. Segmental Information

Segmental information in respect of the Group's business segments is as follows: -

(a) By industry

	01.11.2019 to 30.04.2020	Unaudited
	RM	%
Water and wastewater industries	5,969,356	55.29
Oil and gas industries	4,827,970	44.71
	<u>10,797,326</u>	<u>100.00</u>

(b) By business activities

	01.11.2019 to 30.04.2020	Unaudited
	RM	%
Distribution	5,531,588	51.23
Instrumentation services	437,769	4.05
Manufacturing	4,827,969	44.72
	<u>10,797,326</u>	<u>100.00</u>

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(c) By geographical locations

	Unaudited
	01.11.2019 to 30.04.2020
	RM
	%
Domestic	8,131,600
International	2,665,726
	<u>10,797,326</u>
	<u>75.31</u>
	<u>24.69</u>
	<u>100.00</u>

A9. Profit before Taxation

Included in the profit before taxation are the following items: -

	Unaudited
	01.11.2019
	to
	30.04.2020
	RM
Auditors' remuneration	
Statutory audit	
- current year	47,000
- under provision in prior years	43,000
Depreciation of property, plant and equipment	389,232
Finance cost	
- bank overdraft interest	76,929
- bills payable interest	97,860
- finance lease interest	54,355
Gain on disposal of property, plant and equipment	151,600
Rental of factory	90,000
Rental of machinery	74,145
Rental of premises	37,700
Staff costs	1,083,702

A10. Capital Commitments

There are no material capital commitments as at the date of this unaudited interim financial report.

A11. Contingent Assets and Liabilities

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

A12. Changes in Composition of the Group

There were no material changes in the composition of the Group during the current financial period.

A13. Significant Events Occurring After the Financial Period

There were no significant events subsequent to the end of the current financial period.

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A14. Contingent Assets and Contingent Liabilities

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

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Part B: Additional Information Required under the LEAP Market Listing Requirements

B1. Review of Performance

The Group recorded revenue of RM10.80 million and profit before tax of RM0.51 million for the current 6-month period ended 30 April 2020. The Group incurred one-off listing expenses of RM0.92 million which was charged out to the profit or loss during the current financial period under review.

No comparative figures for the preceding 6-month period ended 30 April 2019 are available as this is the first interim financial report announced in compliance with the Listing Requirements.

B2. Commentary on Prospects

Arising from the Covid-19 outbreak since December 2019 and the current economic conditions, certain delays occurred in our on-going projects in the past few months and these delays may continue given the uncertainties brought about by the Covid-19 pandemic. Nevertheless, the management of the Group has taken the necessary measures and actions to minimise the impact on our business. The Group's business is gradually progressing back and we are catching up with our sales and continuation of our operations after the upliftment of the Movement Control Order.

As disclosed in the CTIB's Information Memorandum dated 23 December 2019, as part of the future plans and business strategies, the Group has started to market and install the datalogging systems in several water treatment plants throughout Malaysia i.e. Perak, Selangor, Negeri Sembilan, and has further extended to Pahang and Terengganu. The Group also intends to expand the business to conduct pilot study for Siemens Malaysia's energy saving solution, particularly in older water treatment plants and booster stations which have been in operation for more than 10 years and to purchase new machineries to increase our manufacturing capacity for our new products related to the water and wastewater industries.

In view of the above, the Board of Directors remains positive on the future financial performance of the Group.

B3. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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Part C: Other Information

C1. Status of Corporate Proposals

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

C2. Utilisation of Proceeds

The status of utilisation of the proceeds, RM5.39 million as at 30 April 2020 are as follow: -

Purposes	Proposed Utilisation	Actual Utilisation	Reallocation	Proceeds Balance	Estimated Timeframe for Utilisation Upon Listing
	RM	RM	RM	RM	
Business expansion	1,500,000	(29,082)	-	1,470,918	Within 24 months
To part finance the acquisition of new machineries	1,500,000	-	-	1,500,000	Within 36 months
Working capital	1,387,000	(166,513)	77,013	1,297,500	Within 24 months
Estimated listing expenses*	1,000,000	(922,987)	(77,013)	-	Immediate
	<u>5,387,000</u>	<u>(1,118,582)</u>	<u>-</u>	<u>4,268,418</u>	

* The unutilised estimated listing expenses of RM77,013 was adjusted to the amount allocated to working capital.

C3. Material Litigation

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