



**AURELIUS TECHNOLOGIES BERHAD**  
(Company Registration No. 202101005015 (1405314-D))  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE  
THIRD (3<sup>rd</sup>) QUARTER ENDED 31 OCTOBER 2021**

## UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter Ended		Cumulative Quarter Ended	
	31 October 2021 (a) RM	31 October 2020 (b) RM	31 October 2021 (a) RM	31 October 2020 (b) RM
Revenue	85,221,827	N/A	260,814,428	N/A
Cost of sales	(76,057,227)	N/A	(230,687,388)	N/A
<b>Gross Profit</b>	<b>9,164,600</b>	<b>N/A</b>	<b>30,127,039</b>	<b>N/A</b>
Other Income	52,942	N/A	238,380	N/A
Administrative expenses	(1,848,172)	N/A	(6,000,952)	N/A
Selling and distribution expenses	(37,074)	N/A	(125,418)	N/A
<b>Operating profit</b>	<b>7,332,295</b>	<b>N/A</b>	<b>24,239,049</b>	<b>N/A</b>
Finance costs	(904,053)	N/A	(2,842,245)	N/A
<b>Profit before tax</b>	<b>6,428,242</b>	<b>N/A</b>	<b>21,396,804</b>	<b>N/A</b>
Income tax expense	(792,000)	N/A	(4,483,000)	N/A
<b>Profit for the financial period</b>	<b>5,636,242</b>	<b>N/A</b>	<b>16,913,804</b>	<b>N/A</b>
<b>Total other comprehensive Income, net of tax: Items that will not be reclassified subsequently to profit or loss:</b>				
Transfer of revaluation surplus to retained profits	46,880	N/A	140,640	N/A
Realisation of revaluation surplus upon depreciation	(46,880)	N/A	(140,640)	N/A
<b>Net Profit/Total comprehensive income for the financial period attributable to :</b>				
Owner of the Company	5,636,242	N/A	16,913,804	N/A
	<b>5,636,242</b>	<b>N/A</b>	<b>16,913,804</b>	<b>N/A</b>
<b>Earnings Per Share attributable to Owners of the Company</b>				
Basic EPS (sen)	(c) 17.15	N/A	51.46	N/A

## **UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (*cont'd*)**

Notes:

*N/A: Not applicable*

*(a) The Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 November 2021 and the interim notes attached to these interim financial statements.*

*(b) No comparative figures for the preceding quarter and preceding period are available as this is the first interim report announced by the Company in compliance with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Main LR").*

*(c) Basic earnings per share ("EPS") is calculated based on profit attributable to owners of the Company divided by the number of ordinary shares capital of 32,869,879 as disclosed in B13.*

## CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION

	<b>Unaudited</b> <b>As at End of</b> <b>Current Quarter</b>	<b>Audited</b> <b>As at End of</b> <b>Preceding</b> <b>Financial Year</b>
	<b>31 October 2021 (a)</b>	<b>31 January 2021</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>Non-current asset</b>		
Property, plant and equipment	63,065,709	56,197,987
<b>Current assets</b>		
Inventories	119,706,799	72,532,081
Trade receivables	83,080,398	100,157,289
Others receivables, deposits and prepayments	9,921,863	2,457,415
Contract assets	25,784,996	25,173,083
Investment	-	2,731,054
Fixed deposits with licensed banks	6,225,453	5,206,652
Cash and bank balances	13,123,416	17,108,571
	<u>257,842,925</u>	<u>225,366,145</u>
<b>TOTAL ASSETS</b>	<b><u>320,908,634</u></b>	<b><u>281,564,132</u></b>
<b>EQUITY &amp; LIABILITIES</b>		
Share capital	45,864,069	45,864,068
Revaluation reserve	6,422,580	6,563,220
Retained profits	45,417,229	31,649,774
<b>Total equity</b>	<u>97,703,878</u>	<u>84,077,062</u>
<b>Non-current liabilities</b>		
Borrowings	8,185,080	26,125,501
Deferred tax liabilities	7,744,000	5,068,000
	<u>15,929,080</u>	<u>31,193,501</u>
<b>Current liabilities</b>		
Trade payables	76,290,135	46,318,082
Others payables & accruals	7,005,717	9,587,308
Borrowings	123,635,152	110,191,762
Provision of taxation	344,672	196,417
	<u>207,275,676</u>	<u>166,293,569</u>
<b>Total Liabilities</b>	<u>223,204,756</u>	<u>197,487,070</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>320,908,634</u></b>	<b><u>281,564,132</u></b>
Net Assets per share attributable to owner of the Company (RM)	2.97 (b)	2.56

## CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION (*cont'd*)

Notes:-

*N/A: Not applicable.*

*(a) The Unaudited Condensed Combined Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 November 2021 and the interim notes attached to these interim financial statements.*

*(b) Computed based on total equity divided by the number of ordinary shares outstanding (prior to the completion of the Pre-IPO Exercise as disclosed in the Prospectus of the Company dated 29 November 2021) of 32,869,879 shares.*

## UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS

	Cumulative Quarter ended	
	31 October 2021 (a)	31 October 2020 (b)
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	21,396,804	N/A
<b>Adjustments for:</b>		
Depreciation of property, plant & equipment	3,992,388	N/A
Gain on disposal of property, plant & equipment	(3,881)	N/A
Interest expense	2,842,245	N/A
Interest income	(104,085)	N/A
Dividend income	(6,857)	N/A
Unrealised loss on foreign exchange	11,565	N/A
Operating profit before working capital changes	28,128,179	N/A
Changes in working capital		
Inventories	(56,295,761)	N/A
Receivables	7,155,881	N/A
Contract asset	(611,913)	N/A
Payables	38,520,952	N/A
Net cash flows generated from operations	16,897,338	N/A
Interest paid	(2,842,245)	N/A
Income tax paid	(1,658,745)	N/A
Net cash flows generated from operating activities	12,396,348	N/A
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(10,865,799)	N/A
Proceeds from disposal of property, plant & equipment	9,570	N/A
Interest received	104,085	N/A
Dividend received	6,857	N/A
Placement of fixed deposits pledged to licensed banks	(1,018,801)	N/A
Net cash used in investing activities	(11,764,088)	N/A
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net change in bankers acceptances and OFCL	272,083	N/A
Repayment of hire purchase	(1,212,832)	N/A
Repayment of term loan	(12,969,624)	N/A
Dividend paid	(555,934)	N/A
Net change in revolving credit	10,000,000	N/A
Proceeds from Issuance share	1	N/A
Net cash used in financing activities	(4,466,305)	N/A
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,834,045)	N/A
Effect of changes in foreign exchange rate	(151,107)	N/A
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING PERIOD</b>	17,108,568	N/A
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	13,123,416	N/A

## UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS (*cont'd*)

	Cumulative Quarter ended	
	31 October 2021 (a)	31 October 2020 (b)
	RM	RM
Cash and cash equivalents included in the combined statement of cash flows comprise the following balance sheet amounts:		
Fixed deposits with licensed banks	6,225,453	N/A
Cash and bank balances	13,123,416	N/A
	19,348,869	N/A
Less: Fixed deposits pledged with licensed banks	(6,225,453)	N/A
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>13,123,416</b>	<b>N/A</b>

Notes:

N/A: Not applicable

(a) The Unaudited Condensed Combined Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 November 2021 and the interim notes attached to these interim financial statements.

(b) No comparative figures for the preceding period are available as this is the first interim report announced by the Company in compliance with the Main LR of Bursa Securities.

**UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 OCTOBER 2021 (a)**

	← Attributable to Owners of the Company →			Total Equity RM
	← Non-distributable →	Revaluation Reserve RM	Distributable Retained Profit RM	
	Share Capital RM			
Balance as at 1 February 2021	45,864,068	6,563,220	31,649,773	84,077,061
Profit after taxation	-	-	16,913,804	16,913,804
Other comprehensive income/(loss)	-	(140,640)	140,640	-
Transactions with owner:				
Allotment of share	1	-	-	1
Dividends	-	-	(3,286,988)	(3,286,988)
<b>As 31 October 2021</b>	<b>45,864,069</b>	<b>6,422,580</b>	<b>45,417,229</b>	<b>97,703,878</b>

*Notes:*

(a) *The Unaudited Condensed Combined Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 November 2021 and the interim notes attached to these interim financial statements.*

(b) *No comparative figures for the preceding period are available as this is the first interim report announced by the Company in compliance with the Main LR of Bursa Securities.*



## **NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021**

### **A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2021**

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#### **A1. Basis of Preparation**

The interim financial report of Aurelius Technologies Berhad (“ATech”) and its subsidiary (collectively, “the Group”) are unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Main LR of Bursa Securities.

This is the first interim financial report announced by the Company in compliance with the Main LR of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding quarter and period.

The accounting policies and methods of computation adopted by the Group in this unaudited condensed interim financial report are consistent with those adopted in the annual financial statements of the Group. The interim financial report should be read in conjunction with the Combined Financial Information and Accountants’ Report as disclosed in the Prospectus of the Company dated 29 November 2021.

The interim financial report is prepared on the basis that the Group has been in existence since 09 February 2021. For the purpose of preparing the interim financial report, the Group adopted the combined accounting method of which the Company incorporates the assets and liabilities of BCM Electronics Corporation Sdn Bhd (“BCM Electronics”) at their pre-combination carrying amount. No adjustments are made to reflect their fair values or recognise any new assets or liabilities at the date of the combination.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2021 (*Cont'd*)

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#### A2. Changes in Accounting Policies

The accounting policies and presentations adopted by the Group are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 January 2021 and Accountants' Report in the Prospectus of the Company dated 31 August 2021 except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group: -

#### Effective for annual period beginning on or after 1 April 2021

- *Amendments to MFRS 16 Leases: Covid-19 - Related rent Concessions beyond 30 June 2021*

#### Effective for annual periods beginning on or after 1 January 2022

- *Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework*
- *Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use*
- *Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*
- *Annual Improvements to MFRS Standards 2018 - 2020*

#### Effective for annual periods beginning on or after 1 January 2023

- *MFRS 17 Insurance Contracts*
- *Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9*
- *Amendments to MFRS 17 Insurance Contracts*
- *Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*
- *Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies*
- *Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- *Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### Effective date yet to be confirmed

- *Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2021 *(Cont'd)*

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#### A3. Auditors' Report on Preceding Annual Financial Statements

The Company was incorporated on 09 February 2021 and its first annual audited financial statements will be for the financial period ended 31 January 2022.

The auditors' report to the members of BCM Electronics on the financial statements for the financial year ended 31 January 2021 was not subject to any qualification.

#### A4. Seasonal or Cyclical Factors

The Group's revenues are typically lower in the first half of our financial year because our customers plan ahead for their requirements for the entire year and accordingly, the bulk of orders from our customers are typically received after the end of festive periods, namely the calendar new year and Chinese New Year, which occur at the beginning of the year. Invoices for the orders being delivered are issued progressively in subsequent months depending on our production processes and lead times applicable.

#### A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

#### A6. Material Changes in Estimates

There were no changes in estimates of amounts reported that have a material effect in the quarter under review.

#### A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the quarter under review.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2021 (Cont'd)

#### A8. Segmental Reporting

The management determines the business segments based on the reports reviewed and used by the management for strategic decisions making and resources allocation.

No segmental analysis by business segment is prepared as the Group operates predominantly in the electronic manufacturing services (“EMS”) focusing on industrial electronic products namely, communications and internet of things (“IoT”) products, electronics devices, and semiconductor components.

#### Revenue segmented by products

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31 October 2021	31 October 2020	31 October 2021	31 October 2020
	RM	RM	RM	RM
Communication and IoT products	76,268,432	N/A	221,823,244	N/A
Electronics devices	6,125,204	N/A	31,917,047	N/A
Semiconductor components	2,828,192	N/A	7,074,135	N/A
	<b>85,221,827</b>	<b>N/A</b>	<b>260,814,427</b>	<b>N/A</b>

#### Revenue segmented by geographical markets

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31 October 2021	31 October 2020	31 October 2021	31 October 2020
	RM	RM	RM	RM
MALAYSIA	30,755,872	N/A	88,634,366	N/A
AMERICAS	39,033,831	N/A	118,755,443	N/A
ASIA PACIFIC (excluding Malaysia)	6,116,926	N/A	31,547,034	N/A
EUROPE	9,315,197	N/A	21,877,583	N/A
	<b>85,221,827</b>	<b>N/A</b>	<b>260,814,427</b>	<b>N/A</b>

#### A9. Dividend Paid

An interim single-tier dividend was declared by BCM Electronics to its previous sole shareholder on 30 June 2021 and was paid in the current quarter as disclosed in Note B12.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2021 *(Cont'd)*

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#### A10. Property, Plant and Equipment

The group did not carry out any valuation of its property, plant and equipment in the current quarter under review.

#### A11. Capital Commitments

	Unaudited As at 31 October 2021 RM	Audited As at 31 January 2021 RM
<b>Contract but not provided for:</b>		
- Property, plant and equipment	23,176,153	208,676
<b>Approved but not provided for:</b>		
- Property, plant and equipment	55,757,666	-
	<b>78,933,819</b>	<b>208,676</b>

#### A12. Changes in the Composition of the Group

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

#### A13. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

#### A14. Significant Related Party Transactions

There was no significant related party transaction during the quarter under review.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2021 (*Cont'd*)

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#### A15. Material Events Subsequent to the End of the Quarter

Pursuant to the Share Sale Agreement dated 20 July 2021, the acquisition of the entire issued shares of BCM Electronics by the Company has been completed on 3 November 2021. On completion, the Company has satisfied the purchase consideration by allotting 281,169,999 ordinary shares at the issue price of RM0.30 each (the "consideration shares") to Main Stream Holdings Sdn Bhd (formerly known as Aurelius Holdings Sdn Bhd). In consideration of the issuance of the consideration shares, the entire issued shares of BCM Electronics have been transferred to the Company. The shares transfer was completed on 12 November 2021.

The Company is in the midst of undertaking an initial public offering of up to 103,870,000 ordinary shares ("IPO") in conjunction with the listing and quotation of the enlarged issued shares of the Company on the Main Market of Bursa Securities ("Listing"). The Listing is expected to take place on 16 December 2021.

Saved as disclosed in Note B7, there were no material events subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this interim financial report.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

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#### B1. Review of performance

##### (a) Results for current quarter

In the current quarter ended 31 October 2021 under review, the Group recorded a revenue of RM85.22 million, of which RM76.3 million and RM6.13 million or 89.5% and 7.2% was derived from communication and IoT products, and electronics devices while the semiconductor components contributed the remaining RM2.8 million or 3.3%.

The Group's gross profit of RM9.16 million for the current quarter under review was derived from communication and IoT products of RM7.15 million or 78.1%, electronics devices of RM0.44 million or 4.8% and semiconductor components of RM1.57 million or 17.1%

The Group recorded a profit before taxation of RM6.43 million for the current quarter under review after incurring expenses such as administrative expenses, selling and distribution expenses of RM1.9 million.

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

For the accumulated quarter ended 31 October 2021, the group recorded a revenue of RM260.81 million, of which RM221.82 million and RM31.91 million or 85.1% and 12.2% were derived from communication and IoT products, and electronics devices while the semiconductor components contributed the remaining RM7.07 million or 2.7%.

The group's gross profit of RM30.13 million was derived from communication and IoT products of RM20.96 million or 69.5%, electronics devices of RM5.23 million or 17.4% and semiconductor components of RM3.94 million or 13.1%.

The Group recorded profit before tax of RM21.40 million for the financial year-to-date after incurring expenses such as administrative expenses, selling and distribution expenses of RM6.13 million.

As mentioned earlier, this is the first interim financial report on the Group's unaudited condensed combined financial results for the quarter ended 31 October 2021 announced in compliance with the Listing Requirements. As such, there are no comparative figures for the preceding year's corresponding quarter and cumulative quarter. Notwithstanding this, please refer to the Company's Prospectus dated 29 November 2021 for further information on the Group's financial results for the past financial years.

#### B2. Comparison with Immediate Preceding Quarter's Results

No comparative figures are presented for the immediate preceding quarter as this is the first interim financial report on the combined results announced by the Company.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (*cont'd*)

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#### B3. Prospects for the Group for the financial year ending 31 January 2022

As disclosed in Section 3.5 of the Prospectus of the Company dated 29 November 2021, the Group's future plans and strategies are as follows:

**(i) Expansion into semiconductor component manufacturing**

We envisage having a total of four (4) production lines dedicated to semiconductor component manufacturing by the end of 31 January 2022 to cater for its expected increase in demand from our customer based on our mutual understanding in terms of the quantity they require and taking into consideration the prospects of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of the Prospectus.

**(ii) Expansion of our production facilities**

- (a) Construction of a new manufacturing plant: We have commenced the construction of a new manufacturing plant on the vacant land of approximately three (3) acres, adjacent to our existing manufacturing plant. The new single-storey manufacturing plant with the production floor area of 61,909 sq. ft., is expected to be completed by the end of 2021 and ready to commence operation in the first half of 2022. This new manufacturing plant will be used for the expansion of our EMS operations, semiconductor multicomponent modules and the development of a new product, namely lithium-ion battery pack.
- (b) Purchase of new machinery and equipment: We have installed additional two (2) new Surface Mount Technology ("SMT") lines up to the current quarter under review. We intend to further invest additional four (4) new SMT lines in the subsequent two (2) years to cater for the business expansion and growth of our EMS services.

We were allowed to operate at full capacity with effect from 28 October 2021. Barring any unforeseen circumstances, we are cautiously optimistic about the Group's performance for the remaining financial year ending 31 January 2022.



## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES *(cont'd)*

#### B4. Profit before tax

	Current quarter ended		Cumulative quarter ended	
	31 October 2021	31 October 2020	31 October 2021	31 October 2020
	RM	RM	RM	RM
This include the following items of Income/ (expense):				
Depreciation of property, plant and equipment	1,446,456	N/A	3,387,643	N/A
Employee benefits expense	9,202,781	N/A	28,011,253	N/A
Expenses relating to lease of low value assets	21,944	N/A	41,368	N/A
Expenses relating to short-term leases	10,296	N/A	30,585	N/A
Fair value loss on investment in quoted shares	(156,238)	N/A	-	N/A
Interest expenses on:				
- Term loan	379,348	N/A	1,288,172	N/A
- Bankers acceptances and OFCL	341,903	N/A	1,032,704	N/A
- Revolving credit	52,378	N/A	78,351	N/A
- Bank overdraft	737	N/A	737	N/A
Loss on disposal of property, plant and equipment	5,021	N/A	5,021	N/A
Loss on foreign exchange:				
- Realised	393,219	N/A	569,725	N/A
- Unrealised	139,707	N/A	-	N/A
And crediting:				
Gain on disposal of property, plant and equipment	-	N/A	8,902	N/A
Gain on foreign exchange:				
- Realised	142,930	N/A	-	N/A
- Unrealised	509,504	N/A	446,919	N/A
Interest income	30,537	N/A	104,085	N/A

There were no provision for and write off of receivables, provision for and write off of inventories, impairment of assets and gain or loss on derivatives for the financial quarter under review.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (*cont'd*)

#### B5. Income tax expense

	Current Quarter ended		Cumulative quarter ended	
	31 October 2021	31 October 2020	31 October 2021	31 October 2020
	RM	RM	RM	RM
Current period income tax	(1,392,000)	N/A	1,807,000	N/A
Deferred tax	2,184,000	N/A	2,676,000	N/A
	<u>792,000</u>	<u>N/A</u>	<u>4,483,000</u>	<u>N/A</u>
Effective tax rate (%)	12.32%	N/A	20.95%	N/A
Statutory tax rate (%)	24.00%	N/A	24.00%	N/A

The effective tax rate of the Group for the current quarter and financial period under review was lower than the statutory tax rate. This was mainly due to the availability of reinvestment allowances.

#### B6. Profit forecast or Profit guarantee

The Group has not issued any profit forecast nor guarantee in respect of any corporate proposals.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (*cont'd*)

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#### B7. Status of corporate proposals

There was no corporate proposal announced by the Company but not completed as at the date of this interim financial report except for the following:

The Company is in the midst of undertaking an initial public offering of up to 103,870,000 ordinary shares ("IPO") in conjunction with the listing and quotation of the enlarged issued shares of the Company on the Main Market of Bursa Securities ("Listing"). The Listing is expected to take place on 16 December 2021.

In conjunction with and as an integral part of its listing on the Main Market of Bursa Securities, the Company has undertaken the following listing scheme: -

#### Acquisition of BCM Electronics

The Company acquired the entire equity interest of BCM Electronics for a total purchase consideration of RM84,351,000 to be satisfied via the issuance of 281,169,999 new ordinary shares ("consideration shares") at an issue price of RM0.30 per share. The acquisition was completed on 3 November 2021. In consideration of the issuance of the consideration shares, the entire issued shares of BCM Electronics have been transferred to the Company. The shares transfer was completed on 12 November 2021.

#### Pre-IPO Dividend

On 30 June 2021, BCM Electronics has declared an interim single-tier dividend amounting to RM3,286,988 for the financial year ending 31 January 2022 to Main Stream Holdings Sdn Bhd, its previous sole shareholder. The interim dividend has been paid by way of cash of RM555,934 and in specie of quoted shares outside Malaysia of RM2,731,054. Fair value gain on investment in quoted shares outside Malaysia amounting to RM255,056 has been recorded subsequent to the dividend in specie.

#### Public Issue

The IPO involves a public issue of 77,010,000 new ordinary shares in the Company at an issue price of RM1.36 per share.

In conjunction with the IPO, the Company had sought the listing and quotation of its entire enlarged issued share capital comprising 358,180,000 ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad.

#### Offer for Sale

The Offer for Sale comprises an offer for sale of up to 26,860,000 shares by the existing shareholders of the Company ("Selling Shareholders") at an offer price of RM1.36 per share.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES *(cont'd)*

The Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM36,529,600 will accrue entirely to the Selling Shareholders.

#### B8. Utilisation of proceeds from the Public Issue

As at the date of this interim report, the Company's IPO and Listing are pending completion. Upon completion of the IPO and Listing, the Group expects to raise and use the gross proceeds of approximately RM104.7 million in the following manner:

Details of use	Estimated timeframe for use	RM	%
Purchase of new machinery and equipment	within 24 months (1)	40,000,000	38.19
Repayment of bank borrowings	within 6 months (1)	29,520,000	28.19
Working capital	within 36 months (1)	28,128,600	26.86
Estimated listing expenses*	within 6 months (1)	7,085,000	6.76
<b>Total</b>		<b>104,733,600</b>	<b>100.00</b>

(1) From the date of listing of the Company shares.

- \* In the event of a surplus or deficit in the allocated amount for the estimated expenses for the Company's IPO and Listing, such variance will be adjusted to or from the proceeds allocated for working capital.

The listing expenses are estimated at RM7,085,000 and will be set off against the share capital by RM6,237,000 and profit or loss by RM848,000 respectively.

Out of total estimated listing expenses of RM7,085,000, an amount of RM1,899,900 has been paid and recorded in the prepayments account. It will be charged out from prepayments account accordingly

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES *(cont'd)*

#### B9. Group's Borrowings and Debts Securities

The details of the Group's borrowings as at 31 October 2021 are as follows: -

	<b>Unaudited</b> <b>As at 31 October 2021</b> <b>RM</b>	<b>Audited</b> <b>As at 31 January 2021</b> <b>RM</b>
<b>Short term borrowings</b>		
Secured:		
Finance lease liabilities	1,671,194	1,629,448
Term loans	23,352,754	19,636,536
Bankers acceptances and onshore foreign currency loan(OFCL)	88,611,203	88,925,778
Revolving credit	10,000,000	-
	<b>123,635,152</b>	<b>110,191,762</b>
<b>Long term borrowing</b>		
Secured:		
Finance lease liabilities	4,616,792	5,871,370
Term loans	3,568,289	20,254,131
	<b>8,185,080</b>	<b>26,125,501</b>
<b>Total borrowings</b>	<b>131,820,232</b>	<b>136,317,263</b>

#### B10. Off Balance Sheet Financial Instruments

There is no off-balance sheet financial Instruments as at date of this quarterly report.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### **B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (*cont'd*)**

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#### **B11. Material Litigation**

Save as disclosed below, our Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of our Group:

BCM Electronics had, on 13 October 2015, filed a lawsuit against Mimos Berhad (“Mimos”) at the High Court of Malaya at Kuala Lumpur (“High Court”) to claim a sum RM1,672,789 together with the interest (“Suit”).

The High Court judge had, on 6 May 2019, allowed BCM Electronics’ claim with costs amounting to RM1,694,734.75. Mimos had on 9 May 2019 filed an appeal against the decision at the Court of Appeal of Malaysia. On 3 August 2021, the Court of Appeal of Malaysia allowed the appeal filed by Mimos with cost and BCM Electronics is to return the sum of RM1,731,134.75 (including costs) to Mimos. BCM Electronics had on 2 September 2021 filed an application of motion for leave to the Federal Court of Malaysia (“Leave Application”). The leave Application is fixed for hearing on 25 January 2022.

Pending the application for leave, BCM Electronics has repaid the claim together with the interest amounting to RM1,731,135 to Mimos on 14 September 2021.

The outcome of the hearing of the Leave Application is not expected to have a material impact on our Group as the remaining inventory have been written off in the FYE 31 January 2019 and the additional costs amounting to RM36,400.00 (being the difference between RM1,731,134.75 and RM1,694,734.75 as mentioned above) is immaterial.

#### **B12. Dividends**

For information purposes, BCM Electronics, a wholly owned subsidiary of the Company, declared an interim single-tier dividend of RM0.10 per ordinary share amounting to RM3,286,988 in total in respect of the financial year ending 31 January 2022. The said dividend was paid to Main Stream Holdings Sdn Bhd, being the previous sole shareholder of BCM Electronics, on 20 October 2021. RM2,731,054 was funded by way of a dividend in specie of quoted shares listed on a foreign exchange while the remaining RM555,934 was funded by BCM Electronics’s internally generated fund.

Save as disclosed above, there was no dividend that has been declared or recommended for payment by the Board of Directors of the Company during the financial period under review.

## NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2021

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (*cont'd*)

#### B13. Earning Per Shares (“EPS”)

The basic EPS for the current quarter and financial year to date are computed as follow: -

The calculation of earnings per ordinary share at 31 October 2021, was based on the profit attributable to ordinary shareholders and a number of ordinary shares outstanding was calculated as follows:

	Unaudited Individual quarter ended		Unaudited Cumulative quarter ended	
	31 October 2021	31 October 2020	31 October 2021	31 October 2020
Profit attributable to ordinary equity owners of the Company (RM)	5,636,242	N/A	16,913,804	N/A
<b>Earnings per ordinary share attributable to owners of the Company</b>				
Number of ordinary shares	32,869,879	N/A	32,869,879	N/A
Earnings per ordinary share (sen)	17.15	N/A	51.46	N/A
Based on enlarged ordinary shares in issue after the Pre-IPO Exercise and IPO:				
Number of ordinary shares	358,180,000	N/A	358,180,000	N/A
Earnings per ordinary share (sen) (For illustrative purpose only)	1.57	N/A	4.72	N/A

#### B14. Fair value of financial liabilities

There was no gain or loss arising from fair value changes of financial liabilities for the current quarter and financial period under review as the Group did not have any financial liabilities measured at fair value.