



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

**UNAUDITED CONDENSED CONSOLIDATED INTERIM
FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER
ENDED 31 JULY 2022**

FINANCIAL YEAR ENDING 31 JANUARY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2nd Quarter Ended		Cumulative Quarter Ended		
	31 July 2022 (a)	31 July 2021 (b)	31 July 2022 (a)	31 July 2021 (b)	
	RM	RM	RM	RM	
Revenue	111,952,275	N/A	212,666,711	N/A	
Cost of sales	(99,664,982)	N/A	(192,843,378)	N/A	
Gross Profit	12,287,293	N/A	19,823,333	N/A	
Other Income	285,095	N/A	520,766	N/A	
Administrative expenses	(3,199,654)	N/A	(5,883,447)	N/A	
Selling and distribution expenses	(91,088)	N/A	(159,357)	N/A	
Operating profit	9,281,647	N/A	14,301,295	N/A	
Finance costs	(905,416)	N/A	(1,543,896)	N/A	
Profit before tax	8,376,231	N/A	12,757,399	N/A	
Taxation	(1,303,000)	N/A	(669,000)	N/A	
Profit for the financial period	7,073,231	N/A	12,088,399	N/A	
Total other comprehensive					
Income, net of tax:					
Items that will not be reclassified					
subsequently to profit or loss:					
Transfer of revaluation surplus to retained profits	46,880	N/A	93,760	N/A	
Realisation of revaluation surplus upon depreciation	(46,880)	N/A	(93,760)	N/A	
Net Profit/ Total comprehensive income for the financial period attributable to :					
Owner of the Company	7,073,231	N/A	12,088,399	N/A	
	7,073,231	N/A	12,088,399	N/A	
Earnings Per Share attributable to Owners of the Company					
Basic EPS (sen)	(c)	1.97	N/A	3.37	N/A

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

Notes:

N/A: Not applicable

(a) The Unaudited Condensed Consolidated 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 year corresponding quarter and preceding period are available as this is the fourth 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 the profit attributable to owners of the Company divided by the number of ordinary shares of 358,180,000 as disclosed in B12.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Unaudited</u> As at 31 July 2022 (a) RM	<u>Audited</u> As at 31 January 2022 RM
ASSETS		
Non-current asset		
Property, plant and equipment	98,498,156	83,962,896
Current assets		
Inventories	118,670,113	133,500,019
Trade receivables	104,144,500	90,580,658
Other receivables, deposits and prepayments	4,311,043	2,520,959
Contract assets	26,839,637	23,510,090
Current tax asset	-	938,223
Short term investments	43,997,248	-
Fixed deposits with licensed banks	7,138,537	41,707,008
Cash and bank balances	<u>23,824,155</u>	<u>34,632,313</u>
	<u>328,925,234</u>	<u>327,389,270</u>
TOTAL ASSETS	<u>427,423,390</u>	<u>411,352,166</u>
EQUITY & LIABILITIES		
Share capital	182,946,490	182,946,490
Merger deficit	(38,486,932)	(38,486,932)
Revaluation reserve	6,281,941	6,375,701
Retained profits	<u>62,765,087</u>	<u>50,582,927</u>
Total equity	<u>213,506,585</u>	<u>201,418,186</u>
Non-current liabilities		
Borrowings	22,115,395	15,862,145
Deferred tax liabilities	<u>7,787,000</u>	<u>7,881,000</u>
	<u>29,902,395</u>	<u>23,743,145</u>
Current liabilities		
Trade payables	71,718,407	75,496,126
Other payables & accruals	15,871,866	12,175,791
Borrowings	96,294,576	98,471,918
Provision of taxation	<u>129,560</u>	<u>47,000</u>
	<u>184,014,409</u>	<u>186,190,835</u>
Total Liabilities	<u>213,916,804</u>	<u>209,933,980</u>
TOTAL EQUITY AND LIABILITIES	<u>427,423,390</u>	<u>411,352,166</u>
Net Assets per share attributable to owner of the Company (RM) (b)	0.60	0.56

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*cont'd*)

Notes:-

N/A: Not applicable.

(a) The condensed consolidated statement of financial position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 January 2022 and the accompanying explanatory notes attached to this interim financial report.

(b) Net Assets per share attributable to owner of the Company was computed based on total equity divided by the number of ordinary shares outstanding of 358,180,000 shares.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter ended	
	31 July 2022 (a)	31 July 2021 (b)
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,757,399	N/A
Adjustments for:		
Depreciation of property, plant & equipment	3,652,393	N/A
Fair Value (gain)/loss on short term investments	(268,720)	N/A
Interest expense	1,457,253	N/A
Interest income	(209,519)	N/A
Provision/ (Reversal) of obsolescence/slow moving inventories	(193,436)	N/A
Unrealised loss on foreign exchange	637,489	N/A
Operating profit before working capital changes	<u>17,832,859</u>	<u>N/A</u>
Changes in working capital:		
Inventories	15,023,342	N/A
Receivables	(12,751,979)	N/A
Contract assets	(3,329,547)	N/A
Payables	(1,133,227)	N/A
Net cash flows generated from operations	<u>15,641,448</u>	<u>N/A</u>
Interest paid	(1,457,253)	N/A
Income tax paid	(858,864)	N/A
Net cash flows generated from operating activities	<u>13,325,332</u>	<u>N/A</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(18,187,652)	N/A
Interest received	209,519	N/A
Short term investments	(43,728,528)	N/A
Placement of fixed deposits pledged with licensed bank	(957,947)	N/A
Uplift of fixed deposits with licensed bank	523,755	N/A
Net cash used in investing activities	<u>(62,140,854)</u>	<u>N/A</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in bankers acceptances and OFCL	(172,076)	N/A
Repayment of finance lease liabilities	(77,953)	N/A
Net drawdown of term loans	8,139,798	N/A
Repayment of revolving credit	(5,000,000)	N/A
Net cash generated from financing activities	<u>2,889,769</u>	<u>N/A</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(45,925,753)	N/A
Effect of changes in foreign exchange rate	114,933	N/A
CASH & CASH EQUIVALENTS AT BEGINNING	<u>69,634,975</u>	<u>N/A</u>
CASH & CASH EQUIVALENTS AT END	<u>23,824,155</u>	<u>N/A</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	Cumulative Quarter ended	
	31 July 2022 (a) RM	31 July 2021 (b) RM
Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:		
Fixed deposits with licensed banks	7,138,537	N/A
Cash and bank balances	<u>23,824,155</u>	<u>N/A</u>
	30,962,692	N/A
Less: Fixed deposits pledged with licensed banks	<u>(7,138,537)</u>	<u>N/A</u>
CASH & CASH EQUIVALENTS AT END	<u>23,824,155</u>	<u>N/A</u>

Notes:

N/A: Not applicable

(a) The Unaudited Condensed Consolidated 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 year corresponding quarter were available as this is the fourth interim report on the consolidated results for the second quarter ended 31 July 2022 being announced by the Company in compliance with the Main LR of Bursa Securities.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 JULY 2022 (a)**

	Attributable to Owners of the Company					Total Equity RM
	Share Capital RM	Invested Equity RM	Non-distributable Merger deficit RM	Distributable Revaluation Reserve RM	Distributable Retained Profit RM	
Unaudited						
Balance as at 1 February 2022	182,946,490	-	(38,486,932)	6,375,701	50,582,927	201,418,186
Profit after taxation	-	-	-	-	12,088,399	12,088,399
Other comprehensive income/(loss)	-	-	-	(93,760)	93,760	-
As 31 July 2022	182,946,490	-	(38,486,932)	6,281,941	62,765,087	213,506,585
Audited						
Balance as at 1 February 2021	-	45,864,068	-	6,563,220	31,649,774	84,077,062
At date of incorporation	1					1
Profit after taxation					22,032,622	22,032,622
Other comprehensive income/(loss)	-		-	(187,519)	187,519	-
Transaction with owners of the Company:						
Adjustment on the acquisition of a subsidiary	-	(45,864,068)	45,864,068	-	-	-
Issuance of shares pursuant to:						
- acquisition of a subsidiary	84,351,000	-	(84,351,000)	-	-	-
- public issue	104,733,600	-	-	-	-	104,733,600
Shares issuance expenses for the public issue	(6,138,111)	-	-	-	-	(6,138,111)
Dividends					(3,286,988)	(3,286,988)
Total transaction with owners	182,946,489	(45,864,068)	(38,486,932)	-	(3,286,988)	95,308,501
As 31 January 2022	182,946,490	-	(38,486,932)	6,375,701	50,582,927	201,418,186

Notes:

(a) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 January 2022 and the accompanying explanatory notes attached to this interim financial report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

A. EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JULY 2022

A1. Basis of Preparation

The interim financial report of Aurelius Technologies Berhad (“ATech” or “Company”) 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 Market Listing Requirement of Bursa Securities.

This is the fourth 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 audited financial statements of the Group for the year ending 31 January 2022. 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 and audited financial statements of the Group for the year ending 31 January 2022.

The unaudited condensed 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 unaudited condensed interim financial report, the Group adopted the consolidated accounting method of which the Company incorporates the assets and liabilities of its sole subsidiary, BCM Electronics Corporation Sdn Bhd (“BCM Electronics”) at their pre-combination carrying amount.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

A. EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JULY 2022 *(Cont'd)*

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 2022 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 periods beginning on or after 1 June 2020

Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concession

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform – Phase 2

Initial application for the above standards did not have any material impact to the financial statements of the Group upon adoption.

Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 April 2021

Amendment 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 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

A. EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JULY 2022 (Cont'd)

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

The effective date is 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 impact to the financial statements of the Group and of the Company upon adoption.

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 respective members of ATech and BCM Electronics on the financial statements for the financial year ended 31 January 2022 were 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, Chinese New Year and Hari Raya. 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 item affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

A6. Material Changes in Estimates

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

A. EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JULY 2022 (Cont'd)

A7. Debt and Equity Securities

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

A8. Segmental Reporting

The management determines the business segments based on the reports reviewed and used by the management for strategic decisions making and resource 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 July 2022	31 July 2021	31 July 2022	31 July 2021
	RM	RM	RM	RM
Communication and IoT products	93,335,937	N/A	181,539,432	N/A
Electronics devices	13,110,099	N/A	21,822,586	N/A
Semiconductor components	5,506,239	N/A	9,304,694	N/A
	111,952,275	N/A	212,666,711	N/A

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 July 2022	31 July 2021	31 July 2022	31 July 2021
	RM	RM	RM	RM
MALAYSIA	34,853,410	N/A	74,226,945	N/A
AMERICAS	54,519,189	N/A	97,791,920	N/A
ASIA PACIFIC (excluding Malaysia)	12,138,597	N/A	18,956,816	N/A
EUROPE	10,441,080	N/A	21,691,031	N/A
	111,952,275	N/A	212,666,711	N/A

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

A. EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JULY 2022 *(Cont'd)*

A9. Dividend Paid

There was no dividend paid during the current quarter and financial year-to-date under review.

The Directors declared on 29 September 2022, a first interim tax exempt (single tier) dividend of 2.00 sen per ordinary share for the financial year ending 31 January 2023, which will be paid on 26 October 2022.

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 July 2022 RM	Audited As at 31 January 2022 RM
Contracted but not provided for:		
- Property, plant and equipment	4,848,507	1,387,262
Approved but not provided for:		
- Property, plant and equipment	33,954,581	53,542,600
	38,803,089	54,929,862

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 was no material contingent liability or contingent asset to be disclosed as at the date of this report.

A14. Significant Related Party Transactions

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

A15. Material Events Subsequent to the End of the Quarter

No material event subsequent to the end of the current quarter and financial year-to-date that has not been reflected in this unaudited condensed interim financial report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. Review of performance

	Individual Period (a)		Changes (Amount/%)	Cumulative Period (b)		Changes (Amount/%)
	(2nd quarter)			Current Year To-date	Preceding Year Corresponding Period	
	Current Year Quarter	Preceding Year Corresponding Quarter				
	31-Jul-2022	31-Jul-2021		31-Jul-2021		
Revenue	111,952,275	N/A	N/A	212,666,711	N/A	N/A
Operating Profit	13,968,537	N/A	N/A	23,054,071	N/A	N/A
Profit Before Interest and Tax	9,227,772	N/A	N/A	14,091,702	N/A	N/A
Profit Before Tax	8,376,231	N/A	N/A	12,757,399	N/A	N/A
Profit After Tax	7,073,231	N/A	N/A	12,088,399	N/A	N/A
Profit Attributable to Ordinary Equity Holder of the Parent	7,073,231	N/A	N/A	12,088,399	N/A	N/A

(a) Results for current quarter

For the current quarter ended 31 July 2022 under review, the Group recorded a revenue of RM111.96 million, of which RM93.3 million and RM13.1 million or 83.4% and 11.7% was derived from communication and IoT products, and electronics devices while the semiconductor components contributed the remaining RM5.5 million or 4.9%.

The Group recorded a profit before taxation of RM8.4 million for the current quarter under review after incurring a finance cost of RM0.9 million, a loss in forex exchange of RM1.0 million, and RM2.3 million of other administrative, selling, and distribution expenses.

(b) Results for financial year-to-date

For the cumulative period to date as at 31 July 2022, the Group recorded a total revenue of RM212.6 million, of which RM181.5 million and RM21.8 million or 85.4% and 10.2% were derived from communication and IoT products, and electronic devices while the semiconductor components contributed to the remaining RM9.3 million or 4.4%.

The Group recorded a profit before tax of RM12.7 million for the financial year-to-date after incurring total expenses of RM7.6 million comprising administrative, selling and distribution, and finance cost.

This is the fourth interim financial report announced by the Company in compliance with the **Main LR**. As such, no comparative figures are presented for the preceding year's corresponding quarter and period. 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

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

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 31-Jul-2022	Immediate Preceding Quarter 30-Apr-2022	Changes (Amount/%)
Revenue	111,952,275	100,714,436	11.2%
Operating Profit	13,968,537	9,085,534	53.7%
Profit Before Interest and Tax	9,227,772	4,863,930	89.7%
Profit Before Tax	8,376,231	4,381,168	91.2%
Profit After Tax	7,073,231	5,015,168	41.0%
Profit Attributable to Ordinary Equity Holder of the Parent	7,073,231	5,015,168	41.0%

The Group recorded a revenue and profit before tax of RM111.9 million and RM8.4 million respectively for the current quarter, as compared to the revenue and profit before tax of RM100.7 million and RM4.4 million respectively for the immediate preceding quarter.

The revenue for Q2 was higher than the preceding quarter mainly due to the overall improvement of global supply chain and logistic.

The salary cost directly related to manufacturing activities in this quarter under review increased by approximately 12% compared to the last preceding quarter largely due to the implementation of the Minimum Wages Policy commencing from 1 May 2022.

The utilities cost of the Group in this quarter under review increased by approximately 26% compared to the last preceding quarter largely due the various increases in electricity tariff since 1 February 2022 and increasing usage due to the increased operational/business requirements.

The finance cost of the Group in this quarter under review increased by approximately 42% compared to the last preceding quarter largely due the continuous increases in global interest rates and increasing usage of trade facilities.

The improved gross profit & profit before tax is due to the overall increase in revenue, and overall higher margin product mix as the Group continues to prioritize its focus to enlarge the IoT and semiconductor business segments.

The Group did not record any business transactions that resulted in disposal of investment or properties, a one-off gain or loss, or revaluation gain or loss in this quarter under review.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

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

B3. Prospects for the Group for the financial year ending 31 January 2023

The Group's future plans and strategies are as follows:

(i) Expansion of semiconductor component manufacturing

As of 19 September 2022, the Group has a total of five (5) operational SMT lines completed with its automated robotic testing facilities.

We had ordered an additional one (1) SMT line using **IPO** proceeds to further ramp up the production capability for the semiconductor component manufacturing business. We expect the commissioning of this line in Q4 FYE2023

(ii) Expansion of other SMT production facilities

The Group recently acquired and commissioned an additional new one (1) SMT line for shared-utilisation using **IPO** proceeds.

The Group for the financial year 2023, after the recovery from the Covid-19 pandemic and strengthening of USD/MYR exchange rates and no ongoing threats of natural disasters, the business challenges still remains dependent upon, challenges such as continuous interest rate hike, persistent US-China trade tension, global semiconductors components shortage, supply chain disruption, labour supply shortage, minimum wages hike, ongoing Ukraine-Russia conflict, higher utility prices, political instability, recessionary pressures and inflationary pressures. To manage and overcome these challenges, we have had to remain prudent and relentlessly enhance the Group's competitiveness in exploring new growth opportunities in such an unpredictable global economic climate. However, having secured an order book of approximately RM421 million on 19 September 2022 and by continuing its effort to continuously build on existing customer relationships, develop new customers, improve its production quality, efficiency, technical capability, and optimising capacity to better prepare the Group in facing these challenges. The Group also provides continuous staff development to align their skills and knowledge with the requirements of the latest technology in the automation and manufacturing industries. Barring any unforeseen circumstances in executing our existing order book, we are cautiously positive about the Group's performance for the financial year ending 31 January 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

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

B4. Note to the Statement of Profit and Loss & Other comprehensive income

	Current quarter ended		Cumulative quarter ended	
	31 July 2022	31 July 2021	31 July 2022	31 July 2021
	RM	RM	RM	RM
This includes the following items of Income/ (expense):				
Depreciation of property, plant and equipment	1,895,361	N/A	3,652,394	N/A
Employee benefits expense	11,706,864	N/A	22,152,093	N/A
Expenses relating to lease of low value assets	7,560	N/A	13,390	N/A
Expenses relating to short-term leases	4,014	N/A	43,193	N/A
Interest expenses on:				
- Finance lease Liabilities	606	N/A	1,867	N/A
- Term loan	289,352	N/A	500,727	N/A
- Bankers acceptances and OFCL	566,039	N/A	941,590	N/A
- Revolving credit	-	N/A	13,068	N/A
Loss on foreign exchange				
- Realised	787,385	N/A	885,375	N/A
- Unrealised	189,334	N/A	637,489	N/A
Provision/ (Reversal) of obsolescence/slow moving inventories	(193,437)	N/A	(193,437)	N/A
And crediting:				
Fair value gain on revaluation of short term investment *	209,264	N/A	268,720	N/A
Interest income *	53,875	N/A	209,593	N/A

*Included in Other Income

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

B5. Income tax expense

	Current Quarter ended		Cumulative quarter ended	
	31 July 2022	31 July 2021	31 July 2022	31 July 2021
	RM	RM	RM	RM
Current period income tax	396,000	N/A	763,000	N/A
Deferred tax	907,000	N/A	(94,000)	N/A
	<u>1,303,000</u>	<u>N/A</u>	<u>669,000</u>	<u>N/A</u>

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

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

B6. Profit forecast or Profit guarantee

The Group did not issue any profit forecast or profit guarantee in respect of any corporate proposals.

B7. Status of corporate proposals

There was no corporate proposal announced by the Company in the quarter under review.

B8. Utilisation of proceeds from the Public Issue

The initial public offering (“IPO”) proceeds of RM104.7 million was utilised in the following manner:

Purpose	Intended Timeframe for Utilisation	Proposed Utilisation	%	Actual Utilisation	Balance as at 31 July 2022
		RM		RM	RM
Purchase of new machinery and equipment	within 24 months (1)	40,000,000	38.19	-	40,000,000
Repayment of bank borrowings	within 6 months (1)	29,520,000	28.19	29,520,000	-
Working capital	within 36 months (1)	28,128,600	26.86	28,128,600	-
Listing expenses	within 6 months (1)	7,085,000	6.76	7,085,000	-
Total		104,733,600	100.00	64,733,600	40,000,000

(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 remaining RM40.0 million IPO proceeds will be dedicatedly used for the purchases of new machinery & equipment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

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 July 2022 are as follows: -

	As at 2nd quarter ended FYE 2023					
	Long term		Short term		Total borrowing	
	Foreign denomination ^	RM denomination ^	Foreign denomination ^	RM denomination ^	Foreign denomination ^	RM denomination ^
Secured:						
Bankers acceptances	-	-	-	5,433,000	-	5,433,000
Onshore foreign currency loan (OFCL)	-	-	85,796,184	-	85,796,184	-
Finance lease liabilities	-	-	-	46,834	-	46,834
Term loans	-	22,115,395	-	5,018,559	-	27,133,954
Total	-	22,115,395	85,796,184	10,498,392	85,796,184	32,613,788

^ The borrowing for OFCL is denominated in USD with the current quarter closing exchange rate at USD1.00 = RM4.4505.

The Group's borrowing facilities comprise of largely float rate facilities bearing interest/profit rates ranging from 3.73% to 5.40% per annum during the quarter under review.

The Group did not enter into any financial hedging instruments as at the date of this quarterly report.

There are no significant changes in the total borrowing as compared to the preceding quarter.

There is no unsecured borrowing during the quarter under review.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

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

B10. 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 has repaid the claim amounting of RM1,731,134.75 (including costs) to Mimos on 14 September 2021

The leave application to the Federal Court of Malaysia by BCM Electronics was heard on 16 August 2022 and the application was dismissed with the cost of RM30,000.

The outcome of the dismiss of the Leave Application is not expected to have a material impact on our Group as the outstanding disputed inventory was written off in the financial year ended 2019.

B11. Dividends

The Directors declared on 29 September 2022, a first interim tax exempt (single tier) dividend of 2 sen per ordinary share for the financial year ending 31 January 2023, the entitlement date and payment date are on 14 October 2022 and 26 October 2022 respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 JULY 2022

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

B12. Earning Per Shares (“EPS”)

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

The calculation of earnings per ordinary share as at 31 July 2022, was based on the profit attributable to ordinary shareholders and the number of ordinary shares outstanding were calculated as follows:

	Unaudited Individual quarter ended		Unaudited Cumulative quarter ended	
	31 July 2022	31 July 2021	31 July 2022	31 July 2021
Profit attributable to ordinary equity owners of the Company (RM)	7,073,231	N/A	12,088,399	N/A
Earnings per ordinary share attributable to owners of the Company				
Number of ordinary shares	358,180,000	N/A	358,180,000	N/A
Earnings per ordinary share (sen)	1.97	N/A	3.37	N/A

B13. 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.