



CAPE EMS BERHAD
(Registration No.: 199901026859 (501759 M))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 JUNE 2023

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759 M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 ⁽³⁾

	<u>30.6.2023</u> Unaudited RM'000	<u>31.12.2022</u> Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	224,625	217,420
Investment properties	9,800	9,800
Goodwill on acquisition	6,244	6,244
Deferred tax assets	839	839
	<hr/>	<hr/>
Total non-current assets	241,508	234,303
Current assets		
Inventories	45,106	38,616
Trade receivables	258,090	144,345
Other receivables	18,059	16,124
Current tax assets	1,070	797
Fixed deposits with licensed banks	11,508	9,240
Cash and cash equivalents	157,360	32,096
	<hr/>	<hr/>
	491,193	241,218
Non-current assets held for sale	<hr/> -	<hr/> 8,818
Total current assets	<hr/> 491,193	<hr/> 250,036
Total assets	<hr/> <hr/> 732,701	<hr/> <hr/> 484,339
EQUITY AND LIABILITIES		
Equity		
Share capital ⁽¹⁾	250,974	100,000
Exchange translation reserve	2,069	420
Revaluation reserve	25,414	25,683
Retained profits	92,853	68,922
	<hr/>	<hr/>
Total equity	<hr/> 371,310	<hr/> 195,025
Liabilities		
Non-current liabilities		
Lease liabilities	10,495	43,160
Loans and borrowings	101,781	74,246
Deferred tax liabilities	9,175	9,261
	<hr/>	<hr/>
Total non-current liabilities	<hr/> 121,451	<hr/> 126,667

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759 M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 ⁽³⁾ (CONT'D)

	<u>30.6.2023</u>	<u>31.12.2022</u>
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
Liabilities (Cont'd)		
Current liabilities		
Trade payables	150,102	72,848
Other payables	14,351	13,327
Amount due to related parties	-	11
Lease liabilities	4,651	10,126
Loans and borrowings	64,310	64,361
Current tax liabilities	6,526	1,974
	<hr/>	<hr/>
Total current liabilities	239,940	162,647
	<hr/>	<hr/>
Total liabilities	361,391	289,314
	<hr/>	<hr/>
Total equity and liabilities	732,701	484,339
	<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to owners of the		
Company (RM) ⁽²⁾	0.40	0.26
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (1) Based on 923,000,000 and 750,000,000 ordinary shares in issue as at 30 June 2023 and 31 December 2022 respectively.
- (2) Net assets per share attributable to owners of the Company is calculated based on equity attributable to owners of the Company divided by the total number of ordinary shares in issue.
- (3) The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759 M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 ⁽²⁾

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>30.6.2023</u>	<u>30.6.2022</u> ⁽¹⁾	<u>30.6.2023</u>	<u>30.6.2022</u> ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	121,778	N/A	259,127	N/A
Cost of sales	<u>(100,130)</u>	<u>N/A</u>	<u>(215,930)</u>	<u>N/A</u>
Gross profit	21,648	N/A	43,197	N/A
Other income	3,668	N/A	4,552	N/A
Finance income	1,267	N/A	1,616	N/A
Administration expenses	(4,925)	N/A	(12,692)	N/A
Distribution costs	120	N/A	(277)	N/A
Other expenses	(486)	N/A	(847)	N/A
Finance costs	<u>(3,018)</u>	<u>N/A</u>	<u>(5,712)</u>	<u>N/A</u>
Profit before tax	18,274	N/A	29,837	N/A
Income tax expense	<u>(3,112)</u>	<u>N/A</u>	<u>(6,175)</u>	<u>N/A</u>
Profit for the financial period	<u>15,162</u>	<u>N/A</u>	<u>23,662</u>	<u>N/A</u>
Other comprehensive income, net of tax				
Items that will not be reclassified				
subsequently to profit or loss				
Realisation of revaluation reserve upon depreciation of revalued assets	136	N/A	269	N/A
Transfer of revaluation reserve to retained profits	(136)	N/A	(269)	N/A
Foreign currency translation differences for foreign operation, net of tax	<u>1,524</u>	<u>N/A</u>	<u>1,649</u>	<u>N/A</u>
Other comprehensive income for the financial period	<u>1,524</u>	<u>N/A</u>	<u>1,649</u>	<u>N/A</u>

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759 M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 ⁽²⁾ (CONT'D)

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>30.6.2023</u>	<u>30.6.2022</u> ⁽¹⁾	<u>30.6.2023</u>	<u>30.6.2022</u> ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income for the financial period	<u>16,686</u>	N/A	<u>25,311</u>	N/A
Profit attributable to:-				
Owners of the Company	<u>15,162</u>	N/A	<u>23,662</u>	N/A
Total comprehensive income attributable to:-				
Owners of the Company	<u>16,686</u>	N/A	<u>25,311</u>	N/A
Earnings per share				
- Basic (sen)	<u>1.64</u>	N/A	<u>2.76</u>	N/A
- Diluted (sen)	<u>1.64</u>	N/A	<u>2.76</u>	N/A

Note:

- (1) There are no comparative figures for the preceding year's corresponding quarter and preceding year's cumulative quarter as Cape EMS Berhad ("Company") was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023 and as such no interim financial report was prepared for the comparative financial period concerned. The interim financial report announced is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").
- (2) The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

N/A - Not applicable

CAPE EMS BERHAD

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 ⁽¹⁾**

	← Attributable to owners of the Company →					Total <u>equity</u> RM'000
	Share <u>capital</u> RM'000	Exchange <u>translation reserve</u> RM'000	Revaluation <u>reserve</u> RM'000	Distributable Retained <u>profits</u> RM'000		
Unaudited						
Balance at 1 January 2023	100,000	420	25,683	68,922		195,025
Transaction with owners:						
Share issued	155,700	-	-	-		155,700
Share issuance expenses	(4,726)	-	-	-		(4,726)
Total transaction with owners	150,974	-	-	-		150,974
Profit for the financial period	-	-	-	23,662		23,662
Other comprehensive income for the financial period	-	1,649	(269)	269		1,649
Total comprehensive income for the financial period	-	1,649	(269)	23,931		25,311
Balance at 30 June 2023	250,974	2,069	25,414	92,853		371,310

Note:

- ⁽¹⁾ The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759 M))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 ⁽²⁾**

	6 months ended	
	<u>30.6.2023</u> Unaudited RM'000	<u>30.6.2022 ⁽¹⁾</u> Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax	29,837	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	7,625	N/A
Depreciation of right-of-use assets	2,437	N/A
Fair value gain on financial assets measured at fair value through profit or loss	(4)	N/A
Interest expense	4,622	N/A
Interest income	(1,616)	N/A
Lease liabilities interest expense	1,089	N/A
Unrealised gain on foreign exchange	(4,492)	N/A
Operating profit before working capital changes	39,498	N/A
Changes in working capital:-		
Inventories	(6,490)	N/A
Receivables	(102,114)	N/A
Payables	72,910	N/A
Related parties	(11)	N/A
Cash flows generated from operations	3,793	N/A
Tax paid	(2,299)	N/A
Net cash flows from operating activities	1,494	N/A
INVESTING ACTIVITIES		
Interest received	1,571	N/A
Payments to acquire property, plant and equipment	(5,705)	N/A
Net cash flows used in investing activities	(4,134)	N/A
FINANCING ACTIVITIES		
Share capital issued	150,974	N/A
Interest paid	(4,622)	N/A
Lease liabilities interest paid	(1,090)	N/A
Net short-term borrowings	(7,395)	N/A
Balance carried forward	137,867	N/A

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759 M))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 ⁽²⁾ (CONT'D)**

	6 months ended	
	<u>30.6.2023</u> Unaudited RM'000	<u>30.6.2022 ⁽¹⁾</u> Unaudited RM'000
FINANCING ACTIVITIES (CONT'D)		
Balance brought forward	137,867	N/A
Placement of fixed deposits pledged to licensed banks	(2,223)	N/A
Repayment of term loans	(4,184)	N/A
Repayment of lease liabilities - principal portion	(3,069)	N/A
	<hr/>	<hr/>
Net cash flows from financing activities	128,391	N/A
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS		
Net changes	125,751	N/A
Effect of exchange rate changes	2,961	N/A
At beginning of year	25,665	N/A
	<hr/>	<hr/>
At end of year	154,377	N/A
	<hr/> <hr/>	<hr/> <hr/>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	137,342	N/A
Money market fund	20,018	N/A
Fixed deposits with licensed banks	11,508	N/A
Bank overdrafts	(2,983)	N/A
	<hr/>	<hr/>
	165,885	N/A
Less: Fixed deposits with licensed banks pledged to banks	(11,508)	N/A
	<hr/>	<hr/>
	154,377	N/A
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (1) There are no comparative figures for the preceding year's corresponding quarter and preceding year's cumulative quarter as Cape EMS Berhad ("Company") was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023 and as such no interim financial report was prepared for the comparative financial period concerned. The interim financial report announced is in compliance with the Listing Requirements.
- (2) The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

N/A - Not applicable



CAPE EMS BERHAD

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING AND INTERNATIONAL ACCOUNTING STANDARDS (“IAS”) 34: INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

This condensed consolidated interim financial report is unaudited and has been prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) (“MFRS 134”) and IAS 134: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”) (“IAS 34”).

This unaudited condensed consolidated interim financial report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

A2. Significant Accounting Policies

The accounting policies and presentations adopted by the Company and its subsidiaries (“Group”) are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2022, except for the adoption of the following new accounting standards, interpretations and amendments issued by Malaysian Accounting Standards Board (“MASB”).

MFRS and amendments to MFRS adopted during the financial period

The Group has applied the following amendments to published standards approved by MASB for the first time for the period beginning on or after 1 January 2023:

- MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*
- Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
- 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
- Amendments to MFRS 112 Income Taxes : International Tax Reform - Pillar Two Model Rules

* Not applicable to the Group’s operations.

The adoption of abovementioned MFRS and amendments to MFRS do not have material impact on the interim financial statements of the Group.



CAPE EMS BERHAD

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)

A2. Significant Accounting Policies (Cont'd)

Amendments to MFRS in issue but not yet effective

The following are Amendments to MFRS with effective date on or after 1 January 2024 issued by MASB and they have not been early adopted by the Group. The Group intends to adopt these amendments to the published standards, if applicable, when they become effective in the respective period.

(a) Effective for period beginning on or after 1 January 2024

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

(b) Amendments effective for a 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 amendments to the published standards is not expected to have any material impact to the current year and prior year financial statements of the Group upon its first adoption.

A3. Auditors' Report

The audited consolidated financial statements of the Group for the financial year ended 31 December 2022 were not subject to any audit qualification.

A4. Seasonal or Cyclical Factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group for the current quarter and financial period under review.

A6. Significant Changes in Accounting Estimates

There were no material changes in estimates that have any material effect in the current quarter and financial period under review.



CAPE EMS BERHAD

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)

A7. Debt and Equity Securities

Save as disclosed below, there were no issuance and repayment of debts and equity securities during the current quarter and financial period under review.

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad, the Company undertook an initial public offering (“IPO”) comprising the public issue of 173,000,000 new ordinary shares in the Company and the offer for sale of 86,700,000 ordinary shares in the Company at a price of RM0.90 per share.

The listing of and quotation for the Company’s entire issued share capital on the Main Market of Bursa Malaysia Securities Berhad was completed on 10 March 2023.

A8. Dividends Paid

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

A9. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM8.3 million during the financial period under review.

There were no material disposals of property, plant and equipment during the financial period under review.

A10. Impairment losses

There were no significant impairment losses or reversal of impairment losses arising from property, plant and equipment, financial assets or other assets during the current quarter and financial period under review.

A11. Segment Information

The Group is principally involved in electronics manufacturing services (“EMS”) and other related supporting goods and services. The Managing Director/Group Chief Executive Officer, who is the Group’s chief operating decision maker monitors the segment performance of electronics manufacturing services and other related supporting goods and services in aggregate due to the inter-related nature of the two revenue streams. Segmental information is not prepared as the die casting and machining segment has not met the quantitative thresholds for reporting segment.

The Group’s non-current assets located outside Malaysia are not material and therefore not separately disclosed.

**CAPE EMS BERHAD**

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)**A11. Segment Information (Cont'd)****Revenue segmented by geographical markets**

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	<u>30.6.2023</u> Unaudited RM'000	<u>30.6.2022⁽¹⁾</u> Unaudited RM'000	<u>30.6.2023</u> Unaudited RM'000	<u>30.6.2022⁽¹⁾</u> Unaudited RM'000
Asia	47,319	N/A	117,071	N/A
Americas	69,026	N/A	135,008	N/A
Europe	5,433	N/A	7,048	N/A
	121,778	N/A	259,127	N/A

Note:

⁽¹⁾ There are no comparative figures for the preceding year's corresponding quarter and preceding year's cumulative quarter as the Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023 and as such no interim financial report was prepared for the comparative financial period concerned. This is the Company's third interim financial report announced in compliance with the Listing Requirements.

N/A – Not applicable

A12. Material Events Subsequent to the Statement of Financial Position Date

There were no material events subsequent to the end of current quarter that have not been reflected in the financial statements.

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period under review.

A14. Contingent Liabilities

There were no material contingent liabilities since the end of the last audited consolidated financial statements for the financial year ended 31 December 2022.

A15. Capital Commitments

	<u>30.6.2023</u> Unaudited RM'000	<u>31.12.2022</u> Audited RM'000
Authorised and contracted for:		
Plant and machinery	6,406	11,280
Renovation and electrical installation	2,831	178
	9,237	11,458

**CAPE EMS BERHAD**

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)**A16. Significant Related Party Transactions**

There were no significant related party transactions for the current quarter and financial period under review.

A17. Derivatives

There were no derivatives used in the current quarter and financial period under review.

A18. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS**B1. Review of Performance****Current quarter against corresponding quarter**

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>30.6.2023</u>	<u>30.6.2022⁽¹⁾</u>	<u>30.6.2023</u>	<u>30.6.2022⁽¹⁾</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	121,778	N/A	259,127	N/A
Profit before tax	18,274	N/A	29,837	N/A
Profit after tax	15,162	N/A	23,662	N/A

For the current quarter, the Group achieved revenue of RM121.8 million, and for the financial period-to-date, the Group achieved revenue of RM259.1 million. The revenue was mainly attributable to the Group's EMS segment, which provides box build services for both industrial and consumer electronic products. During the financial period under review, the Group successfully secured a new customer for EMS of industrial electronic products for thermal energy devices, which contributed to the positive sales momentum.

Demonstrating a continued commitment to operational efficiency and financial discipline, the Group recorded a profit before tax of RM18.3 million and a profit after tax of RM15.2 million for the current quarter, while the profit before tax and profit after tax reached RM29.8 million and RM23.7 million, respectively, for the financial period-to-date.

The profit before tax and profit after tax were partly attributed to an increase in finance income from higher interest income received and a favourable exchange movement between the Malaysia Ringgit and United States Dollar. This favourable exchange rate has contributed positively to the Group's financial performance.



CAPE EMS BERHAD

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B1. Review of Performance (Cont'd)

Current quarter against corresponding quarter (cont'd)

Note:

⁽¹⁾ There are no comparative figures for the preceding year's corresponding quarter and preceding year's cumulative quarter as the Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023 and as such no interim financial report was prepared for the comparative financial period concerned. This is the Company's third interim financial report announced in compliance with the Listing Requirements.

N/A – Not applicable

B2. Comparison with Immediate Preceding Quarter (Q1'23 vs Q2'23)

	Individual quarter		Variance (%)
	3 months ended		
	<u>30.6.2023</u> Unaudited RM'000	<u>31.3.2023</u> Unaudited RM'000	
Revenue	121,778	137,349	(11.3)
Profit before tax	18,274	11,563	58.0
Profit after tax ("PAT")	<u>15,162</u>	<u>8,500</u>	<u>78.4</u>
Reconciliation of PAT to normalised PAT	15,162	8,500	78.4
Add:			
Listing expenses	<u>-</u>	<u>4,145</u>	
Normalised PAT ⁽¹⁾	<u>15,162</u>	<u>12,645</u>	<u>19.9</u>

The Group's revenue decreased by RM15.6 million or 11.3%, from RM137.3 million in the preceding quarter to RM121.8 million in the current quarter. The decrease was attributed to a slight decrease in sales from EMS of the new customer for industrial electronic products of thermal energy devices. However, the decrease was partially moderated by an increase in orders for industrial electronic products, particularly in wireless communication equipment.

Despite the decrease in revenue, the Group's profit before tax increased by RM6.7 million or 58.0% from RM11.6 million in the preceding quarter to RM18.3 million in the current quarter after taking into account of the non-recurring listing expenses of approximately RM4.1 million in the preceding quarter.

Normalised PAT increased by RM2.5 million or 19.9% was mainly attributable to the increase in finance income from higher interest income received and favourable exchange movement between Malaysia Ringgit and United States Dollar.



CAPE EMS BERHAD

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B2. Comparison with Immediate Preceding Quarter (Q1'23 vs Q2'23) (Cont'd)

Note:

⁽¹⁾ Normalised PAT is calculated based on the profit for the financial period plus the listing expenses related to the initial public offering of the Company.

B3. Prospects for the Group

The Group's strategic focus revolves around its core competency in providing EMS of industrial electronic products, complemented by its capabilities in aluminium die cast manufacturing, sourcing, procurement capabilities, marketing and distribution added services.

The Group believes that the EMS markets holds favourable prospects globally, driven by increasing demand for outsourced manufacturing, technological advancements, market expansion in emerging economies and integration of Industry 4.0 technologies. These factors present opportunities for the Group as an EMS provider to meet diverse industries' needs.

Despite facing a challenging global landscape characterised by factors such as continuous interest rate hikes, persistent US-China trade tension, global semiconductor component shortages, supply chain disruptions, labour supply shortages, ongoing Ukraine-Russia conflict, higher utility prices, recessionary pressures and inflationary pressures are abound, the Group remains vigilant. The Group continues to monitor the strong demand in the industrial electronic products' market while also expanding the number of community-based programmes, providing life science services in underserved areas and offering green tech products. At this juncture, the order flow from our customers remains strong.

Barring any unforeseen circumstances, the Board is optimistic about the Group's performance and leveraging on its competitive advantages expects the Group's expansion to contribute positively to its financial performance in the future.

B4. Profit Forecast

Not applicable as the Group did not issue any profit forecast during the financial period under review.

**CAPE EMS BERHAD**

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B5. Taxation**

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>30.6.2023</u>	<u>30.6.2022⁽¹⁾</u>	<u>30.6.2023</u>	<u>30.6.2022⁽¹⁾</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Current tax expense	3,155	N/A	6,260	N/A
Realisation of deferred tax upon depreciation of revalued assets	(43)	N/A	(85)	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
	3,112	N/A	6,175	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
Effective tax rate (%) ⁽²⁾	17.0	N/A	20.7	N/A

Note:

⁽¹⁾ There are no comparative figures for the preceding year's corresponding quarter and preceding year's cumulative quarter as the Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023 and as such no interim financial report was prepared for the comparative financial period concerned. This is the Company's third interim financial report announced in compliance with the Listing Requirements.

N/A – Not applicable

⁽²⁾ The overall effective tax rate was lower than the statutory tax rate of 24.0% mainly due to lower income tax rates applied for a foreign subsidiary.

B6. Status of Corporate Proposals

There were no corporate proposals pending completion as at date of this condensed consolidated interim financial report.



CAPE EMS BERHAD

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B7. Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue of RM155,700,000 are expected to be used in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of Listing	Proposed utilisation	Re-allocation	Actual utilisation up to 30.6.2023	Balance unutilised
		RM'000	RM'000	RM'000	RM'000
Construction of New Senai 226 Warehouse and installation of automated storage facilities	Within 48 months	53,105	-	-	53,105
Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	Within 24 months	62,810	-	-	62,810
Installation of energy saving cooling system	Within 24 months	3,688	-	-	3,688
Purchase of new machinery and equipment for die cast manufacturing related services	Within 12 months	4,599	-	(34)	4,565
Working capital	Within 12 months	20,498	1,479 ⁽¹⁾	(12,993)	8,984
Estimated listing expenses	Within 3 months	11,000	(1,479) ⁽¹⁾	(9,521)	-
Total estimated proceeds		155,700	-	(22,548)	133,152

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.

Note:

- (1) The unutilised balance of RM1.5 million allocated for estimated listing expenses were allocated to working capital.



CAPE EMS BERHAD

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B8. Borrowings and Lease Liabilities

	<u>30.6.2023</u> Unaudited RM'000	<u>31.12.2022</u> Audited RM'000
Borrowings		
<i>Secured:</i>		
<u>Current</u>		
Term loans	14,898	6,837
Bank overdrafts	2,983	6,430
Short-term financing	46,429	51,094
	<u>64,310</u>	<u>64,361</u>
<u>Non-current</u>		
Term loans	101,781	74,246
	<u>166,091</u>	<u>138,607</u>
 Borrowings denominated in the following currencies:		
Ringgit Malaysia	132,567	108,825
United States Dollar	33,524	29,782
	<u>166,091</u>	<u>138,607</u>
 Lease liabilities		
Current	4,651	10,126
Non-current	10,495	43,160
	<u>15,146</u>	<u>53,286</u>

B9. Material litigation

The 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 the Group.

B10. Dividends

As of the date of this unaudited condensed consolidated interim financial report, the Company declared a single-tier interim dividend of 0.55 sen per ordinary share in respect of the financial year ending 31 December 2023, amounting to RM5.0 million, to be paid on 29 September 2023 to the shareholders of the Company whose names appear in the Record of Depositors on 18 September 2023.

**CAPE EMS BERHAD**

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B11. Earnings per share (“EPS”)**

The basic and diluted EPS for the current quarter and financial period under review is computed as follows:

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>30.6.2023</u>	<u>30.6.2022⁽³⁾</u>	<u>30.6.2023</u>	<u>30.6.2022⁽³⁾</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit attributable to the owners of the Company	15,162	N/A	23,662	N/A
Weighted average number of ordinary shares in issue (basic) (unit) ⁽¹⁾	923,000	N/A	857,412	N/A
Basic EPS (sen)	<u>1.64</u>	<u>N/A</u>	<u>2.76</u>	<u>N/A</u>

Note:

- ⁽¹⁾ Calculated on the basis of the weighted average of 750,000,000 ordinary shares before listing and 923,000,000 ordinary shares after the listing of Company on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023.
- ⁽²⁾ The Company does not have any dilutive potential ordinary shares as at end of the current quarter and financial period under review.
- ⁽³⁾ There are no comparative figures for the preceding year's corresponding quarter and preceding year's cumulative quarter as the Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023 and as such no interim financial report was prepared for the comparative financial period concerned. This is the Company's third interim financial report announced in compliance with the Listing Requirements.

N/A – Not applicable

**CAPE EMS BERHAD**

(Incorporated in Malaysia)

(Registration No.: 199901026859 (501759 M))

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B12. Profit before tax ⁽¹⁾**

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>30.6.2023</u>	<u>30.6.2022⁽²⁾</u>	<u>30.6.2023</u>	<u>30.6.2022⁽²⁾</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	4,470	N/A	7,625	N/A
Depreciation of right-of-use assets	493	N/A	2,437	N/A
Expenses relating to short-term leases	199	N/A	296	N/A
Finance costs	3,018	N/A	5,712	N/A
Fair value gain on financial assets measured at fair value through profit or loss	(4)	N/A	(4)	N/A
Finance income	(1,267)	N/A	(1,616)	N/A
Foreign exchange (gain)/loss:				
- realised	1,629	N/A	847	N/A
- unrealised	(4,837)	N/A	(4,492)	N/A

Note:

⁽¹⁾ Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

⁽²⁾ There are no comparative figures for the preceding year's corresponding quarter and preceding year's cumulative quarter as the Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023 and as such no interim financial report was prepared for the comparative financial period concerned. This is the Company's third interim financial report announced in compliance with the Listing Requirements.

N/A – Not applicable