



COMPUTER FORMS (MALAYSIA) BERHAD

**INTERIM FINANCIAL REPORT ANNOUNCEMENT TO BURSA
MALAYSIA SECURITIES BERHAD**

AND

**PRESENTATION OF THE UNAUDITED FINANCIAL RESULT
FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2022 TO THE
AUDIT COMMITTEE**

21 NOVEMBER 2022

**INTERIM FINANCIAL REPORT ANNOUNCEMENT
TO BURSA MALAYSIA SECURITIES BERHAD**

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 30 SEPTEMBER 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

(The figures are unaudited)

	Note	Individual Quarter		Cumulative Quarter	
		30 Sep 22 (RM'000)	30 Sep 21 (RM'000)	30 Sep 22 (RM'000)	30 Sep 21 (RM'000)
Continuing Operations:					
Revenue	A8	6,542	6,660	12,927	13,122
Cost of Sales		(6,089)	(5,777)	(11,635)	(11,467)
Gross Profit		453	883	1,292	1,655
Other Income		416	63,156	542	63,178
Administrative Expenses		(1,443)	(1,337)	(2,317)	(1,918)
Selling and Marketing Expenses		(361)	(302)	(692)	(615)
Other Expenses		(177)	(126)	(294)	(252)
(Loss)/ Profit from operations		(1,112)	62,274	(1,469)	62,048
Finance Costs		(64)	(29)	(122)	(84)
(Loss)/ Profit Before Tax	A8	(1,176)	62,245	(1,591)	61,964
Taxation	B6	(48)	(290)	(73)	(290)
(Loss)/ Profit For The Period		(1,224)	61,955	(1,664)	61,674
Other Comprehensive Income		-	-	-	-
Total Comprehensive (Expense)/ Income For The Period		(1,224)	61,955	(1,664)	61,674
(Loss)/ Profit Attributable to:					
Owners of the parent		(1,210)	61,946	(1,642)	61,638
Non- Controlling Interest		(14)	9	(22)	36
		(1,224)	61,955	(1,664)	61,674
Total Comprehensive (Expense)/ Income Attributable to:					
Owners of the parent		(1,210)	61,946	(1,642)	61,638
Non- Controlling Interest		(14)	9	(22)	36
		(1,224)	61,955	(1,664)	61,674
(Loss)/Earnings Per Share - Basic and Diluted (sen)	B11	(0.57)	45.72	(0.79)	69.65

**(THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME SHOULD BE READ IN CONJUNCTION WITH
THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022)**

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

(The figures are unaudited)

	(Unaudited) As At 30 September 22 Note <u>(RM'000)</u>	(Audited) As At 31 March 22 <u>(RM'000)</u>
ASSETS		
<u>Non-Current Assets</u>		
Property, Plant and Equipment	1,755	1,811
Investment Properties	254	288
Right-of-use assets	687	1,062
	<u>2,696</u>	<u>3,161</u>
<u>Current Assets</u>		
Inventories	7,170	7,668
Trade and Other Receivables	44,227	10,231
Tax Recoverable	225	194
Fixed Deposits	40,400	45,293
Cash and Bank Balances	8,352	8,959
	<u>100,374</u>	<u>72,345</u>
Total Assets	<u>103,070</u>	<u>75,506</u>
EQUITY AND LIABILITIES		
<u>Equity Attributable to Owners of The Parent</u>		
Share Capital	69,610	41,000
Retained Earnings	21,033	22,675
	<u>90,643</u>	<u>63,675</u>
Non-Controlling Interest	2,373	2,395
Total Equity	<u>93,016</u>	<u>66,070</u>
<u>Non-Current Liabilities</u>		
Deferred Taxation	98	98
Lease Liabilities	B8 255	255
Total Non-Current Liabilities	<u>353</u>	<u>353</u>
<u>Current Liabilities</u>		
Trade and Other Payables	2,611	2,955
Lease Liabilities	B8 448	821
Short-Term Borrowings	B8 4,204	4,006
Current tax liability	2,438	1,301
Total Current Liabilities	<u>9,701</u>	<u>9,083</u>
Total Liabilities	<u>10,054</u>	<u>9,436</u>
Total Equity and Liabilities	<u>103,070</u>	<u>75,506</u>
Net Assets Per Share (RM)	<u>0.39</u>	<u>0.31</u>

(THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION SHOULD BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022)

COMPUTER FORMS (MALAYSIA) BERHAD
Registration No.: 196101000393 (4423-H)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

(The figures are unaudited)

	<----- Attributable to Owner of the Parent----->			Non- Controlling Interest	Total Equity
	Share Capital (RM'000)	Distributable Retained Earnings (RM'000)	Total (RM'000)		
As at 1 April 2021	41,000	3,990	44,990	2,278	47,268
Total Comprehensive Income For The Period	-	61,638	61,638	36	61,674
Dividend paid	-	(41,000)	(41,000)	-	(41,000)
As at 30 September 2021	<u>41,000</u>	<u>24,628</u>	<u>65,628</u>	<u>2,314</u>	<u>67,942</u>
As at 1 April 2022	41,000	22,675	63,675	2,395	66,070
Issuance Of Ordinary Shares	28,920	-	28,920	-	28,920
Share Issuance Expenses	(310)	-	(310)	-	(310)
Total Comprehensive Expense For The Period	-	(1,642)	(1,642)	(22)	(1,664)
As at 30 September 2022	<u>69,610</u>	<u>21,033</u>	<u>90,643</u>	<u>2,373</u>	<u>93,016</u>

(THE CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022)

INTERIM FINANCIAL REPORT FOR THE SECOND (2nd) QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022
(The figures are unaudited)

	6 months ended 30 Sep 22 (RM'000)	6 months ended 30 Sep 21 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ Profit before tax	(1,591)	61,964
Adjustments for:		
Depreciation	711	472
Interest income	(352)	(14)
Interest expense	122	84
Other non-cash/non-operational items	(76)	(11)
Gain on disposal of properties	-	(63,147)
Operating loss before working capital changes	<u>(1,186)</u>	<u>(652)</u>
Working capital changes:		
Inventories	497	(402)
Receivables	(33,996)	(355)
Payables	(344)	-865
Cash outflows from operations	<u>(35,029)</u>	<u>(2,274)</u>
Tax refunded/(paid)	1,108	(2,825)
Interest paid	(122)	(84)
Interest received	352	14
Net cash outflows from operating activities	<u>(33,691)</u>	<u>(5,169)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(246)	(14)
Proceeds from disposal of properties	-	91,100
Net cash (outflow)/inflow from investing activities	<u>(246)</u>	<u>91,086</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(373)	(42)
Proceeds from issuance of ordinary shares	28,920	-
Share issuance expenses	(310)	-
(Repayment)/Proceeds from short term borrowings	(90)	489
Increase in fixed deposit pledged with bank	(78)	(1,582)
Dividend paid	-	(41,000)
Net cash inflows/(outflows) from financing activities	<u>28,069</u>	<u>(42,135)</u>
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	(5,868)	43,782
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>49,872</u>	<u>4,182</u>
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>44,004</u>	<u>47,964</u>

Cash and cash equivalents at end of the financial period comprise of the following:

	As at 30 Sep 22 (RM'000)	As at 30 Sep 21 (RM'000)
Cash and bank balances	8,352	38,852
Fixed deposits	40,400	13,557
Bank overdrafts (included within short term borrowings)	(2,046)	(1,888)
	<u>46,706</u>	<u>50,521</u>
Less Fixed deposit pledged to bank	(2,702)	(2,557)
	<u>44,004</u>	<u>47,964</u>

(THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022)

COMPUTER FORMS (MALAYSIA) BERHAD
Registration No.: 196101000393 (4423-H)
NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND (2nd) QUARTER ENDED 30 SEPTEMBER 2022

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rules 9.22(2), 9.44(2) and 9.54(2) and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirement”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2022. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

Adoption of new and amended standard

During the financial period, the Group has adopted the following amendments for MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial period.

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract
Annual improvements to MFRS Standards 2018-2020:-	
-Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
-Amendments to MFRS 9	Financial Instruments
-Amendments to MFRS 16	Illustrative Examples accompanying MFRS 16
	Lease
-Amendments to MFRS 141	Agriculture

Adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group.

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Standards issued but not yet effective

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the MASB as they have yet to be effective for the Group.

MFRSs and IC Interpretations (Including The Consequential Amendments)		Effective dates for financial period beginning on and after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A2. Explanatory Comments about the Seasonality or Cyclicity of Interim Operations

The operations of the Group are not significantly affected by seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash flows

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence.

A4. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that had a material effect on the current financial quarter and financial period to date.

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A5. Auditors' report of preceding annual audited financial statements

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

A6. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities.

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities in the current financial quarter and financial period to date, except for additional issuance of 30,000,000 new ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad in September 2022 via private placement as disclosed in the Note B7(I).

A7. Dividends Paid

No dividend was paid during the current quarter under review.

A8. Operating Segmental Information

The Group's reportable segments comprise of business forms and data print services, commercial printing, flexible packaging and others.

For each reportable segment, the Group's chief operating decision makers which is the Board of Directors of the Company, reviews internal management reports on quarterly basis.

	Business Forms and Data Print Services RM'000	Commercial Printing RM'000	Flexible Packaging RM'000	Others/ Elimination RM'000	Consolidated RM'000
<u>Current Quarter</u>					
30 Sep 2022					
Revenue					
External revenue	3,066	156	3,320	-	6,542
Inter-segment revenue	56	25	14	(95)	-
Total revenue	<u>3,122</u>	<u>181</u>	<u>3,334</u>	<u>(95)</u>	<u>6,542</u>
Results					
Other income	11	53	196	156	416
Loss from operations	(900)	(20)	(561)	(47)	(1,528)
Finance costs	(13)	-	(51)	-	(64)
Loss before tax					<u>(1,176)</u>
Taxation					<u>(48)</u>
Loss for the period					<u>(1,224)</u>

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	Business Forms and Data Print Services RM'000	Commercial Printing RM'000	Flexible Packaging RM'000	Others/ Elimination RM'000	Consolidated RM'000
Current Quarter					
30 Sep 2021					
Revenue					
External revenue	2,659	387	3,179	435	6,660
Inter-segment revenue	494	-	20	(514)	-
Total revenue	3,153	387	3,199	(79)	6,660

Results

Other income	37,804	7,884	2	17,466	63,156
(Loss)/Profit from operations	(567)	38	(269)	(84)	(882)
Finance costs	3	-	(32)	-	(29)
Profit before tax					62,245
Taxation					(290)
Profit for the period					61,955

	Business Forms and Data Print Services RM'000	Commercial Printing RM'000	Flexible Packaging RM'000	Others/ Elimination RM'000	Consolidated RM'000
Cumulative Quarter					
30 Sep 2022					
Revenue					
External revenue	6,228	308	6,391	-	12,927
Inter-segment revenue	117	32	42	(191)	-
Total revenue	6,345	340	6,433	(191)	12,927

Results

Other income	17	102	208	215	542
(Loss)/Profit from operations	(1,184)	10	(781)	(56)	(2,011)
Finance costs	(25)	-	(97)	-	(122)
Loss before tax					(1,591)
Taxation					(73)
Loss for the period					(1,664)

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	Business Forms and Data Print Services RM'000	Commercial Printing RM'000	Flexible Packaging RM'000	Others/ Elimination RM'000	Consolidated RM'000
<u>Cumulative Quarter</u>					
30 Sep 2021					
Revenue					
External revenue	5,750	646	6,287	439	13,122
Inter-segment revenue	535	26	24	(585)	-
Total revenue	<u>6,285</u>	<u>672</u>	<u>6,311</u>	<u>(146)</u>	<u>13,122</u>
Results					
Other income	37,807	7,902	3	17,466	63,178
Loss from operations	(531)	61	(528)	(132)	(1,130)
Finance costs	(14)	-	(70)	-	(84)
Profit before tax					<u>61,964</u>
Taxation					<u>(290)</u>
Profit for the period					<u>61,674</u>

A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment were brought forward without any amendment from the previous audited financial statements.

A10. Material Subsequent Events

There were no material events subsequent to the end of the current quarter and financial period to date that have not been reflected in the financial statements for the interim period, except for there were 26,000,000 new ordinary shares, being the second tranche of the Placement Shares for the Private Placement have been listed on the Main Market of Bursa Securities at RM1.0950 per share dated 7 October 2022.

A11. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the interim period, including business combinations, disposal of subsidiaries and long-term investments, restructurings and discontinued operations.

A12. Capital Commitments

There were no material capital commitments not recognised in the interim financial statements.

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A13. Contingent liabilities and contingent assets

Since the last annual balance sheet date, there were no contingent liabilities and contingent assets as at the date of this interim financial report that are expected to have an operational or financial impact on the current financial period to date.

A14. Significant Related Party Transactions

There were no significant related party transactions in the current period and financial period to date.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance of Operating Segments

	Individual Quarter (Unaudited) 30 Sep 2022 RM'000	(Unaudited) 30 Sep 2021 RM'000	Changes (RM'000 / %)
Revenue	6,542	6,660	(118)/ (1.77%)
Operating loss	(1,528)	(882)	(646)/ (73.24%)
(Loss)/Profit before interest and tax	(1,112)	62,274	(63,386)/ (101.79%)
(Loss)/Profit before tax	(1,176)	62,245	(63,421)/ (101.89%)
(Loss)/Profit after tax	(1,224)	61,955	(63,179)/ (101.98%)
(Loss)/Profit attributable to owners of the Company	(1,210)	61,946	(63,156)/ (101.95%)

Current Quarter (3 months)

For the current quarter ended 30 September 2022, the Group recorded revenue of RM6.54 million as compared to RM6.66 million in the corresponding quarter, a decrease of RM0.12 million or 1.77%. The lower revenue was mainly due to the decrease in revenue contribution from commercial printing business segment and business forms and data print services business segment.

The Group recorded loss before tax of RM1.18 million in current quarter as compared to profit before tax of RM62.25 million in the corresponding quarter, a decrease of RM63.42 million or 101.89%.

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Business Forms and Data Print Services

The revenue of this segment contributed RM3.12 million in the current quarter. It was 1.00% lower as compared with the corresponding quarter. This decrease was mainly due to lesser services orders of security products such as cheques.

The segment reported a loss before tax for the current quarter of RM0.90 million which was 60.58% higher as compared with the corresponding quarter. The higher losses was mainly due to increase in trade event expenses, staff costs, depreciation of right-of-use assets, upkeep of factory and upkeep of plant & machinery incurred in the current quarter ended 30 September 2022.

Commercial Printing

The revenue of this segment contributed RM0.18 million in the current quarter. It was 53.16% lower as compared with the corresponding quarter. The decrease was due to lesser service orders of paper products especially in printing of cigarette papers.

The profit before tax for the current quarter was RM0.03 million. It was 99.58% lower as compared with the corresponding quarter. The lower profit before tax was mainly due to in the absence of non-recurring gain on disposal of properties in the current quarter as it had been recognized in corresponding quarter as well as higher labour costs incurred in current quarter.

Flexible Packaging

This segment registered a revenue of RM3.33 million in the current quarter. It was 4.25% higher as compared with the corresponding quarter. The higher revenue was due to more service orders secured from customers.

A loss before tax for the current quarter was RM0.42 million. It was 38.98% higher as compared with the corresponding quarter. The higher losses was mainly due to higher labour costs, depreciation of right-of-use asset, upkeep of factory, upkeep of plant & machinery and finance costs incurred in the current quarter.

Cumulative Quarter (6 months)

	Cumulative Quarter (Unaudited) 30 Sep 2022 RM'000	Cumulative Quarter (Unaudited) 30 Sep 2021 RM'000	Changes (RM'000 / %)
Revenue	12,927	13,122	(195)/ (1.49%)
Operating loss	(2,011)	(1,130)	(881)/ (77.96%)
(Loss)/Profit before interest and tax	(1,469)	62,048	(63,517)/ (102.37%)
(Loss)/Profit before tax	(1,591)	61,964	(63,555)/ (102.57%)
(Loss)/Profit after tax	(1,664)	61,674	(63,338)/ (102.70%)
(Loss)/Profit attributable to owners of the Company	(1,642)	61,638	(63,280)/ (102.66%)

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For the cumulative quarter ended 30 September 2022, the Group recorded revenue of RM12.93 million as compared to RM13.12 million in the corresponding cumulative quarter, a decrease of RM0.20 million or 1.49%. The lower revenue was mainly due to the decrease in revenue contribution from commercial printing business segment.

The Group recorded loss before tax of RM1.59 million in current cumulative quarter as compared to profit before tax of RM61.96 million in the corresponding cumulative quarter, a decrease of RM63.56 million or 102.57%.

Business Forms and Data Print Services

The revenue of this segment contributed RM6.35 million in the current cumulative quarter. It was 0.95% higher as compared with the corresponding cumulative quarter. The increase was mainly attributable to higher sales of security products such as cheques.

This segment reported a loss before tax for the current cumulative quarter of RM1.19 million which was 121.30% higher as compared with the corresponding cumulative quarter. The higher losses was mainly due to increase in trade event expenses, staff costs, depreciation of right-of-use assets, upkeep of factory and upkeep of plant & machinery incurred in the current cumulative quarter ended 30 September 2022.

Commercial Printing

The revenue of this segment contributed RM0.34 million in the current cumulative quarter. It was 49.44% lower as compared with the corresponding cumulative quarter. The decrease was due to lower sales of paper products which caused by lesser consumption demand of cigarette papers in the current global economic downturn and inflated economic environment.

The profit before tax for the cumulative quarter was RM0.11 million. It was 98.59% lower as compared with the corresponding cumulative quarter. The lower profit before tax was due to in the absence of non-recurring gain on disposal of properties in the current cumulative quarter as it had been recognised in corresponding cumulative quarter as well as higher labour costs incurred in current cumulative quarter.

Flexible Packaging

This segment registered a revenue of RM6.43 million in the current cumulative quarter. It was 1.93% higher as compared with the corresponding cumulative quarter. The increase was due to more service orders secured from customers.

A loss before tax for the cumulative quarter was RM0.67 million. It was 12.65% higher as compared with the corresponding cumulative quarter. The higher losses recorded in the current cumulative quarter was mainly due to higher labour costs, depreciation of right-of-use asset, upkeep of factory, upkeep of plant & machinery and finance costs incurred in the current cumulative quarter.

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B2. Comparison with Immediate Preceding Quarter's results

	<----- Quarter ended ----->			
	(Unaudited)	(Unaudited)		
	30 Sep 2022	30 June 2022	Changes	Changes
	RM'000	RM'000	RM'000	%
Revenue	6,542	6,385	157	2.46
Operating loss	(1,528)	(184)	(1,344)	(730.43)
Loss before interest and tax	(1,112)	(357)	(755)	(211.48)
Loss before tax	(1,176)	(415)	(761)	(183.37)
Loss after tax	(1,224)	(440)	(784)	(178.18)
Loss attributable to owners of the Company	(1,210)	(432)	(778)	(180.09)

For the current quarter ended 30 September 2022, the Group recorded revenue of RM6.54 million and loss before tax of RM1.18 million as compared to revenue of RM6.39 million and loss before tax of RM0.42 million registered in the immediate preceding quarter ended 30 June 2022.

The revenue in the current quarter was 2.46% higher than revenue registered in the immediate preceding quarter. The improvement in revenue was mainly due to higher revenue reported by our flexible packaging business segment. The loss before tax reported in the current quarter was mainly due to increase in labour costs, trade event expenses, upkeep of factory and upkeep of plant & machinery.

B3. Prospects

The Management expects performance in the next financial quarters to remain sluggish in view of the weaker demand and challenging economic environment caused by rising raw material prices, higher oil prices and the stronger US dollar.

The Group has carried out some positive strategies as below to mitigate the above risks:

(a) Penetrate into electric vehicle industry

CFM had on 26 September 2022 entered into the Heads of Agreement with EA Mobility Holding Co. Ltd. The Group recognises that new opportunities emerge in the electric vehicle industry. The Proposed Joint Venture will allow the Group to diversify into the electric vehicle industry which is expected to provide sustainable income stream in addition to the Group's current income stream.

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The electric vehicle market in Malaysia is estimated to expand. One of the major determinants for the surging growth in coming years is attributed to the government initiatives and policies supporting the electric vehicle industry such as exemption of import duty, excise and sales tax for electric vehicles till 2023 and 2025 respectively. In addition, personal tax relief of up to RM2,500 for the costs of the purchase, installation, rental, and subscription fees for electric vehicle charging facilities for income tax assessment years 2022 and 2023 will catalyze the growth of the industry.

(b) Relocation of factories and upgrade of machineries

The Group needs to acquire 2 factory buildings and to relocate its operations to avoid interruption of company business. The Group needs to invest new machineries and equipment (printing machine, laminator machine, extruder, slitter machine and bag making machine) to enhance production packaging business as most of the existing equipment and machineries are more than 20 years old.

B4. Statement of the Board of Directors' Opinion as to whether Revenue or Profit Estimate, Forecast, Projection or Internal Targets are likely to be achieved.

Not applicable as the Group has not announced or disclosed in a public document any revenue or profit estimate, forecast, projection or internal targets.

B5. Variance of Profit Forecast and Profit Guarantees

Not applicable as the Group has not disclosed any profit forecasts or made any profit guarantees.

B6. Taxation

	Individual Quarter Ended		Cumulative Quarter Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 June	30 Sep	30 June	30 Sep
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
current financial period	48	290	73	290
Total tax expense	48	290	73	290

The effective tax rate of the Group for the current quarter and financial period to date is higher than the statutory tax rate mainly due to there were certain non-tax deductible expenses in the financial report.

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B7. Status of Corporate Proposals

(I) Status of corporate proposals announced but not completed

Multiple Proposals

On 21 June 2022, the Company (“CFM”) announced the following proposals-

- (i) Proposed private placement of up to 61,500,000 new ordinary shares in the CFM, representing up to 30% of the total number of issued shares of CFM to independent third-party investors to be identified later and at an issue price to be determined later. (“**Proposed Private Placement**”);
- (ii) Proposed bonus issue of up to 133,250,000 warrants in CFM (“**Warrants**”) on the basis of 1 Warrant for every 2 ordinary shares in CFM held on an entitlement date to be determined and announced later (“**Proposed Bonus Issue of Warrants**”); and
- (iii) Proposed establishment of a share issuance scheme of up to 15% of the total number of issued shares of CFM (excluding treasury shares, if any) to the eligible directors and eligible employees of CFM and its subsidiaries (“**Proposed SIS**”).

The above proposals were approved by the shareholders of the Company at an Extraordinary General Meeting held on 1st August 2022.

On 7 September 2022, 30,000,000 new ordinary shares being the first tranche of the Placement Shares for the Private Placement have been listed on the Main Market of Bursa Securities at RM0.9640 per share.

On 7 October 2022, there were 26,000,000 new ordinary shares being the second tranche of the Placement Shares for the Private Placement have been listed on the Main Market of Bursa Securities at RM1.0950 per share.

The remaining proposals mentioned above are pending completion.

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(II) Status of utilisation of proceeds raised from corporate proposals

- a) The Company has used the proceeds from the sale of lands in 2021 in the following manner:-

Utilisation of proceeds	Intended timeframe for utilisation from 15 September 2021	Actual proceeds raised (RM'000)	Actual utilisation up to 14/11/2022 (RM'000)	Balance available for utilisation (RM'000)
(i) Rental payments	Within 24 months	2,659	(1,509)	1,150
(ii) Special interim dividend	Within 1 month from completion of Proposed Disposal of Lot 1	41,000	(41,000)	-
(iii) Repayment of borrowings	Within 1 month from completion of Proposed Disposal of Lot 1	3,624	(3,624)	-
(iv) Estimated expenses	Immediate	500	(500)	-
(v) Working capital	Within 24 months	43,317	(2,219)	41,098
Total		91,100	(48,852)	42,248

There was no deviation between the approved utilization amount and actual utilized amount.

- b) The Company has used the proceeds from the Private Placement in the following manner:-

Utilisation of proceeds	Intended timeframe for utilisation from 07 September 2022	Actual proceeds raised (RM'000)	Actual utilisation up to 14/11/2022 (RM'000)	Balance available for utilisation (RM'000)
(i) Capital expenditure of the Group	Within 18 months	28,058	(28,058)	-
(ii) Estimated expenses for the Proposals	Immediate	862	(862)	-
Total		28,920	(28,920)	-

There was no deviation between the approved utilization amount and actual utilized amount.

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B8. Borrowings and Debt Securities

The Group's borrowings, all repayable in Ringgit Malaysia and secured, as at the end of the quarter under review are as follows:

	As at 30 Sep 2022		Total RM'000
	Long term RM'000	Short term RM'000	
Secured			
(i) Bank borrowings			
Banker acceptances	-	2,158	2,158
Bank overdraft	-	2,046	2,046
	-	4,204	4,204
(ii) Lease liabilities	255	448	703
Grand total	255	4,652	4,907

The Group does not have any foreign currency denomination bank borrowings and debt securities as at the current reporting period.

B9. Changes in Material Litigation

As at 14 November 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), the Group is not involved in any litigations or arbitrations, either as a defendant or plaintiff, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

B10. Dividend Proposed/Declared

There was no dividend proposed/declared for the current financial period under review.

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B11. (Loss)/Earnings Per Share

Basic and Diluted (Loss)/Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 30 Sep 22	(Unaudited) 30 Sep 21	(Unaudited) 30 Sep 22	(Unaudited) 30 Sep 21
(Loss)/Profit attributable to owners of the Company (RM'000)	(1,210)	61,946	(1,642)	61,638
Weighted average number of shares in issue ('000)	212,826	135,478	208,934	88,497
Basic ⁽¹⁾ / Diluted ⁽²⁾ (Loss)/Earnings per share (sen)	(0.57)	45.72	(0.79)	69.65

Notes:

- (1) Basic (loss)/earnings per share for the quarter and cumulative quarter is calculated based on the net (loss)/profit attributable to owners of the Company divided by the weighted average number of ordinary shares for the quarter and cumulative quarter respectively.
- (2) Diluted (loss)/earnings per share of the Company for the current quarter and cumulative quarter is equivalent to the basic (loss)/earnings per share as the Company does not have convertible options as at the end of the reporting period.

B12. Financial Instruments

- (a) Derivatives
There were no outstanding derivatives as at 30 September 2022.
- (b) Gain/(Loss) arising from fair value changes in financial liabilities
There were no gain/(loss) arising from fair value changes in financial liabilities during the current quarter and period to date.

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B13. Disclosure on selected expense/ (income) items as required by the Listing Requirements

	Current Quarter ended 30 Sep 22 RM'000	Cumulative Quarter 30 Sep 22 RM'000
a) Interest income	(228)	(352)
b) Other income (exclude interest income)	(189)	(191)
c) Interest expense	64	122
d) Depreciation	167	711
e) Provision for and write off of receivables	-	-
f) Provision for and write off of inventories	-	-
g) Gain and loss on disposal of quoted and unquoted investments or properties	-	-
h) Impairment of assets	-	-
i) Foreign exchange (gain)/loss	-	-
j) Gain or loss on derivatives	-	-
k) Exceptional items	-	-

BY ORDER OF THE BOARD
21 November 2022