



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

INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 JUNE 2024

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 ⁽¹⁾

	Note	<u>30.6.2024</u> Unaudited RM'000	<u>31.12.2023</u> Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		240,459	239,438
Goodwill on acquisition	A13	86,170	6,244
Total non-current assets		<u>326,629</u>	<u>245,682</u>
Current assets			
Inventories		78,328	65,503
Trade receivables		249,852	177,584
Other receivables		56,550	74,731
Current tax assets		4	572
Fixed deposits with licensed banks		29,147	31,180
Other investments		103,458	101,832
Cash and bank balances		61,995	76,589
Total current assets		<u>579,334</u>	<u>527,991</u>
Total assets		<u><u>905,963</u></u>	<u><u>773,673</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital ⁽²⁾		324,021	324,021
Exchange translation reserve		2,062	1,217
Revaluation reserve		26,354	26,650
Retained profits		119,059	103,301
Total equity attributable to owners of the Company		471,496	455,189
Non-controlling interests		929	(33)
Total equity		<u>472,425</u>	<u>455,156</u>
Liabilities			
Non-current liabilities			
Lease liabilities	B8	10,828	9,204
Loans and borrowings	B8	95,092	100,905
Deferred tax liabilities		13,924	14,018
Total non-current liabilities		<u>119,844</u>	<u>124,127</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 ⁽³⁾ (CONT'D)

		<u>30.6.2024</u>	<u>31.12.2023</u>
		Unaudited	Audited
	Note	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)			
Liabilities (Cont'd)			
Current liabilities			
Trade payables		138,667	102,531
Other payables		47,373	17,681
Amount due to related party		48	74
Lease liabilities	B8	4,564	4,810
Loans and borrowings	B8	114,131	63,628
Current tax liabilities		8,911	5,666
		<hr/>	<hr/>
Total current liabilities		313,694	194,390
		<hr/>	<hr/>
Total liabilities		433,538	318,517
		<hr/>	<hr/>
Total equity and liabilities		905,963	773,673
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to owners of the Company (RM) ⁽³⁾		0.48	0.46
		<hr/> <hr/>	<hr/> <hr/>

Note:

- (1) 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 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.
- (2) Based on 992,000,000 ordinary shares in issue as at 31 December 2023 and 30 June 2024 respectively.
- (3) 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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 ⁽¹⁾**

	Note	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
		<u>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>30.6.2023</u>
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	A11	166,566	121,778	321,049	259,127
Cost of sales		<u>(140,515)</u>	<u>(100,130)</u>	<u>(270,916)</u>	<u>(215,930)</u>
Gross profit		26,051	21,648	50,133	43,197
Other income		1,781	3,668	5,972	4,552
Finance income		595	1,267	1,453	1,616
Administration expenses		(10,754)	(4,925)	(18,773)	(12,692)
Distribution costs		(797)	120	(1,327)	(277)
Other expenses		(2,286)	(486)	(2,286)	(847)
Finance costs		<u>(2,431)</u>	<u>(3,018)</u>	<u>(4,955)</u>	<u>(5,712)</u>
Profit before tax		12,159	18,274	30,217	29,837
Income tax expense	B5	<u>(3,001)</u>	<u>(3,112)</u>	<u>(7,595)</u>	<u>(6,175)</u>
Profit for the financial period		<u>9,158</u>	<u>15,162</u>	<u>22,622</u>	<u>23,662</u>
Other comprehensive (loss)/ income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Realisation of revaluation reserve upon depreciation of revalued assets		148	136	296	269
Transfer of revaluation reserve to retained profits		(148)	(136)	(296)	(269)
Foreign currency translation differences for foreign operation, net of tax		<u>(13)</u>	<u>1,524</u>	<u>845</u>	<u>1,649</u>
Other comprehensive (loss)/ income for the financial period		<u>(13)</u>	<u>1,524</u>	<u>845</u>	<u>1,649</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 ⁽¹⁾ (CONT'D)**

	Note	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
		<u>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>30.6.2023</u>
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Total comprehensive income for the financial period		<u>9,145</u>	<u>16,686</u>	<u>23,467</u>	<u>25,311</u>
Profit attributable to:-					
Owners of the Company		8,703	15,162	22,108	23,662
Non-controlling interests		<u>455</u>	<u>-</u>	<u>514</u>	<u>-</u>
Profit for the financial period		<u>9,158</u>	<u>15,162</u>	<u>22,622</u>	<u>23,662</u>
Total comprehensive income attributable to:-					
Owners of the Company		8,690	16,686	22,953	25,311
Non-controlling interests		<u>455</u>	<u>-</u>	<u>514</u>	<u>-</u>
Total comprehensive income for the financial period		<u>9,145</u>	<u>16,686</u>	<u>23,467</u>	<u>25,311</u>
Earnings per share					
- Basic (sen)	B11	<u>0.88</u>	<u>1.64</u>	<u>2.23</u>	<u>2.76</u>
- Diluted (sen)		<u>0.88</u>	<u>1.64</u>	<u>2.23</u>	<u>2.76</u>

Note:

⁽¹⁾ 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 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 ⁽¹⁾**

	← Attributable to owners of the Company →				Total equity
	Share capital	Exchange translation reserve	Revaluation reserve	Retained profits	
Unaudited	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2023	100,000	420	25,683	68,922	195,025
Transaction with owners:					
Shares 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
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	(269)	269	-
Other comprehensive income for the financial period	-	1,649	-	-	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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 ⁽¹⁾ (CONT'D)**

	← Attributable to owners of the Company →				Total	Non-controlling interests	Total equity
	Share capital	Exchange translation reserve	Revaluation reserve	Retained profits			
Unaudited	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2024	324,021	1,217	26,650	103,301	455,189	(33)	455,156
Transaction with owners:							
Acquisition of subsidiary	-	-	-	-	-	448	448
Dividends	-	-	-	(6,646)	(6,646)	-	(6,646)
Total transaction with owners	-	-	-	(6,646)	(6,646)	448	(6,198)
Profit for the financial period	-	-	-	22,108	22,108	514	22,622
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	(296)	296	-	-	-
Other comprehensive income for the financial period	-	845	-	-	845	-	845
Total comprehensive income for the financial period	-	845	(296)	22,404	22,953	514	23,467
Balance at 30 June 2024	324,021	2,062	26,354	119,059	471,496	929	472,425

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 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 ⁽¹⁾**

	6 months ended	
	<u>30.6.2024</u> Unaudited RM'000	<u>30.6.2023</u> Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax	30,217	29,837
Adjustments for:-		
Depreciation of property, plant and equipment	8,840	7,625
Depreciation of right-of-use assets	2,821	2,437
Fair value gain on financial assets measured at fair value through profit or loss ("FVTPL")	(1,021)	(4)
Impairment loss on trade receivables	2,213	-
Interest expense	4,651	4,622
Interest income	(1,453)	(1,616)
Lease liabilities interest expense	304	1,090
Unrealised gain on foreign exchange	(4,895)	(4,493)
Operating profit before working capital changes	41,677	39,498
Changes in working capital:-		
Inventories	(5,615)	(6,490)
Receivables	(71,114)	(102,114)
Payables	41,529	72,910
Related parties	(26)	(11)
Cash flows generated from operations	6,451	3,793
Tax paid	(4,197)	(2,299)
Net cash flows from operating activities	2,254	1,494
INVESTING ACTIVITIES		
Interest received	1,453	1,571
Purchase of property, plant and equipment	(18,947)	(5,705)
Acquisition of subsidiary	(22,610)	-
Fair value gain on financial assets measured at FVTPL	1,021	-
Net cash flows used in investing activities	(39,083)	(4,134)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 ⁽¹⁾ (CONT'D)**

	6 months ended	
	<u>30.6.2024</u>	<u>30.6.2023</u>
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Dividends paid	(5,456)	-
Interest paid	(4,651)	(4,622)
Proceeds from issuance of share capital	-	150,974
Lease liabilities interest paid	(304)	(1,090)
Net short-term borrowings	51,337	(7,395)
Placement of a fixed deposit pledged to a licensed bank	(25,628)	(2,223)
Repayment of term loans	(13,295)	(4,184)
Repayment of lease liabilities - principal portion	(3,488)	(3,069)
	<hr/>	<hr/>
Net cash flows (used in) / from financing activities	(1,485)	128,391
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS		
Net changes	(38,314)	125,751
Effect of exchange rate changes	(2,391)	2,961
At beginning of period	202,926	25,665
	<hr/>	<hr/>
At end of period	162,221	154,377
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	61,995	137,342
Fixed deposits with licensed banks	29,147	11,508
Other investments	103,458	20,018
Bank overdrafts	(2,809)	(2,983)
	<hr/>	<hr/>
	191,791	165,885
Less: Fixed deposits with licensed banks pledged to banks	(29,147)	(11,508)
Less: Secured bank guarantee	(423)	-
	<hr/>	<hr/>
	162,221	154,377
	<hr/>	<hr/>

Note:

- (1) 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 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.



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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 34: *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 2023 and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

A2. Material 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 2023, except for the adoption of the following new accounting standards, interpretations and amendments issued by Malaysian Accounting Standards Board (“MASB”).

Amendments to MFRS adopted during the financial period

The Group has applied the following new standards/amendments/improvements to MFRSs which are mandatory for the financial periods 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: Disclosures – Supplier Finance Arrangements

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



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

A2. Material Accounting Policies (Cont'd)

MFRS and amendments to MFRS

The following are MFRS and 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 MFRS and 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 2025

- Amendments to MFRS 121 – The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

(b) Effective for period beginning on or after 1 January 2027

- MFRS 18 – Presentation and Disclosure in Financial Statements
- MFRS 19 – Subsidiaries without Public Accountability: Disclosures

(c) 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 MFRS and amendments to be published standards is not expected to have any material impact on the financial statements of the Group, except for:

MFRS 18 – Presentation and Disclosure in Financial Statements

On 14 June 2024, MASB issued new standard MFRS 18 which replaces MFRS 101, MFRS 18 continues the general requirements from MFRS 101, enhancing guidance for grouping information through aggregation and disaggregation across all primary financial statements and notes. The standard provides structured summaries of assets, liabilities, equity, income, expenses, and cash flows.

In the statement of profit or loss, MFRS 18 introduces two new defined subtotals: operating profit and profit before financing and income taxes. Additionally, it categorises income and expenses into operating, investing, financing, income taxes and discontinued operations.

Limited changes are introduced to specific requirements for the statement of cash flows and the statement of financial position. There are no changes to the specific requirements for the statement of comprehensive income and the statement of changes in equity.

The notes to the financial statements will include material information that supplements the primary financial statements, with new and amended disclosures such as management-defined performance measures and specified expenses by nature. The information presented in the primary financial statements and notes will be clearly linked to ensure consistency and transparency.



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

A2. Material Accounting Policies (Cont'd)

MFRS 18 – Presentation and Disclosure in Financial Statements (Cont'd)

MFRS 18 must be applied retrospectively and are applicable for annual period beginning on or after 1 January 2027 with earlier application permitted.

The Group is currently assessing the impact of the MFRSs to determine the impact they will have on the Group's financial statement's disclosures.

A3. Auditors' Report

The audited consolidated financial statements of the Group for the financial year ended 31 December 2023 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.

A7. Debt and Equity Securities

There was no issuance and repayment of debts and equity securities during the current quarter and financial period under review.

A8. Dividends Paid

On 20 November 2023, the Company declared a second interim single-tier dividend of 0.55 sen per ordinary share in respect of the financial year ended 31 December 2023, amounting to RM5.5 million, which was paid on 2 February 2024 to the shareholders of the Company whose names appear in the Record of Depositors on 19 January 2024. The dividend was accounted for in equity as an appropriation of retained profits in the preceding quarter.

On 21 May 2024, the Company declared a first single-tier interim dividend of 0.67 sen per ordinary share in respect of the financial year ending 31 December 2024, amounting to RM6.7 million, which was paid on 15 August 2024 to the shareholders of the Company whose names appear in the Record of Depositors on 29 July 2024. The dividend would be accounted for in equity as an appropriation of retained profits in the next quarter.



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

A9. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM18.95 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

Saved as disclosed in Note B12, there were no other 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.

Revenue segmented by geographical markets

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>30.6.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Asia	66,200	47,319	131,397	117,071
Americas	98,643	69,026	186,245	135,008
Europe	<u>1,723</u>	<u>5,433</u>	<u>3,407</u>	<u>7,048</u>
	<u>166,566</u>	<u>121,778</u>	<u>321,049</u>	<u>259,127</u>

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

There were no material events subsequent to the end of the current financial period under review that have not been reflected in this condensed consolidated interim financial report.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)**A13. Changes in the Composition of the Group**

On 26 January 2024, the Group acquired 100% of the issued share capital and voting rights of iConn Inc. ("iConn"), a company incorporated and based in United States of America for a total consideration of USD 16.5 million (approximately RM76.6 million).

The acquisition of iConn, which specialises in virtual manufacturing services such as design for manufacturing, engineering, and sourcing, complements and enhances Group's EMS operations. This integration broadens the Group's service offerings and is expected to strengthen Group's market position by increasing attractiveness to current and prospective customers.

As of the financial period under review, the measurement of the fair value of identifiable assets acquired and liabilities assumed is ongoing. Therefore, the allocation of purchase price was based upon a preliminary valuation, and the estimates and assumptions used are subject to change within the one-year measurement period.

Summary of effects of the acquisition on the statement of financial position of the Group is illustrated as follows:

The provisional fair values of the identifiable assets and liabilities relating to acquisition:	Total fair value recognized on acquisition of iConn RM'000
Assets	
Property, plant and equipment	374
Right-of-use assets	3,312
Inventories	7,210
Trade and other receivables	16,990
Cash and cash equivalents	1,908
Total assets	29,794
Liabilities	
Trade and other payables	(27,164)
Lease liabilities	(3,406)
Loans and borrowings	(2,489)
Other non-current liabilities	(1,285)
Current tax liabilities	(878)
Total liabilities	(35,222)
Total identifiable net liabilities acquired	(5,428)
Goodwill on acquisition	79,926
Purchase consideration	74,498
Purchase consideration	74,498
Deposit paid in FYE2023	(49,980)
Cash and cash equivalents acquired	(1,908)
Net cash outflow on acquisition	22,610



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

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 2023.

A15. Commitments

	<u>30.6.2024</u> Unaudited RM'000	<u>31.12.2023</u> Audited RM'000
Authorised and contracted for:		
Equipment, furniture and fittings	1,373	227
Motor vehicle	-	302
Plant and machinery	1,733	722
Renovation and electrical installation	<u>5,525</u>	<u>3,850</u>
	<u>8,631</u>	<u>5,101</u>

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.

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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>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>30.6.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	166,566	121,778	321,049	259,127
Profit before tax ("PBT")	12,159	18,274	30,217	29,837
Profit after tax ("PAT")	<u>9,158</u>	<u>15,162</u>	<u>22,622</u>	<u>23,662</u>

The Group achieved a revenue of RM166.6 million for the current quarter and RM321.0 million for the financial period-to-date. The Group's increased revenue in the current quarter and the financial period-to-date was mainly attributable to the increase of revenue from the Group's EMS segment for both industrial and consumer electronic products, particularly in wireless communication equipment, electronic cigarettes, light electric vehicle and revenue from the newly acquired subsidiary.

The Group's PBT decreased by RM6.1 million or 33.5% in the current quarter and increased by RM0.4 million or 1.3% in the financial period-to-date. This decrease in the current quarter was mainly due to a reduced gross profit margin, impacted by the exclusion of sales from thermal energy device and increased freight costs. Additionally, the decrease in PBT in the current quarter was further contributed by the higher administrative expenses deriving from the professional fee and stamp duty for the new banking facilities of RM0.9 million as well as the impairment loss on trade receivables of RM2.2 million.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B2. Comparison with Immediate Preceding Quarter (Q1'24 vs Q2'24)**

	Individual quarter		Variance (%)
	3 months ended		
	<u>30.6.2024</u>	<u>31.3.2024</u>	
	Unaudited	Unaudited	
	RM'000	RM'000	
Revenue	166,566	154,483	7.8
Profit before tax ("PBT")	12,159	18,058	(32.7)
Profit after tax ("PAT")	<u>9,158</u>	<u>13,464</u>	<u>(32.0)</u>

The Group's revenue increased by RM12.1 million or 7.8%, from RM154.5 million in the preceding quarter to RM166.6 million in the current quarter. The increase was attributed to an increase in revenue arising from industrial electronic products, particularly in wireless communication equipment and revenue from the newly acquired subsidiary.

The reduction in the gross profit margin from 16.6% in the preceding quarter to 15.6% in the current quarter was mainly due to the exclusion of sales of thermal energy device and increased freight costs as mentioned in B1.

The Group's PBT decreased by RM5.9 million or 32.7% from RM18.1 million in the preceding quarter to RM12.2 million in the current quarter. This decrease was mainly attributed to higher administrative expenses deriving from the professional fee and stamp duty for the new banking facilities of RM0.9 million as well as the impairment loss on trade receivables of RM2.2 million in addition to the unfavourable exchange rate movements between the Malaysian Ringgit and the US Dollar.

As a result of the above in addition to the provision of tax expenses during the current quarter, the Group's PAT narrowed by 32.0% to RM9.2 million.



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

B3. Prospects for the Group

The Group's strategic focus revolves around our core competency in providing EMS covering both industrial and consumer electronic products. It is further complemented by our capabilities in aluminium die cast manufacturing, providing sourcing, procurement expertise, marketing and distribution added services to our client.

With iConn Inc. integrated into our Group, we are transitioning to an asset-light manufacturing model, incorporating both online and offline capabilities to increase efficiency, reduce capital expenditures, and enhance our responsiveness to the evolving market landscape. Innovation remains a cornerstone of our strategy, with our team actively developing intellectual property to strengthen customer loyalty and generate licensing revenue. Additionally, we are expanding into green technology solutions, particularly in battery pack manufacturing, to meet the growing demand for sustainability and reinforce our commitment to environmental responsibility.

Despite navigating a challenging global landscape characterised by factors beyond our control including the ongoing US-China trade tensions, global geopolitical conflicts, the red sea shipping crisis and the weakening US Dollar, we remain vigilant and prudent in managing our operations. While benefiting from robust demand in the industrial electronic products market, we are focused on boosting our efficiency, competitiveness, and ability to quickly adapt to unexpected market shifts. Looking ahead, we remain cautious for the second half of the year amidst a dynamic global economic and political environment.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B4. Profit Forecast**

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

B5. Taxation

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	<u>30.6.2024</u> Unaudited RM'000	<u>30.6.2023</u> Unaudited RM'000	<u>30.6.2024</u> Unaudited RM'000	<u>30.6.2023</u> Unaudited RM'000
Current tax expense	3,048	3,155	7,689	6,260
Realisation of deferred tax upon depreciation of revalued assets	(47)	(43)	(94)	(85)
	<u>3,001</u>	<u>3,112</u>	<u>7,595</u>	<u>6,175</u>
Effective tax rate (%) ⁽¹⁾	24.7	17.0	25.1	20.7

Note:

⁽¹⁾ The overall effective tax rate of 24.7% and 25.1% for individual and for cumulative quarter ended 30 June 2024 was higher than the statutory tax rate of 24.0% mainly due to certain non-deductible expenses for tax purposes.

B6. Status of Corporate Proposals

There was no outstanding uncompleted corporate proposal for the current quarter and financial period under review.



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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 RM'000	Re-allocation RM'000	Actual utilisation up to 30.6.2024 RM'000	Balance unutilised RM'000
Construction of New Senai 226 Warehouse and installation of automated storage facilities	Within 48 months	53,105	-	(82)	53,023
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	-	(2,143)	1,545
Purchase of new machinery and equipment for die cast manufacturing related services	Within 12 months	4,599	(768) ⁽²⁾	(3,831)	-
Working capital	Within 12 months	20,498	2,247 ⁽¹⁾⁽²⁾	(22,745)	-
Estimated listing expenses	Within 3 months	11,000	(1,479) ⁽¹⁾	(9,521)	-
Total estimated proceeds		155,700	-	(38,322)	117,378

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 16 February 2023.

Note:

- (1) The unutilised balance of RM1.5 million allocated for estimated listing expenses was reallocated to working capital.
- (2) The unutilised balance of RM0.8 million allocated for the purchase of new machinery and equipment for die cast manufacturing related services was reallocated to working capital.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B8. Borrowings and Lease Liabilities**

	<u>30.6.2024</u> Unaudited RM'000	<u>31.12.2023</u> Audited RM'000
Borrowings		
<i>Secured:</i>		
<u>Current</u>		
Term loans	16,458	15,911
Bank overdrafts	2,809	2,817
Short-term financing	94,864	44,900
	<u>114,131</u>	<u>63,628</u>
<u>Non-current</u>		
Term loans	95,092	100,905
	<u>209,223</u>	<u>164,533</u>
 Borrowings denominated in the following currencies:		
Ringgit Malaysia	175,967	141,447
United States Dollar	33,256	23,086
	<u>209,223</u>	<u>164,533</u>
 Lease liabilities		
Current	4,564	4,810
Non-current	10,828	9,204
	<u>15,392</u>	<u>14,014</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

There is no dividend declared or recommended during the current quarter and financial period under review.

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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 are computed as follows:

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>30.6.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	8,703	15,162	22,108	23,662
Weighted average number of ordinary shares in issue (basic) (unit)	992,000 ⁽¹⁾	923,000 ⁽²⁾	992,000 ⁽¹⁾	857,412 ⁽²⁾
Basic EPS (sen)	<u>0.88</u>	<u>1.64</u>	<u>2.23</u>	<u>2.76</u>

Note:

- ⁽¹⁾ Calculated on the basis of 992,000,000 ordinary shares after the private placement of 69,000,000 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad on 12 December 2023.
- ⁽²⁾ 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.
- ⁽³⁾ The Company does not have any dilutive potential ordinary shares as at end of the current quarter and financial period under review.

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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>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>30.6.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	4,483	4,470	8,840	7,625
Depreciation of right-of-use assets	1,332	493	2,821	2,437
Impairment loss on trade receivables	2,213	-	2,213	-
Expenses relating to short-term leases	724	199	1,501	296
Finance costs	2,431	3,018	4,955	5,712
Fair value gain on financial assets measured at FVTPL	(460)	(4)	(1,021)	(4)
Finance income	(595)	(1,267)	(1,453)	(1,616)
Foreign exchange (gain)/loss:				
- realised	(829)	1,629	73	847
- unrealised	(1,540)	(4,837)	(4,895)	(4,493)

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.