SFP TECH HOLDINGS BERHAD
(Registration No. 202101004713 (1405012-M))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2023[1]

		Individual quarter		Cumulative quarter	
		Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
	Note	**Current year quarter**	**Preceding year corresponding quarter**	**Current year-to-date**	**Preceding year corresponding year-to-date**
		30.06.2023	**30.06.2022**	**30.06.2023**	**30.06.2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	A9	**36,441**	**20,899**	**71,054**	**38,796**
Cost of sales		(24,685)	(10,669)	(46,259)	(19,163)
Gross profit		**11,756**	**10,230**	**24,795**	**19,633**
Other income	B5	2,155	1,934	2,916	4,071
Administration expenses		(2,468)	(4,815)	(5,401)	(6,933)
Operating profit		**11,443**	**7,349**	**22,310**	**16,771**
Finance costs		(616)	(526)	(1,167)	(935)
Finance income		340	72	695	90
Profit before tax ("PBT")	B15	**11,167**	**6,895**	**21,838**	**15,926**
Tax expense	B6	(536)	(382)	(1,104)	(739)
Profit for the financial period		**10,631**	**6,513**	**20,734**	**15,187**
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial period		**10,631**	**6,513**	**20,734**	**15,187**
Profit attributable to:					
Owners of the Company		**10,631**	**6,513**	**20,734**	**15,187**
		10,631	**6,513**	**20,734**	**15,187**
Total comprehensive income attributable to:					
Owners of the Company		10,631	6,513	20,734	15,187
		10,631	**6,513**	**20,734**	**15,187**
Earnings per ordinary share attributable to owners of the Company:					
Basic earnings per share (sen)	B14	0.44[2]	0.29[3]	0.86[2]	0.69[3]

Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

(2) Basic earnings per share ("**EPS**") is calculated based on the profits attributable to owners of the Company divided by the total number of ordinary shares of SFP Tech (**"Share(s)"**) in issue as at 30 June 2023. There are no dilutive instruments as at the end of the financial period.

(3) Comparative weighted average number of shares in issue was restated to take into account the effects of Bonus Issue in calculation of the EPS.

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SFP TECH HOLDINGS BERHAD
(Registration No. 202101004713 (1405012-M))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023[1]

	Note	Unaudited As at 30.06.2023 RM’000	Audited As at 31.12.2022 RM’000
Non-current assets			
Property, plant and equipment		132,927	122,303
Investment property		2,453	2,498
Intangible asset		1,798	2,311
Total non-current assets		**137,178**	**127,112**
Current assets			
Inventories		10,411	6,598
Trade receivables		61,442	24,394
Other receivables, deposits and prepayments		14,801	9,003
Cash and cash equivalents		52,365	72,191
Total current assets		**139,019**	**112,186**
Total assets		**276,197**	**239,298**
Equity			
Share capital		119,489	119,489
Merger reserve		(53,077)	(53,077)
Retained earnings		117,210	100,476
Total equity		**183,622**	**166,888**
Non-current liabilities			
Deferred tax liabilities		3,336	3,115
Deferred income		1,200	1,548
Borrowings	B9	36,638	38,642
Total non-current liabilities		**41,174**	**43,305**
Current liabilities			
Trade payables		11,898	1,799
Other payables and accruals		23,832	11,062
Contract liabilities		139	758
Borrowings	B9	15,075	14,992
Current tax liabilities		457	494
Total current liabilities		**51,401**	**29,105**
Total liabilities		**92,575**	**72,410**
Total equity and liabilities		**276,197**	**239,298**
Net assets per share (RM)		0.08[2]	0.07[3]

Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per share is calculated based on the total equity divided by the total number of ordinary shares in issue as at 30 June 2023.

(3) Comparative weighted average number of shares in issue was restated to take into account the effects of Bonus Issue in calculation of the net assets per share.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2023[1]

	<--------------------------Attributable to owners of the parent -------------->				
	<--------------- Non-distributable -------------->			Distributable	
	Share capital RM'000	**Invested Equity RM'000**	**Merger Reserves RM'000**	**Retained earnings RM'000**	**Total Equity RM'000**
Balance as at 1 January 2023	119,489	-	(53,077)	100,476	166,888
Profit for the financial period	-	-	-	20,734	20,734
Dividend	-	-	-	(4,000)	(4,000)
Balance as at 30 June 2023	**119,489**	**-**	**(53,077)**	**117,210**	**183,622**
Balance as at 1 January 2022	-	2,000	-	72,499	74,499
Profit for the financial period	-	-	-	15,187	15,187
Acquisition of Subsidiaries	59,256	(2,000)	(53,077)	-	4,179
Issuance of Shares	62,232	-	-		62,232
Listing expenses	(1,563)	-	-	-	(1,563)
Balance as at 30 June 2022	**119,925**	**-**	**(53,077)**	**87,686**	**154,534**

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023[1]

	Unaudited Current year-to-date 30.06.2023 RM'000	Unaudited Preceding year-to-date 30.06.2022 RM'000
Cash flows from operating activities		
PBT	**21,838**	**15,926**
Adjustments for:		
Amortisation of intangible assets	514	514
Bargain purchase	-	(1,606)
Deferred income released	(348)	(348)
Depreciation of property, plant and equipment	4,321	3,615
Depreciation on investment property	45	-
Interest expenses	1,167	935
Interest income	(695)	(90)
Listing expenses	-	2,293
Unrealised gain on foreign exchange	(1,594)	(1,263)
Operating profit before working capital changes	**25,248**	**19,976**
Changes in working capital:		
Inventories	(3,814)	153
Trade and other receivables	(40,719)	(6,839)
Trade and other payables	22,272	(5,938)
Contract liabilities	(619)	(166)
Cash generated from operations	**2,368**	**7,186**
Income tax paid	(917)	(434)
Interest paid	(1,167)	(935)
Interest received	695	90
Net cash from operating activities	**979**	**5,907**
Cash flows from investing activities		
Net cash from acquisition of a subsidiary	-	2,448
Purchase of property, plant and equipment	(11,857)	(2,245)
Net cash (used in)/from investing activities	**(11,857)**	**203**
Cash flows from financing activities		
Dividend paid	(4,000)	-
Drawdown of term loans	2,484	8,076
Payment of listing expenses	-	(3,856)
Repayment of fixed deposits	(600)	-
Proceed from issuance of shares	-	62,232
Repayment of hire purchase	(5,688)	(3,924)
Repayment of term loans	(2,125)	(1,664)
Net cash (used in)/from financing activities	**(9,929)**	**60,864**

	Unaudited Current year-to-date 30.06.2023 RM'000	**Unaudited Preceding year-to-date 30.06.2022 RM'000**
Net (decrease)/increase in cash and cash equivalents	**(20,807)**	**66,973**
Effect of changes in foreign exchange rate	381	635
Cash and cash equivalents at beginning of financial period	**71,158**	**23,840**
Cash and cash equivalents at end of financial period	**50,732**	**91,448**
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	1,633	1,624
Cash and bank balances	50,732	91,448
Less: Fixed deposits pledged to licensed banks or maturity period more than 3 months	(1,633)	(1,624)
Cash and cash equivalents at the end of the financial period	**50,732**	**91,448**

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report of SFP Tech Holdings Berhad ("**SFP Tech**" or "**Company**") and its subsidiaries ("**Group**") are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("**MASB**") and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

The interim financial statements should be read in conjunction with the accompanying notes attached to this interim financial report.

A2. Summary of accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Group's annual audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report except for the adoption of the following amendments/ improvements to MFRSs that are mandatory for the current financial year.

Effective for annual periods beginning on or after 1 January 2023
MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 Presentation of Financial Statements: 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

Effective for annual 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

Effective date yet to be confirmed
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standard and amendments to MFRSs is not expected to have any material impact to the financial statements of the Group upon adoption.

A3. Auditors' report on preceding annual financial statements

SFP Tech was incorporated under the Companies Act, 2016 on 8 February 2021. The Company completed the acquisition of its subsidiaries, SFP Technology Sdn Bhd ("**STSB**") and SFP Automation Sdn Bhd ("**SASB**") on 18 March 2022.

The auditors' report for the preceding financial year ended 31 December 2022 was issued without any qualification.

A4. Seasonal or cyclical factors

The Group's operation was not significantly affected by any unusual seasonal or cyclical factors.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no extraordinary and exceptional items of unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review and year-to-date.

A6. Changes in estimates

There were no material changes in the estimates that have a material effect to the Group during the current quarter under review and year-to-date.

A7. Debt and equity securities

On 13 April 2023, Public Investment Bank Berhad ("**PIVB**") on behalf of the Board of Directors of the Company ("**Board**") announced that the Company is proposing to undertake a proposed bonus issue of up to 1,600,000,000 new ordinary shares in SFP Tech ("**SFP Tech Share(s)**") ("**Bonus Share(s)**") on the basis of 2 Bonus Shares for every 1 existing SFP Tech Share held ("**Proposed Bonus Issue**").

On 17 April 2023, PIVB on behalf of the Board announced that Bursa Malaysia Securities Berhad has approved the listing and quotation of 1,600,000,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

Approval from the shareholders of the Company in relation to the Proposed Bonus Issue was obtained at an extraordinary meeting held on 7 June 2023. On 8 June 2023, PIVB on behalf of the Board announced that the entitlement date for the Bonus Shares shall be 23 June 2023.

The Proposed Bonus Issue was completed on 26 June 2023, being the date on which 1,600,000,000 Bonus Shares were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

Pursuant to Proposed Bonus Issue, the issued shares of the Company increased from 800,000,000 ordinary shares to 2,400,000,000 ordinary shares.

Save for the above, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter under review and year-to-date.

A8. Dividend

The Company did not pay any dividend for the financial period ended 30 June 2023.

A9. Segmental information

The Group is predominantly an engineering supporting services provider with integrated capabilities in providing automation equipment solutions.

The segmental information based on the nature of the business segments as well as by geographical location are as follows:

(a) Revenue contribution by business segments

	Individual quarter		Cumulative quarter	
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
	Current year quarter	**Preceding year quarter**	**Current year-to-date**	**Preceding year-to-date**
	30.06.2023	**30.06.2022**	**30.06.2023**	**30.06.2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue				
Sheet metal fabrication	2,783	6,683	6,158	12,331
CNC machining	5,468	9,766	9,306	18,262
Mechanical assembly	26,308	1,023	52,077	2,668
Automated equipment solutions	1,882	3,427	3,513	5,535
Total	**36,441**	**20,899**	**71,054**	**38,796**

(b) Revenue contribution by geographical locations

	Individual quarter		Cumulative quarter	
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
	Current year quarter	**Preceding year quarter**	**Current year-to-date**	**Preceding year-to-date**
	30.06.2023	**30.06.2022**	**30.06.2023**	**30.06.2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	30,547	17,913	47,675	32,517
Foreign Markets				
Hong Kong	-	-	12,568	-
USA	4,378	1,751	7,493	3,414
Singapore	1,268	1,235	2,666	2,865
India	-	-	322	-
Others[(1)]	248	-	330	-
	36,441	**20,899**	**71,054**	**38,796**

Note:

(1) Others comprise of Philippines, Netherlands, Thailand and China.

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

There were no significant events subsequent to the end of the current quarter under review.

A12. Changes in the composition of the Group

There were no other material changes to the composition of the Group during the current financial quarter under review.

A13. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 30 June 2023.

A14. Capital commitments

	Unaudited As at 30.06.2023 RM'000	**Audited As at 31.12.2022 RM'000**
Authorised and contracted for		
- Building	12,489	15,536
- Property, plant and equipment	32,706	29,197
	45,195	**44,733**
Authorised but not contracted for		
- Property, plant and equipment	**-**	**17,940**

A15. Related party transactions

There were no related party transactions during the current financial quarter under review.

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B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance - Comparison with previous year's corresponding quarter and financial year-to-date

	Unaudited	Unaudited	Unaudited	Unaudited
	Current year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year-To-Date 30.06.2023 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2022 RM'000
Revenue	36,441	20,899	71,054	38,796
Gross Profit	11,756	10,230	24,795	19,633
Profit before interest and tax	11,783	7,421	23,005	16,861
PBT	11,167	6,895	21,838	15,926
Profit after tax	10,631	6,513	20,734	15,187
Profit attributed to owners of the company	**10,631**	**6,513**	**20,734**	**15,187**

The Group recorded revenue of RM36.44 million for the current quarter and RM71.05 million for year-to-date ended 30 June 2023 which represented an increase of RM15.54 million or 74.37% and RM32.26 million or 83.15% as compared to the revenue recorded of RM20.90 million and RM38.80 million for the preceding year corresponding quarter and corresponding year-to-date ended 30 June 2022, respectively.

During the quarter under review, the Group's revenue was principally derived from the Mechanical Assembly segment which contributed RM26.31 million accounting for approximately 72.19% of the total revenue for the current quarter which represented an increase of RM25.29 million or 2,471.65% as compared to the revenue generated from the Mechanical Assembly segment in the preceding year corresponding quarter of RM1.02 million. The increase was mainly driven by recurring order for assembled mechanical systems products from new customers in Malaysia. For the year-to-date ended 30 June 2023, the Group's revenue was also principally derived from the Mechanical Assembly segment which contributed RM52.08 million accounting for approximately 73.29% of the total revenue for the current year-to-date which represented an increase of RM49.41 million or 1,851.91% as compared to the revenue generated from the Mechanical Assembly segment in the preceding year corresponding year-to-date of RM2.67 million due mainly to increase orders for assembled mechanical systems products from existing and new customers.

During the quarter under review, the Group's revenue was mainly derived from customers in Malaysia which contributed RM30.55 million accounting for approximately 83.83% of the Group's total revenue for the current quarter which represented an increase of RM12.63 million or 70.53% as compared to the revenue derived from customers in Malaysia in the preceding year corresponding quarter of RM17.91 million. For the year-to-date ended 30 June 2023, the Group's revenue was mainly derived from customers in Malaysia and Hong Kong which in aggregate contributed a total of RM60.24 million accounting for approximately 84.78% of the Group's total revenue for the current year-to-date ended 30 June 2023 as compared to the preceding year corresponding year-to-date whereby the revenue was predominately from Malaysia, which accounted for 83.82%.

The Group recorded PBT of RM11.17 million and RM 21.84 million for the current quarter ended and year-to-date ended 30 June 2023 after deducting administrative expenses of RM2.47million and RM5.40 million respectively, which mainly comprised of staff costs and depreciation of non-manufacturing related property, plant and equipment, and finance costs of RM0.62 million and RM1.17 million respectively. As compared to the PBT generated by the Group for the preceding year corresponding quarter and year-to-date ended 30 June 2022, it represented an increase of RM4.27 million or 61.96% and RM5.91 million or 37.12% respectively due mainly to higher gross profit generated resulting from increase in revenue coupled with lower administrative expenses due to the one-off non-recurring IPO expenses incurred in preceding year corresponding quarter and year-to-date ended 30 June 2022.

B2. Review of performance - Comparison with Immediate Preceding Quarter's Results

	Quarter Ended		Variance	
	30.06.2023	31.03.2023		
	RM'000	RM'000	RM'000	%
Revenue	36,441	34,613	1,828	5.28
PBT	11,167	10,671	496	4.65

The Group recorded an increase in revenue of RM1.8 million or approximately 5.28% for the current quarter ended 30 June 2023 as compared to the preceding quarter ended 31 March 2023. The increasing in revenue was mainly from the CNC machining segment and Mechanical Assembly segment during the quarter was driven by recurring order from existing customers.

The Group's PBT increased by RM0.50 million or approximately 4.65% for the current quarter ended 30 June 2023 as compared to the preceding quarter ended 31 March 2023 is mainly due to increasing of other income from unrealised foreign exchange gain of RM1.60 million, as a result of the strengthening of United States dollar against the Malaysian ringgit. The increase was partially offset by lower gross profit generated for current quarter ended 30 June 2023 as compared to the preceding quarter ended 31 March 2023 due mainly to increase in direct labour's headcount and production overhead as a results of higher depreciation due to increase in number of machine.

B3. Prospects of the Group

SFP Tech specialises in providing Engineering Supporting Services ("**ESS**") and Automated Equipment Solutions ("**AES**"). ESS includes Sheet Metal Fabrication, CNC Machining and Mechanical Assembly Business. The Group has in total 3 plants located in Mainland Penang, with a diversified portfolio of customers across different industries such as semiconductor, electrical and electronic products, solar PV, automotive, healthcare, amongst others.

According to Semiconductor Industry Association ("**SEMI**"), the global semiconductor market experienced a cyclical downturn in first half of 2023 compared to 2022, exacerbated by sluggish macroeconomic conditions, but month-to-month global semiconductor sales inched upward in May 2023 for the third consecutive month, sparking optimism for a possible market rebound during the second half of the year.

Despite the global semiconductor sales slowdown, SFP Tech continues to focus on its core ESS and AES product and service offerings to grow its business. The Group continues to increase its capacity through adding new machineries, expand its product range and value added services via integration of ESS and AES, and expansion into more industries and markets to grow its customer base. Further, as part of the Group's business strategy, the Group has also continuously capitalised on growth opportunities and oriented its direction towards the high value-add turnkey mechanical assembly segment and envisage to further grow this business segment with sporadic large project-based business opportunities, as shown in Quarter 1 and Quarter 2 segmental performance.

The Group has reorganised its manufacturing plants to better streamline its business operations, whereby Manufacturing Plant 1 and 2 are positioned to expand the Group's sheet metal fabrication business operations. Manufacturing Plant 2 also houses the Group's existing large format CNC machining operations. Manufacturing Plant 3 houses the Group's multi geometry CNC machining, mechanical assembly, and automated equipment solutions business operations.

The Group's vision inspection equipment handler platforms' first-generation equipment from the design and development ("**D&D**") activities was developed in conjunction with certain customer's end application space. The Group anticipates that the project will contribute to the Group's revenue in the FYE 2023. However, the next-in-line platform equipment from the D&D activities, catering to different set of customer application space is planned to be completed in the fourth quarter of 2023.

Based on the above, the Board of Directors ("**Board**") is optimistic of the Group's future prospects and leveraging on its competitive advantage expects the Group's expansion plans to contribute positively to its financial performance in the future.

B4. Variance of actual profits from forecast profits

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5. Other income

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter 30.06.2023 RM'000	**Unaudited Preceding year quarter 30.06.2022 RM'000**	**Unaudited Current year-to-date 30.06.2023 RM'000**	**Unaudited Preceding year-to-date 30.06.2022 RM'000**
Bargain purchase[1]	-	-	-	1,606
Realised gain on foreign exchange	26	553	26	553
Unrealised gain on foreign exchange	1,594	1,046	1,594	1,263
Deferred income released	174	174	348	348
Scrap income	65	161	356	301
Rental income	296	-	592	-
Total	**2,155**	**1,934**	**2,916**	**4,071**

Note:

(1) Arising from the acquisition of SFP Automation Sdn Bhd using the acquisition method of accounting.

B6. Tax expense

	Individual quarter		Cumulative quarter	
	Unaudited	Unaudited	Unaudited	Unaudited
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense	426	382	884	739
Deferred tax expense	110	-	220	-
Effective tax rate (%)	4.80	5.54	5.06	4.64
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate of the Group of 4.80% and 5.06% for the current quarter and cumulative quarter respectively was lower than the statutory tax rate of 24.00% mainly due to tax incentive from pioneer status tax exemption of STSB.

B7. Status of corporate proposals

There are no other corporate proposals announced by the Company but not completed as at the date of this interim report.

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B8. Utilisation of Proceeds from the IPO

The status of utilisation of proceeds from IPO as at 30 June 2023 is as follows:

Details of utilisation	Proposed utilisation[1]	Variation[1] / Deviation[2]	Revised utilisation	Actual utilisation	Balance unutilised proceeds	Original time frame for utilisation (from date of listing on 20 June 2022)	Revised timeframe for utilisation (from date of listing on 20 June 2022)[1]
	RM'000	RM'000	RM'000	RM'000	RM'000		
Purchase of new machinery and equipment	24,500	784	25,284	17,704	7,580	Within 36 months	No change
Construction of Manufacturing Plant 3	15,000	-	15,000	12,940	2,060	Within 24 months	No change
Repayment of bank borrowings	10,000	-	10,000	10,000	-	Within 12 months	Not applicable[3]
Working capital expenditure	5,132	555	5,687	-	5,687	Within 12 months	Within 24 months
Estimated listing expenses	4,600	(555)	4,045	4,045	-	Within 3 months	Not applicable[3]
D&D centre	3,000	(784)	2,216	1,322	894	Within 12 months	Within 18 months
Total	**62,232**	**-**	**62,232**	**46,011**	**16,221**		

Notes:

(1) The utilisation of proceeds and the variation as well as the extension of time for the utilisation of the proceeds from the IPO as disclosed above should be read in conjunction with the prospectus of the Company dated 26 May 2022 ("**Prospectus**") and the Company's announcement dated 20 June 2023 pertaining to the variation and extension of time for the utlisation of IPO proceeds**.**

(2) The actual utilisation for listing expenses amounted to approximately RM4.05 million. In accordance with section 4.4.5 of the Prospectus, the excess amounting to approximately RM0.56 million will be used for working capital purposes.

(3) Not applicable as the proceeds allocated has been fully utilised/reallocated to other purposes.

B9. Borrowings

As at 30 June 2023, the Group has total borrowings of RM51.71 million as follows:

	Unaudited As at 30.06.2023 RM'000	Audited As at 31.12.2022 RM'000
Non-current liabilities (secured)		
Term loans	28,500	27,735
Hire purchase	8,138	10,907
	36,638	38,642
Current liabilities (secured)		
Term loans	4,235	4,322
Hire purchase	10,840	10,670
	15,075	14,992
Total borrowings		
Term loans	32,735	32,057
Hire purchase	18,978	21,577
	51,713	**53,634**

The currency of borrowing is as follows:

	Unaudited As at 30.06.2023 RM'000	Audited As at 31.12.2022 RM'000
Ringgit Malaysia	45,449	47,460
United States Dollar	6,264	6,174
	51,713	**53,634**

B10. Derivative financial instruments

As at 30 June 2023, the Group does not have any derivative financial instruments.

B11. Fair value of financial liabilities

The Group did not have any financial liabilities measured at fair value for the current quarter under review and year-to-date.

B12. Material litigation

Save as disclosed below, our Group was not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to proceedings which might materially affect our position or business as at the date of this report.

Industrial Court of Malaysia Case No. 9/4-1611/21 involving STSB ("Industrial Court Case")

Reference is made to the Industrial Court case as stated in Prospectus. On 27 July 2022, the Industrial Court had awarded the judgement in favour of STSB and thereby dismissed the Industrial Court Case.

Mr. Sam Poh Beng has filed an application for Judicial Review to the high court seeking for the decision of the Industrial Court to be reviewed and quashed. The hearing for application for Judicial Review is fixed on 26 May 2023

After the hearing session on 26 May 2023, High Court dismissed the application for Judicial Review. However, Sam Poh Beng has 30 days to file an appeal to the Court of Appeal in the event if he wishes to appeal against the High Court decision. As at 4 August 2023, Sam Poh Beng has not filed an appeal to the Court of Appeal.

B13. Dividend

On 11 August 2023, the Board declared an interim single tier dividend of 0.2 sen per Share totalling RM4.80 million in respect of financial year ending 31 December 2023. The interim single tier dividend will be paid on 18 September 2023 to the shareholders whose name appear in the Record of depositors on 4 September 2023.

B14. Earnings per share

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter 30.06.2023	**Unaudited Preceding year quarter 30.06.2022**	**Unaudited Current year-to-date 30.06.2023**	**Unaudited Preceding year-to-date 30.06.2022**
Profit attributable to owners of the Company (RM'000)	10,631	6,513	20,734	15,187
Weighted average number of ordinary shares in issue ('000)	2,400,000	2,226,753	2,400,000	2,192,204
Basic EPS (sen)	0.44[(1)]	0.29[(2)]	0.86[(1)]	0.69[(2)]

Notes:

(1) Basic EPS is calculated based on the profits attributable to owners of the Company divided by the total number of ordinary shares in issue as at 30 June 2023. There are no dilutive instruments as at the end of the financial period.

(2) Comparative weighted average number of shares in issue was restated to take into account the effects of Bonus Issue in calculation of the EPS.

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B15. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income

Profit for the period was derived after taking into consideration of the following:-

	Individual quarter		**Cumulative quarter**	
	Unaudited Current year quarter 30.06.2023 RM'000	**Unaudited Preceding year quarter 30.06.2022 RM'000**	**Unaudited Current year-to-date 30.06.2023 RM'000**	**Unaudited Preceding year-to-date 30.06.2022 RM'000**
After charging/(crediting) :				
Amortisation of intangible assets	257	257	514	514
Depreciation on				
- Property, plant and equipment	2,397	1,915	4,321	3,615
- Investment property	23	-	45	-
Expenses related to short term leases of premises	94	31	190	62
Expenses related to low value assets				
- office equipment	8	3	16	7
Gain on foreign exchange				
- realised	(26)	(553)	(26)	(553)
- unrealised	(1,594)	(1,046)	(1594)	(1,263)
Deferred income released	(174)	(174)	(348)	(348)

Save for the above, the other disclosure items as required under Rule 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

BY ORDER OF THE BOARD
SFP TECH HOLDING BERHAD
11 AUGUST 2023