



CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Registration No.: 199901026859 (501759 M))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 DECEMBER 2022

CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759 M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
ASSETS		
Non-current assets		
Property, plant and equipment	217,420,399	201,282,697
Investment properties	9,800,000	8,800,000
Goodwill on acquisition	6,243,746	6,243,746
Deferred tax assets	839,000	2,556,053
	<hr/>	<hr/>
Total non-current assets	234,303,145	218,882,496
Current assets		
Inventories	38,615,516	33,976,618
Trade receivables	144,344,993	81,918,404
Other receivables	16,123,875	16,132,801
Amount due from a related party	-	7,416
Current tax assets	797,218	935,770
Fixed deposits with licensed banks	9,240,070	6,122,794
Cash and bank balances	32,095,844	40,261,277
	<hr/>	<hr/>
	241,217,516	179,355,080
Non-current assets held for sale	8,818,441	3,902,312
	<hr/>	<hr/>
Total current assets	250,035,957	183,257,392
	<hr/>	<hr/>
Total assets	484,339,102	402,139,888
EQUITY AND LIABILITIES		
Equity		
Share capital	100,000,000	100,000,000
Exchange translation reserve	419,501	33,720
Revaluation reserve	25,683,200	21,606,732
Retained profits	68,922,306	47,921,435
	<hr/>	<hr/>
Total equity	195,025,007	169,561,887
Liabilities		
Non-current liabilities		
Lease liabilities	43,159,907	45,465,344
Loans and borrowings	74,246,365	59,848,893
Deferred tax liabilities	9,260,751	6,822,449
	<hr/>	<hr/>
Total non-current liabilities	126,667,023	112,136,686
	<hr/>	<hr/>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (CONT'D)

	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
EQUITY AND LIABILITIES (CONT'D)		
Liabilities (Cont'd)		
Current liabilities		
Trade payables	72,847,847	42,572,501
Other payables	13,326,691	25,512,260
Amount due to related parties	10,754	5,580
Lease liabilities	10,126,511	11,119,747
Loans and borrowings	64,361,537	39,893,060
Current tax liabilities	1,973,732	1,338,167
	<hr/>	<hr/>
Total current liabilities	162,647,072	120,441,315
	<hr/>	<hr/>
Total liabilities	289,314,095	232,578,001
	<hr/>	<hr/>
Total equity and liabilities	<u>484,339,102</u>	<u>402,139,888</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the Accountants' Report dated 2 February 2023 as disclosed in the Prospectus of Cape EMS Berhad (*formerly known as Cape EMS Manufacturing (M) Berhad*) and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	Unaudited	Unaudited	Unaudited	Audited
	RM	RM	RM	RM
Revenue	118,204,148	100,737,446	437,954,093	344,334,423
Cost of sales	<u>(97,656,002)</u>	<u>(86,785,114)</u>	<u>(375,855,089)</u>	<u>(302,443,589)</u>
Gross profit	20,548,146	13,952,332	62,099,004	41,890,834
Other income	1,108,002	(223,090)	7,099,871	983,376
Finance income	24,600	15,830	96,872	19,028
Administration expenses	(5,040,410)	(3,012,144)	(15,305,907)	(10,673,706)
Distribution costs	(43,076)	(525,661)	(333,612)	(964,893)
Other expenses	(4,024,526)	(567,638)	(4,024,526)	(567,638)
Finance costs	<u>(2,669,516)</u>	<u>(1,656,399)</u>	<u>(8,788,166)</u>	<u>(5,332,069)</u>
Profit before tax	9,903,220	7,983,230	40,843,536	25,354,932
Income tax expense	<u>(970,757)</u>	<u>(1,622,131)</u>	<u>(7,303,483)</u>	<u>909,270</u>
Profit for the financial period/year	<u>8,932,463</u>	<u>6,361,099</u>	<u>33,540,053</u>	<u>26,264,202</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Unaudited RM	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Realisation of revaluation reserve upon depreciation of revalued assets	106,371	96,849	425,485	387,396
Transfer of revaluation reserve to retained profits	(106,371)	(96,849)	(425,485)	(387,396)
Revaluation of land and buildings	5,923,622	2,481,419	5,923,622	2,481,419
Tax effect on item that will not be reclassified subsequently to profit or loss	(1,421,669)	(591,265)	(1,421,669)	(591,265)
Foreign currency translation differences for foreign operation, net of tax	66,998	17,959	385,781	39,666
Other comprehensive income for the financial period/year	<u>4,568,951</u>	<u>1,908,113</u>	<u>4,887,734</u>	<u>1,929,820</u>
Total comprehensive income for the financial period/year	<u>13,501,414</u>	<u>8,269,212</u>	<u>38,427,787</u>	<u>28,194,022</u>
Profit attributable to:-				
Owners of the Company	8,932,463	6,361,099	33,540,053	26,264,202
Non-controlling interest	-	-	-	-
Profit for the financial period/year	<u>8,932,463</u>	<u>6,361,099</u>	<u>33,540,053</u>	<u>26,264,202</u>
Total comprehensive income attributable to:-				
Owners of the Company	13,501,414	8,269,212	38,427,787	28,194,022
Non-controlling interest	-	-	-	-
Total comprehensive income for the financial period/year	<u>13,501,414</u>	<u>8,269,212</u>	<u>38,427,787</u>	<u>28,194,022</u>
Earnings per share				
- Basic (sen)	<u>1.19</u>	<u>15.90</u>	<u>6.39</u>	<u>65.66</u>
- Diluted (sen)	<u>1.19</u>	<u>15.89</u>	<u>6.39</u>	<u>65.62</u>

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the Accountants' Report dated 2 February 2023 as disclosed in the Prospectus of Cape EMS Berhad (*formerly known as Cape EMS Manufacturing (M) Berhad*) 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 YEAR ENDED 31 DECEMBER 2022

Audited	←	Non-distributable	→	Distributable	Total equity
	<u>Share capital</u>	<u>Exchange translation reserve</u>	<u>Revaluation reserve</u>	<u>Retained profits</u>	
	RM	RM	RM	RM	RM
Balance at 1 January 2021	40,000,000	(5,946)	20,103,974	21,269,837	81,367,865
Transaction with owners:					
Issuance of irredeemable convertible preference shares	60,000,000	-	-	-	60,000,000
Total transaction with owners	60,000,000	-	-	-	60,000,000
Profit for the financial year	-	-	-	26,264,202	26,264,202
Other comprehensive income for the financial year	-	39,666	1,502,758	387,396	1,929,820
Total comprehensive income for the financial year	-	39,666	1,502,758	26,651,598	28,194,022
Balance at 31 December 2021	100,000,000	33,720	21,606,732	47,921,435	169,561,887
Unaudited					
	←	Non-distributable	→	Distributable	Total equity
	<u>Share capital</u>	<u>Exchange translation reserve</u>	<u>Revaluation reserve</u>	<u>Retained profits</u>	
	RM	RM	RM	RM	RM
Balance at 1 January 2022	100,000,000	33,720	21,606,732	47,921,435	169,561,887
Transaction with owners:					
Dividends to Shareholders	-	-	-	(12,964,667)	(12,964,667)
Total transaction with owners	-	-	-	(12,964,667)	(12,964,667)
Profit for the financial year	-	-	-	33,540,053	33,540,053
Other comprehensive income for the financial year	-	385,781	4,076,468	425,485	4,887,734
Total comprehensive income for the financial year	-	385,781	4,076,468	33,965,538	38,427,787
Balance at 31 December 2022	100,000,000	419,501	25,683,200	68,922,306	195,025,007

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the Accountants' Report dated 2 February 2023 as disclosed in the Prospectus of Cape EMS Berhad (*formerly known as Cape EMS Manufacturing (M) Berhad*) 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 YEAR ENDED 31 DECEMBER 2022

	12 months ended	
	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
OPERATING ACTIVITIES		
Profit before tax	40,843,536	25,354,932
Adjustments for:-		
Depreciation of property, plant and equipment	9,867,315	6,504,281
Depreciation of right-of-use assets	8,426,278	4,133,403
Fair value gain on investment property	(1,000,000)	(122,506)
Gain on disposal of non-current assets held for sale	(148,688)	-
Interest expense	5,668,371	3,345,774
Interest income	(96,872)	(19,028)
Loss/(Gain) on disposal of property, plant and equipment	133	(123,652)
Lease liabilities interest expense	3,119,795	1,986,295
Property, plant and equipment written off	7,029	-
Unrealised loss/(gain) on foreign exchange	4,024,526	(53,944)
Operating profit before working capital changes	70,711,423	41,005,555
Changes in working capital:-		
Inventories	(4,638,898)	(7,382,090)
Receivables	(62,063,152)	3,303,008
Payables	20,449,288	(2,474,107)
Director	-	(215,562)
Related parties	12,590	(5,991)
Cash flows generated from operations	24,471,251	34,230,813
Tax refunded	93,341	-
Tax paid	(3,917,668)	(1,162,183)
Net cash flows from operating activities	20,646,924	33,068,630
INVESTING ACTIVITIES		
Interest received	6,517	3,484
Proceeds from disposal of property, plant and equipment	1,200	267,225
Proceeds from disposal of non-current assets held for sale	3,240,800	-
Payments to acquire property, plant and equipment	(16,011,354)	(46,401,017)
Net cash flows used in investing activities	(12,762,837)	(46,130,308)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	12 months ended	
	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
FINANCING ACTIVITIES		
Decrease in a fixed deposit pledged with a licensed bank	-	107,250
Interest paid	(5,668,371)	(3,345,774)
Lease liabilities interest paid	(3,119,795)	(1,784,463)
Dividend paid	(12,964,667)	-
Drawdown of term loans	7,333,873	1,720,816
Net short-term borrowings	18,934,997	5,148,554
Payment of listing expenses	(3,324,067)	-
Placement of fixed deposits pledged to licensed banks	(3,134,171)	(6,000,000)
Proceeds from issuance of irredeemable convertible preference shares	-	60,000,000
Proceeds from lease liabilities	118,000	-
Repayment of short-term advances from third parties	-	(6,838,202)
Repayment of term loans	(6,103,094)	(3,630,427)
Repayment of lease liabilities - principal portion	<u>(11,987,755)</u>	<u>(4,917,041)</u>
Net cash flows (used in)/from financing activities	<u>(19,915,050)</u>	<u>40,460,713</u>
CASH AND CASH EQUIVALENTS		
Net changes	(12,030,963)	27,399,035
Effect of exchange rate changes	(113,120)	(229,212)
At beginning of year	<u>37,809,564</u>	<u>10,639,741</u>
At end of year	<u><u>25,665,481</u></u>	<u><u>37,809,564</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	32,095,844	40,261,277
Fixed deposits with licensed banks	9,240,070	6,122,794
Bank overdrafts	<u>(6,430,363)</u>	<u>(2,558,963)</u>
	34,905,551	43,825,108
Less: Fixed deposits with licensed banks pledged to banks	<u>(9,240,070)</u>	<u>(6,015,544)</u>
	<u><u>25,665,481</u></u>	<u><u>37,809,564</u></u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the Accountants' Report dated 2 February 2023 as disclosed in the Prospectus of Cape EMS Berhad (*formerly known as Cape EMS Manufacturing (M) Berhad*) 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 134: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”) (“IAS 134”).

This unaudited condensed consolidated interim financial report should be read in conjunction with the Accountants’ Report dated 2 February 2023 as disclosed in the Prospectus of Cape EMS Berhad (*formerly known as Cape EMS Manufacturing (M) Berhad*) (“Company”) and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

A2. Significant Accounting Policies

The accounting policies and presentations adopted by the Company and its subsidiaries (“Group”) are consistent with those adopted for the audited financial statements of the Group for the financial year(s) ended 31 December 2019, 2020 and 2021, except for the adoption of the following MFRS and amendments to MFRS and interpretations.

Amendments to MFRSs adopted during the financial period

The Group has applied the following amendments to published standards approved by MASB for the first time for the period beginning on or after 1 January 2022:

- Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 – 2020

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 134 (CONT'D)

A2. Significant Accounting Policies (Cont'd)

New and amendments to MFRS in issue but not yet effective

The following are MFRS, Amendments to MFRS and IC Interpretations with effective date on or after 1 January 2023 issued by MASB and they have not been early adopted by the Group. The Group intends to adopt these MFRSs, amendments to the published standards and interpretations, if applicable, when they become effective in the respective period.

(a) Effective for period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts*
- Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 17 Insurance Contracts*
- Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
- 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

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

- Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Non-Current Liabilities with Covenants

(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

* Not applicable to the Group's operations.

The initial application of the above MFRS, amendments to the published standards and interpretations is not expected to have any material impact to the current year and prior year financial statements of the Group upon its first adoption.

A3. Auditors' Report

The audited consolidated financial statements of the Group for the financial year ended 31 December 2021 were not subject to any audit qualification.



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

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 year 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 year under review.

A7. Debt and Equity Securities

Save as disclosed in Note B6, there were no issuance and repayment of debts and equity securities during the current quarter and financial year under review.

A8. Dividend Paid

The Company declared a single-tier interim dividend of 0.26 sen per ordinary share in respect of the financial year ended 31 December 2022, amounting to RM12,964,667 and paid on 26 April 2022.

Save for the above, there are no other dividend declared or paid during the current quarter and financial year under review.

A9. Impairment losses

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



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

A10. Segment Information

Revenue segmented by products and services

The Group is organised into business units based on their products and services, which comprises the following:

- Segment I : Electronics manufacturing services (“EMS”) and other related supporting goods and services
- Segment II : Die casting and machining

Segmental information is presented in respect of the Group’s business segments as follows:

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	Unaudited	Unaudited	Unaudited	Audited
	RM	RM	RM	RM
Revenue				
Electronics manufacturing services and other related supporting goods and services	117,014,945	98,332,439	428,601,579	320,191,563
Die casting and machining	<u>1,189,203</u>	<u>2,405,007</u>	<u>9,352,514</u>	<u>24,142,860</u>
Total revenue	<u>118,204,148</u>	<u>100,737,446</u>	<u>437,954,093</u>	<u>344,334,423</u>

Revenue segmented by geographical markets

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	Unaudited	Unaudited	Unaudited	Audited
	RM	RM	RM	RM
Asia	6,682,922	44,456,734	127,542,910	150,103,635
Americas	105,633,211	55,429,944	281,680,525	190,518,293
Europe	<u>5,888,015</u>	<u>850,768</u>	<u>28,730,658</u>	<u>3,712,495</u>
	<u>118,204,148</u>	<u>100,737,446</u>	<u>437,954,093</u>	<u>344,334,423</u>



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

A11. Material Events Subsequent to the Statement of Financial Position Date

Saved as disclosed in Note B6, there were no material events subsequent to the end of the current financial year under review that have not been reflected in this condensed consolidated interim financial report.

A12. Changes in the Composition of the Group

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

A13. 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 2021.

A14. Capital Commitments

	<u>31.12.2022</u>	<u>31.12.2021</u>
	Unaudited	Audited
	RM	RM
Authorised and contracted for:		
Plant and machinery	10,805,313	9,306,297
Renovation and electrical installation	96,600	265,493
	<u>10,901,913</u>	<u>9,571,790</u>

A15. Significant Related Party Transactions

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

A16. Derivatives

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

A17. 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 year 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 (Q4'22 vs Q4'21)

	Individual quarter		Variance (%)
	3 months ended		
	<u>31.12.2022</u>	<u>31.12.2021</u>	
	Unaudited	Unaudited	
	RM	RM	
Revenue	118,204,148	100,737,446	17.3
Profit before tax	9,903,220	7,983,230	24.1

The Group's revenue increased by RM17.5 million or 17.3%, to RM118.2 million as compared to the corresponding period in financial year ended 31 December 2021. The increase was mainly attributed to the increase of sales from EMS of wireless communication equipment and electronic cigarettes from customers. The increase in revenue was moderated by decrease in sales from EMS of point of sales terminals and household appliances, as well as decrease in sales from die casting and machining operation.

The Group's profit before tax increased by RM1.9 million or 24.1%, with the profit before tax margin improving from 7.9% to 8.4%, was mainly attributable to a favorable product mix arising from higher sales in higher margin products.

Current financial year against corresponding financial year (FY'22 vs FY'21)

	Cumulative quarter		Variance (%)
	12 months ended		
	<u>31.12.2022</u>	<u>31.12.2021</u>	
	Unaudited	Audited	
	RM	RM	
Revenue	437,954,093	344,334,423	27.2
Profit before tax	40,843,536	25,354,932	61.1

The Group's revenue increased by RM93.6 million or 27.2% from RM344.3 million for the financial year ended 31 December 2021 to RM438.0 million for the financial year ended 31 December 2022. The increase was mainly attributable to the increase of sales from EMS of wireless communication equipment and electronic cigarettes upon the commencement of mass production of electronic cigarettes in the last quarter of the financial year ended 31 December 2021.

The Group's profit before tax increased by RM15.5 million or 61.1%, with the profit before tax margin improving from 7.4% to 9.3%, was mainly attributable to a favorable product mix arising from higher sales in higher margin products.



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B2. Comparison with Immediate Preceding Quarter

The Group's performance for the year ended 31 December 2022 ("Q42022") are as set out below:

	Individual quarter		Variance (%)
	3 months ended		
	<u>31.12.2022</u>	<u>30.9.2022</u>	
	Unaudited	Unaudited	
	RM	RM	
Revenue	118,204,148	130,027,712	(9.1)
Profit before tax	9,903,220	12,287,968	(19.4)

The Group's revenue decreased by RM11.8 million or 9.1%, to RM118.2 million as compared to the preceding quarter, mainly attributable to the decrease in sales from EMS of point of sales terminals and household appliances due to lower orders from customers in the current quarter.

The decrease in the Group's profit before tax by RM2.4 million or 19.4% reflected the decrease in revenue, as well as the unfavourable interest rate on the borrowings of the Group and unfavourable exchange movements between Malaysia Ringgit and United States Dollar, which resulted in foreign exchange loss. The decrease in profit before tax is partially moderated by an improved margin from a favorable product mix arising from higher sales in higher margin products.

B3. Prospects for the Group

The Group's overall strategies are to continue to focus on its core competency in providing EMS of industrial electronic products supported by our aluminium die cast manufacturing, sourcing, procurement capabilities, marketing and distribution added services.

Global challenges such as continuous interest rate hike, persistent US-China trade tension, global semiconductors components shortage, supply chain disruption, labour supply shortage, minimum wages hike, ongoing Ukraine-Russia conflict, higher utility prices, recessionary pressures and inflationary pressures are abound and still remain for the current financial year. The Group will continue to monitor the strong demand of our industrial electronic products' market and maintain the Group's efficiency and competitiveness for time to market. At this juncture, the order flow from our customers remains strong.

Barring any unforeseen circumstances, the Board is optimistic about the Group's performance for the remaining financial year ending 31 December 2023.

B4. Profit Forecast

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



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B5. Taxation

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Unaudited RM	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
Current tax expense	3,324,005	547,345	4,611,694	1,366,922
Transferred (to)/from deferred tax	(3,865,299)	1,105,370	1,209,917	(3,187,320)
Over provision of tax expense in prior financial year	(112,491)	-	(41,897)	(98,609)
Under provision of deferred tax in prior financial year	1,658,133	-	1,658,133	1,132,072
Realisation of deferred tax upon depreciation of revalued assets	(33,591)	(30,584)	(134,364)	(122,335)
	<u>970,757</u>	<u>1,622,131</u>	<u>7,303,483</u>	<u>(909,270)</u>
Effective tax rate (%)	9.8	20.3	17.9	-

The overall effective tax rates of 9.8% for individual and 17.9% for cumulative quarter ended 31 December 2022 were lower than the statutory tax rate of 24.0% mainly due to recognition of deferred tax asset on reinvestment allowance for the new machinery and equipment purchased and installed mainly for the production lines for the EMS.



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B6. Status of Corporate Proposals

Save as disclosed below, there were no other corporate proposals announced by the Company but not completed as at the date of this condensed consolidated interim financial report.

On 16 February 2023, the Company issued the Prospectus in relation to the initial public offering (“IPO”) comprising the public issue of 173,000,000 new ordinary shares in the Company and the offer for sale of 86,700,000 ordinary shares in the Company at an IPO price of RM0.90 per share.

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

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	RM'000	%
Construction of New Senai 226 Warehouse and installation of automated storage facilities	Within 48 months	53,105	34.1
Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	Within 24 months	62,810	40.3
Installation of energy saving cooling system	Within 24 months	3,688	2.4
Purchase of new machinery and equipment for die cast manufacturing related services	Within 12 months	4,599	3.0
Working capital	Within 12 months	20,498	13.2
Estimated listing expenses	Within 3 months	11,000	7.0
Total estimated proceeds		155,700	100.0

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company. As at the date of this interim financial report, the IPO is pending completion, hence there are no utilisation of proceeds by the Group yet.



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B8. Borrowings and Lease Liabilities

	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
Borrowings		
<i>Secured:</i>		
<u>Current</u>		
Term loans	6,836,707	5,803,399
Shipment buyer loans	17,379,508	14,275,327
Receivables finance	13,691,879	10,820,250
Bankers' acceptance	3,898,176	3,932,063
Invoice financing	7,858,165	-
Bank overdrafts	6,430,363	2,558,963
Onshore foreign currency loans	8,266,739	2,503,058
	<u>64,361,537</u>	<u>39,893,060</u>
<u>Non-current</u>		
Term loans	74,246,365	59,848,893
	<u>138,607,902</u>	<u>99,741,953</u>
 Borrowings denominated in the following currencies:		
Ringgit Malaysia	108,825,530	73,268,553
United States Dollar	29,782,372	26,473,400
	<u>138,607,902</u>	<u>99,741,953</u>
 Lease liabilities		
Current	10,126,511	11,119,747
Non-current	43,159,907	45,465,344
	<u>53,286,418</u>	<u>56,585,091</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

Save as disclosed in Note A8, there are no other dividend declared or paid during the current quarter and financial year under review.



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B11. Earnings per share (“EPS”)

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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Unaudited RM	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
Profit attributable to the owners of the Company	8,932,463	6,361,099	33,540,053	26,264,202
Weighted average number of ordinary shares in issue (basic) (unit) ⁽¹⁾	750,000,000	40,000,000	524,547,945	40,000,000
Basic EPS (sen)	1.19	15.90	6.39	65.66
Profit attributable to the owners of the Company	8,932,463	6,361,099	33,540,053	26,264,202
Weighted average number of ordinary shares in issue (diluted) (unit)	750,000,000	40,027,397	524,547,945	40,027,397
Diluted EPS (sen)	1.19	15.89	6.39	65.62

⁽¹⁾ Based on the issued share capital of 750,000,000 ordinary shares as at 31 December 2022.



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B12. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Unaudited RM	<u>31.12.2022</u> Unaudited RM	<u>31.12.2021</u> Audited RM
Depreciation of right-of-use assets	2,140,526	2,858,351	8,426,278	4,133,403
Depreciation of property, plant and equipment	2,743,178	1,191,923	9,867,315	6,504,281
Expenses relating to short-term leases	249,333	268,613	638,903	630,799
Finance costs	2,669,516	1,656,399	8,788,166	5,332,069
(Gain)/Loss on disposal of property, plant and equipment	-	(72,211)	133	(123,652)
Property, plant and equipment written off	-	-	7,029	-
Gain on disposal of non-current assets held for sale	-	-	(148,688)	-
Fair value gain on investment property	(1,000,000)	(122,506)	(1,000,000)	(122,506)
Finance income	(24,600)	(15,830)	(96,872)	(19,028)
Foreign exchange (gain)/loss:				
- realised	(2,259,077)	9,621	(4,739,392)	(69,196)
- unrealised	6,282,138	511,947	4,024,526	(53,944)
Rental income:				
- factory	(96,000)	(71,520)	(960,000)	(277,920)
Wages subsidy	-	(7,999)	(36,600)	(12,935)

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