

27 July 2023



AMTEL HOLDINGS BERHAD
[199601037096 (409449-A)]
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND FINANCIAL QUARTER ENDED
31 MAY 2023

AMTEL HOLDINGS BERHAD

[199601037096 (409449-A)]

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2023

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT PERIOD QUARTER 31-05-2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-05-2022 RM'000	CURRENT PERIOD 31-05-2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-05-2022 RM'000
Revenue	16,579	16,395	34,265	30,927
Operating expenses	(15,435)	(15,305)	(31,322)	(28,892)
Other operating income	290	207	393	387
Profit from operations	1,434	1,297	3,336	2,422
Finance costs	(17)	(14)	(34)	(31)
Share of results of associates	49	64	131	77
Profit before tax	1,466	1,347	3,433	2,468
Income tax expense	(463)	(400)	(1,024)	(630)
Profit for the financial period	1,003	947	2,409	1,838
Other comprehensive income, net of tax <i>Items that may be reclassified subsequently to Profit or Loss:</i>				
Foreign currency translation	-	10	-	11
Total comprehensive income for the financial period	1,003	957	2,409	1,849
<u>Profit for the financial period attributable to:-</u>				
Owners of the Company	1,003	947	2,409	1,838
<u>Total comprehensive income attributable to:-</u>				
Owners of the Company	1,003	957	2,409	1,849
Earnings Per Share:-				
Basic (sen)	1.05	0.97	2.52	1.88
Diluted (sen)	0.97	0.95	2.32	1.84

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to the interim financial report.

AMTEL HOLDINGS BERHAD

[199601037096 (409449-A)]
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023**

(The figures have not been audited)

	<u>UNAUDITED</u>	<u>AUDITED</u>
	AS AT CURRENT FINANCIAL PERIOD ENDED 31/05/2023	AS AT PRECEDING FINANCIAL YEAR ENDED 30/11/2022
Note	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	27,282	27,781
Investment Properties	3,442	3,367
Investments in Associates	1,183	1,309
Other Investments	250	250
Deferred Tax Assets	387	357
	<u>32,544</u>	<u>33,064</u>
Current Assets		
Inventories	6,101	5,495
Trade & Other Receivables	11,602	14,036
Contract Assets	3,757	5,693
Other Investments	13,460	9,590
Cash Deposits with Licensed Banks	5,344	6,293
Cash and Bank Balances	11,651	8,349
	<u>51,915</u>	<u>49,456</u>
TOTAL ASSETS	<u>84,459</u>	<u>82,520</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share Capital	(1) 40,537	40,149
Treasury Shares	(1,340)	(1,305)
Reserves	29,856	27,447
Total Equity	<u>69,053</u>	<u>66,291</u>
Non-Current Liabilities		
Lease Liabilities	86	100
Deferred Tax Liabilities	104	104
	<u>190</u>	<u>204</u>
Current Liabilities		
Trade & Other Payables	10,582	10,388
Contract Liabilities	1,168	2,620
Provisions	1,553	1,799
Short Term Borrowings	758	587
Tax Liabilities	1,114	565
Lease Liabilities	41	66
	<u>15,216</u>	<u>16,025</u>
Total Liabilities	<u>15,406</u>	<u>16,229</u>
TOTAL EQUITY AND LIABILITIES	<u>84,459</u>	<u>82,520</u>
Net Assets Per Share (RM)	(2) 0.7185	0.6938

Notes:

(1) Kindly refer to Paragraph 7 of Page 6 of Notes to this interim financial report.

(2) The net asset per share of the Company is calculated based on the net assets at the end of the reporting period of RM69.05 million (30.11.2022: RM66.29 million) divided by the number of shares in issue at the end of the reporting period of 96,101,432 (30.11.2022: 95,553,682), after deducting 2.05 million units of treasury shares (30.11.2022: 2.00 million units).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MAY 2023 (The figures have not been audited)

	<----- Attributable to Owners of the Company ----->					
	Share Capital RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
6 months ended 31 May 2023						
At 1 December 2022	40,149	(1,305)	159	54	27,234	66,291
Transactions with owners:						
Share repurchased	-	(35)	-	-	-	(35)
Issuance of shares pursuant to exercise of warrants	388					388
Total transactions with owner	388	(35)	-	-	-	353
Comprehensive Income:						
Profit for the financial period	-	-	-	-	2,409	2,409
Foreign currency translation	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	2,409	2,409
At 31 May 2023	40,537	(1,340)	159	54	29,643	69,053
6 months ended 31 May 2022						
At 1 December 2021	40,149	-	159	41	25,144	65,493
Comprehensive Income:						
Profit for the financial period	-	-	-	-	1,838	1,838
Foreign currency translation	-	-	-	1	-	1
Total comprehensive income for the financial period	-	-	-	1	1,838	1,839
At 31 May 2022	40,149	-	159	42	26,982	67,332

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE FINANCIAL PERIOD ENDED 31 MAY 2023**

(The figures have not been audited)

	CURRENT FINANCIAL PERIOD ENDED 31/05/2023 RM'000	PRECEDING FINANCIAL PERIOD ENDED 31/05/2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,433	2,468
Adjustments for:-		
Non-cash items	714	655
Non-operating items	(332)	(225)
Share of results of associates	(131)	(77)
Operating profit before changes in working capital	<u>3,684</u>	<u>2,821</u>
Changes in working capital		
Contract assets	484	(17)
Inventories	606	1,330
Net changes in current assets	1,545	(1,824)
Net changes in current liabilities	(52)	(2,812)
Cash generated from/(used in) operations	<u>6,267</u>	<u>(502)</u>
Interest received	42	78
Dividend received	7	38
Interest paid	(17)	(31)
Net income tax paid	(538)	(361)
Net cash from/(used in) operating activities	<u>5,761</u>	<u>(778)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(245)	(234)
Acquisition of quoted equity securities	-	(162)
(Placement)/Withdrawal of fixed income funds	(3,841)	(6,196)
Changes in pledged cash & cash equivalent under lien	996	2,330
Distribution income from income funds	51	70
Additions to investment properties	(80)	-
Net repayments from associates	181	-
Net cash used in investing activities	<u>(2,938)</u>	<u>(4,192)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments of finance lease	(59)	(51)
Purchase of treasury shares	(35)	-
Proceeds from issuance of new shares	388	-
Net cash from/(used in) financing activities	<u>294</u>	<u>(51)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,117	(5,021)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>7,776</u>	<u>12,874</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>10,893</u>	<u>7,853</u>
Cash and cash equivalents at end of the financial period comprise of:-		
Cash at banks and in hand	11,651	8,820
Cash deposits with licensed banks	5,344	6,238
Bank overdrafts	(758)	(967)
	<u>16,237</u>	<u>14,091</u>
Less: Cash deposits with licensed banks under lien	(5,344)	(6,238)
	<u>10,893</u>	<u>7,853</u>

Note:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 MAY 2023

NOTES TO THE INTERIM FINANCIAL REPORT

PART (A): EXPLANATORY NOTES PURSUANT TO MFRS 134: *INTERIM FINANCIAL REPORTING*

1. Basis of Preparation

This interim financial report of Amtel Holdings Berhad group of companies (“the Group”) are unaudited and has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the latest audited financial statements of our Group for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to this interim financial report. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 November 2022.

2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in the preparation of this interim financial report are consistent with those used in the preparation of the Group’s audited financial statements for the financial year ended 30 November 2022.

Our Group has not early adopted any new standards, amendments/improvements to MFRSs which are applicable to the Group that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group’s current financial period. Nevertheless, the Group and the Company expects that the initial application of the accounting standards, amendments or interpretations are unlikely to have material financial impacts to the current period and prior period financial statements of the Group and the Company.

3. Audit Qualification

The audit report on the Group’s financial statements for the financial year ended 30 November 2022 did not contain any qualification.

4. Seasonal or cyclical Factors

The Group’s operations are not affected by seasonal or cyclical factors during the financial period under review.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group during the financial period under review.

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6. Material Changes in Estimates of Amounts Reported

There were no changes in estimates of amounts reported in the prior financial year or changes in estimates of amount reported in prior financial periods that have a material effect in the current financial period ended 31 May 2023.

7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial quarter under review, except for the following:-

(1) Share Capital

The movement in the Company's issued and paid up share capital during the financial period is as follows:-

	Number of ordinary shares		←----- Amount -----→	
	31/5/2023 Units	31/5/2022 Units	31/5/2023 RM	31/5/2022 RM
At beginning of the financial year	97,553,682	97,553,682	40,148,639	40,148,639
Issuance of shares pursuant to exercise of warrants during the financial period	597,750	-	388,537	-
At end of the financial period	<u>98,151,432</u>	<u>97,553,682</u>	<u>40,537,176</u>	<u>40,148,639</u>

(2) Treasury Shares

During the financial quarter, the Company repurchased 50,000 shares from the open market on 25 April 2023 at an average price of RM0.68 per share. The total consideration paid for the repurchased shares was RM34,265 and was financed by internally generated funds.

At the Company's 26th Annual General Meeting held on 24 May 2023, the shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to 10% of its own ordinary shares.

As at the current financial period ended 31 May 2023, the Company held a total of 2,050,000 treasury shares out of its 98,151,432 issued and paid up ordinary shares. Such treasury shares are held at an carrying amount of RM1,339,555. No treasury shares were sold during the current financial quarter and financial period.

(3) Warrants

During the financial quarter, a total of 528,750 new ordinary shares were issued pursuant to the exercise of 528,750 warrants at the exercise price of RM0.65 per share. The shares were listed and quoted on the Bursa Securities on 17 January 2023, 25 April 2023 and 28 April 2023 respectively. Please refer to our announcements to Bursa Securities on these dates for further details of the above conversions.

The proceeds from the conversion of warrants will be utilized for the Group's working capital requirements and partial repayment of bank borrowings.

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7. Debt and Equity Securities (Cont'd)

(3) Warrants (Cont'd)

The movement in the Company's warrants during the financial period is as follows:-

	←----- Number of warrants (Units) -----→			
	Current Quarter 31/5/2023	Preceding Year Corresponding Quarter 31/5/2022	Current Period 31/5/2023	Preceding Year Corresponding Quarter 31/5/2022
At beginning of the financial year	48,776,330	48,776,330	48,776,330	48,776,330
Conversion during the financial quarter/period	<u>(528,750)</u>	<u>-</u>	<u>(597,750)</u>	<u>-</u>
At end of the financial period	<u>48,247,580</u>	<u>48,776,330</u>	<u>48,178,580</u>	<u>48,776,330</u>

8. Dividends Paid

There was no dividend paid during the financial period ended 31 May 2023.

9. Changes in the Composition of the Group

There was no change in the composition of the Group during the current financial period.

10. Valuation of Property, Plant and Equipment

(1) Property, plant and equipment which are stated at cost have been brought forward without amendment from the previous annual financial statements.

(2) There was no material acquisition or disposal of property, plant and equipment by the Group during the financial period.

11. Significant Event Subsequent to the End of the Interim Period

There was no significant event subsequent to the end of the reporting financial period ended 31 May 2023 that has not been reflected in the financial statements or to be disclosed as at the date of issue of this quarterly report, other than as mentioned below:-

- (i) On 2 June 2023, the Company repurchased 802,900 shares from the open market at an average price of RM0.65 per share. The total consideration paid for the repurchased shares was RM518,420 and was financed by internally generated funds; and
- (ii) On 6 June 2023, the Company via its wholly owned subsidiary, namely Metrarama Sdn Bhd completed the acquisition of three (3) units three-storey terrace houses located in Penang upon making final cash payment amounting RM675,000 for the remaining purchase price.

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12. Segmental Reporting

The Group's segment information for the financial period ended 31 May 2023 is as follows:-

(i) Major Business Segments

The basis of segmentation and measurement of segment performance is consistent with the basis adopted in the last audited annual financial statements.

6 months ended 31 May 2023

GROUP	Information & Communication Technology ("ICT")	Telecommunications, Infrastructure & Services ("TIS")	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
SEGMENT REVENUE					
External revenue	28,801	5,377	87	-	34,265
Inter-segment revenue	106	-	960	(1,066)	-
Total revenue	<u>28,907</u>	<u>5,377</u>	<u>1,047</u>	<u>(1,066)</u>	<u>34,265</u>
SEGMENT RESULTS	ICT	TIS	Others	Consolidated	
	RM'000	RM'000	RM'000	RM'000	
Profit/(Loss) from operations	3,622	247	(533)	3,336	
Finance costs	(10)	(24)	-	(34)	
Share of results of associates	119	12	-	131	
Profit/(Loss) before tax	<u>3,731</u>	<u>235</u>	<u>(533)</u>	<u>3,433</u>	
Income tax expense	(964)	(60)	-	(1,024)	
Profit/(Loss) for the period	<u>2,767</u>	<u>175</u>	<u>(533)</u>	<u>2,409</u>	
FINANCIAL POSITION	ICT	TIS	Others	Consolidated	
As at 31 May 2023	RM'000	RM'000	RM'000	RM'000	
Total segment assets	<u>35,507</u>	<u>12,325</u>	<u>36,627</u>	<u>84,459</u>	
Total segment liabilities	<u>9,794</u>	<u>4,623</u>	<u>989</u>	<u>15,406</u>	
<u>Other segment information</u>	ICT	TIS	Others	Consolidated	
	RM'000	RM'000	RM'000	RM'000	
Capital expenditure:					
- additions to property, plant and equipment	7	8	230	245	
Depreciation of property, plant and equipment	307	144	294	745	
Depreciation of investment property	-	-	10	10	

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12. Segmental Reporting (Cont'd) (i) Major Business Segments (Cont'd)

6 months ended 31 May 2022

GROUP	ICT RM'000	TIS RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
SEGMENT REVENUE					
External revenue	26,797	4,032	98	-	30,927
Inter-segment revenue	93	-	819	(912)	-
Total revenue	<u>26,890</u>	<u>4,032</u>	<u>917</u>	<u>(912)</u>	<u>30,927</u>
SEGMENT RESULTS					
	ICT RM'000	TIS RM'000	Others RM'000	Consolidated RM'000	
Profit/(Loss) from operations	2,979	(175)	(382)	2,422	
Finance costs	(19)	(12)	-	(31)	
Share of results of associates	87	(10)	-	77	
Profit/(Loss) before tax	<u>3,047</u>	<u>(197)</u>	<u>(382)</u>	<u>2,468</u>	
Income tax expense	(630)	-	-	(630)	
Profit/(Loss) for the period	<u>2,417</u>	<u>(197)</u>	<u>(382)</u>	<u>1,838</u>	
FINANCIAL POSITION					
As at 31 May 2022					
Total segment assets	<u>32,209</u>	<u>11,880</u>	<u>37,770</u>	<u>81,858</u>	
Total segment liabilities	<u>9,458</u>	<u>4,037</u>	<u>1,021</u>	<u>14,516</u>	
Other segment information					
	ICT M'000	TIS RM'000	Others RM'000	Consolidated RM'000	
Capital expenditure:					
- additions to property, plant and equipment	29	192	13	234	
Depreciation of property, plant and equipment	428	140	202	770	
Depreciation of investment property	-	-	10	10	

(ii) Geographical Segments

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

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13. Changes in Contingent Liabilities and Contingent assets

There were no changes in contingent liabilities or contingent assets since the last reporting date as at 30 November 2021, except for the following:-

	As At 31/5/2023
Company	
<u>Financial guarantees – Secured</u>	RM'000
The maximum exposure to credit risk amounts representing the outstanding credit facilities of the subsidiaries and associate company guaranteed by the Company	<u>1,446</u>
Group	
<u>Financial guarantees – Secured*</u>	
Bank guarantees	<u>1,037</u>

* *The bank guarantees are secured against the fixed deposits of the subsidiary and associate companies.*

At the reporting date, there was no indication that these subsidiaries and associates will default on its repayments during the guarantee period.

14. Capital and Other Commitments

The Group and the Company have entered into the following capital commitments as at 31 May 2023:-

	As At 31/5/2023 RM'000
Group	
Approved and contracted for:-	
- Purchase of investment properties	<u>675</u>

15. Related Party Transactions

There is no related party transaction entered into by the Company and/or its subsidiaries during the financial period.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 MAY 2023

PART (B): ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

1. Review of Performance

Analysis of financial quarter performance

For the second financial year ended 31 May 2023, our Group reported a total revenue of RM16.58 million and profit after tax of RM1.00 million as compared to revenue of RM16.39 million and profit after tax of approximately RM947,000 respectively recorded in the preceding year corresponding quarter. The marginal increase was mainly due to the improvement in project sales by the TIS segment.

Analysis of sixth months financial performance

For the first half of financial period ended 31 May 2023, our Group's total revenue of RM34.26 million was up by 10.8% as compared to preceding year corresponding period of RM30.93 million. The increase in revenue was mainly attributed to higher sales reported by both ICT and TIS segments.

Consequently, our Group achieved a higher profit after tax of RM2.41 million during the financial period under review as compared to profit after tax of RM1.84 million recorded in preceding year corresponding period.

The performance of the respective business segment of the Group is summarized as follows:-

ICT Segment

The performance of ICT segment are summarized as per table below:-

	Current Quarter	Preceding Year Quarter	Changes	Current Year 6 Months	Preceding Year 6 Months	Changes
	31/5/2023 RM'000	31/5/2022 RM'000	%	31/5/2023 RM'000	31/5/2022 RM'000	%
Segment revenue	13,982	14,062	-0.6	28,801	26,797	7.5
Segment profit after tax	1,256	1,279	-1.8	2,767	2,417	14.5

ICT segment remains our Group's core business, contributed approximately 84.1% of the Group's revenue and a significant portion of the Group's profit in the first half of financial year ended 31 May 2023.

ICT business recorded a marginally lower performance in the current financial quarter mainly caused by the lower sales orders received from customers for certain Telematics and automotive accessories products. Nevertheless, ICT segment overall registered an increase in revenue and profit after tax during the current financial period due to better profit margin and improvement in productivity and efficiency.

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1. Review of Performance (Cont'd)

TIS Segment

The performance of TIS segment are summarized as per table below:-

	Current Quarter	Preceding Year Quarter	Changes %	Current Year 6 Months	Preceding Year 6 Months	Changes %
	31/5/2023 RM'000	31/5/2022 RM'000		31/5/2023 RM'000	31/5/2022 RM'000	
Segment revenue	2,554	2,284	11.8	5,377	4,032	33.4
Segment profit/(loss) after tax	<u>50</u>	<u>(198)</u>	> 100	<u>175</u>	<u>(197)</u>	>100

TIS business achieved higher segment results during the current financial quarter and financial period mainly due to higher sales and profit from the ongoing and completed civil infrastructure works.

Others Segment

The loss reported by the investment holding company arose mainly attributed to the rental and management fees income were not sufficient to compensate the operating and corporate expenses.

2. Material Changes in the Profit After Tax for the Quarter Reported as Compared with the Immediate Preceding Quarter.

The Group's performance for the current financial quarter and the immediate preceding quarter are summarized as follows:-

Group	Current Quarter	Immediate Preceding Quarter	Changes %
	31/5/2023 RM'000	28/2/2023 RM'000	
Total revenue	16,579	17,686	-6.3
Profit before tax	1,466	1,967	-25.5
Profit for the financial period	<u>1,003</u>	<u>1,406</u>	-28.7

The drop in the Group's overall performance for the current financial quarter as compared to the immediate preceding quarter mainly attributed to the slowdown in sales orders for certain products as reported by the ICT segment.

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3. Commentary on the Group's Prospects

Moving ahead, we will continue with the cost management exercise across all the major business functions. This will include working together with the new suppliers and technology partners to develop new product and designs with better cost efficiencies and effectiveness and overcoming the challenges in meeting the requirements of our customers.

Meanwhile, we will continue to monitor and stay vigilant with the latest development in the market and economic condition. We will take the necessary corrective action plans to mitigate any significant risk that will have negative impact on the Group's operations and financial performance. Hence, the Board expect the Group to perform satisfactorily in the second half of this financial year.

4. Variances of Actual Profit from Forecast Profit

Not applicable.

5. Income Tax Expense

The movement in income tax expense for the Group for the current financial quarter and period under review is summarized as follows:-

Group	Current	Preceding	Current	Preceding
	Quarter	Year	Period	Year
	31/5/2023	Corresponding	31/5/2023	Corresponding
	RM'000	Quarter	RM'000	Period
		31/5/2022		31/5/2022
		RM'000		RM'000
<u>Current tax expense:</u>				
Based on results for the financial period	(481)	(462)	(1,054)	(746)
Over provision in prior financial year	-	116	-	116
<u>Deferred tax expense:</u>				
Net reversal of deferred tax assets	18	(54)	30	-
Tax expense	<u>(463)</u>	<u>(400)</u>	<u>(1,024)</u>	<u>(630)</u>

The effective tax rate of the Group for the financial quarter is higher than the statutory income tax rate mainly due to the losses of certain subsidiaries not being available for set off against taxable profits of other subsidiaries and certain expenses which are not allowed for tax deduction purposes.

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6. Group Borrowings and Debt Securities

The Group's total borrowings (all denominated in Ringgit Malaysia) as at 31 May 2023 are as follows:-

Group	As at 31/5/2023 RM'000	As at 31/5/2022 RM'000
(1) <u>Short Term Borrowings:-</u>		
- <u>Secured</u>		
Overdrafts	758	967
Lease payables within the next 12 months	41	52
(2) <u>Long Term Borrowings:-</u>		
- Lease payables after the next 12 months	86	37

The Group does not have borrowing denominated in foreign currency and there was no debt security issued.

7. Material Litigation

The Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant as at the date of issue of this quarterly report.

8. Earnings Per Share

(1) Basic earnings per share

The basic earnings per share of the Group is calculated based on the consolidated profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial quarter and financial period, excluding treasury shares held by the Company as shown below:-

Group	Current Quarter 31/5/2023	Preceding Year Corresponding quarter 31/5/2022	Current Period 31/5/2023	Preceding Year Corresponding Period 31/5/2022
Profit for the financial quarter/period attributable to owners of the Company (RM'000)	1,003	947	2,406	1,838
Weighted average number of shares (unit)	95,684,826	97,553,682	95,641,346	97,553,682
Basic earnings per share (sen)	1.05	0.97	2.52	1.88

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8. Earnings Per Share (Cont'd)

(2) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding during the financial quarter and financial period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:-

Group	Current Quarter 31/5/2023	Preceding Year Corresponding quarter 31/5/2022	Current Period 31/5/2023	Preceding Year Corresponding Period 31/5/2022
Profit for the financial quarter/period attributable to owners of the Company (RM'000)	1,003	947	2,406	1,838
Weighted average number of shares for basic earnings per share (unit)	95,684,826	97,553,682	95,641,346	97,553,682
Effect of dilution from warrants (unit)	8,158,034	2,379,333	8,158,034	2,379,333
Weighted average number of shares for diluted earnings per share (unit)	103,842,860	99,933,015	103,799,380	99,933,015
Diluted earnings per share (sen)	0.97	0.95	2.32	1.84

9. Dividend

The Board of Directors does not recommend any payment of dividend for the current financial period ended 31 May 2023.

10. Status of Corporate Proposals

There is no corporate proposal announced, but yet to be completed as at the date of issue of this quarterly report other than as mentioned below.

Long-Term Incentive Plan ("LTIP")

The LTIP which comprises the Employees Share Option Scheme ("ESOS") and the Share Grant Plan ("SGP") of up to fifteen per centum (15%) of the total number of issued shares in the Company (excluding treasury shares of the Company, if any) for the eligible person(s) during the LTIP period, approved by the shareholders at the Extraordinary General Meeting of the Company held on 25 May 2022 was implemented on 3 October 2022. The LTIP shall be in force for a period of five (5) years until 2 October 2027.

During the financial period ended 31 May 2023, there was no ESOS and/or SGP granted or awarded.

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11. Notes to the Condensed Consolidated Statement of Comprehensive Income

Total comprehensive income for the current financial quarter and financial period is arrived at after charging/(crediting) the following items:-

	Current Quarter	Preceding Year Corresponding Quarter	Current Period	Preceding Year Corresponding Period
	31/5/2023	31/5/2022	31/5/2023	31/5/2022
	RM'000	RM'000	RM'000	RM'000
1. Interest income	(85)	(45)	(127)	(78)
2. Dividend income	(13)	(31)	(20)	(38)
3. Distribution income				
from income funds	(41)	(37)	(92)	(70)
4. Rental income	(9)	-	(11)	-
5. Other income				
excluding interest and dividend income	-	(1)	(1)	(16)
6. Interest expense	17	14	34	31
7. Depreciation of property, plant & equipment	333	385	745	770
8. Depreciation of investment property	5	5	10	10
9. Inventories written down	3	-	77	-
10. Net foreign exchange (gain)/loss	(112)	(37)	(211)	(86)
11. Net provision of warranty costs	206	138	346	304
12. Fair value (gain)/loss on other investments	61	(25)	64	(7)
13. Gain on disposal of other investments	-	(24)	-	(39)

By Order of the Board

CHIN MUN YEE (SSM PC No. 201908002785) (MAICSA 7019243)

HOH YIT FOONG (SSM PC No. 201908000074) (LS0018)

Company Secretaries

27 July 2023