

Jag intygar att kopian
överensstämmer med originalet.



Svante Karlström
0724476836

2025040106582

Årsredovisning

för

ESCATEC Sweden AB

556662-7930

Räkenskapsåret

2024-01-01 - 2024-12-31

Styrelsen för ESCATEC Sweden AB avger följande årsredovisning för räkenskapsåret
2024-01-01 - 2024-12-31.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp
i hela kronor (kr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Verksamheten

Allmänt om verksamheten

Bolaget agerar ombud för ESCATEC-koncernens tillverkande bolag och utför försäljning och
marknadsföringstjänster. Bolaget är Escatec-koncernens holding- och managementbolag i Europa.
Escatec Sweden AB har haft en anställd under året som arbetat med förvaltning och försäljning.

Bolaget är ett helägt bolag till ESCATEC Sdn. Bhd (381411-D), Malaysia.

Företaget har sitt säte i Stockholm.

Flerårsöversikt (Tkr)	2024	2023	2022	2021	2020
Nettoomsättning	2 289	1 896	4 853	5 347	6 223
Resultat efter finansiella poster	-135	-75 496	1 703	-5 787	2 866
Balansomslutning	435 543	268 940	327 358	322 403	68 455
Soliditet (%)	26,6	43,1	58,5	58,8	99,8

Förändringar i eget kapital

	Aktie- kapital	Fritt eget kapital	Årets resultat	Totalt
Belopp vid årets ingång	163 163 510	28 251 180	-75 496 287	115 918 403
Disposition enligt beslut av årsstämman:				
Balanseras i ny räkning		-75 496 287	75 496 287	0
Årets resultat			-135 067	-135 067
Belopp vid årets utgång	163 163 510	-47 245 107	-135 067	115 783 336

Resultatdisposition

Styrelsen föreslår att den ansamlade förlusten (kronor):

ansamlad förlust	-47 245 107
årets förlust	-135 067
	-47 380 174

behandlas så att	
i ny räkning överföres	-47 380 174
	-47 380 174

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

Resultaträkning	Not	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Rörelseintäkter, lagerförändringar m. m.			
Nettoomsättning		2 289 190	1 895 830
Summa rörelseintäkter, lagerförändringar m.m.		2 289 190	1 895 830
Rörelsekostnader			
Övriga externa kostnader		-736 168	-619 057
Personalkostnader	2	-1 359 593	-1 229 735
Summa rörelsekostnader		-2 095 761	-1 848 792
Rörelseresultat		193 429	47 038
Finansiella poster			
Resultat från andelar i koncernföretag	3	17 822 090	0
Övriga ränteintäkter och liknande resultatposter	4	9 095 731	832 904
Nedskrivningar av finansiella anläggningstillgångar		0	-68 359 065
Räntekostnader och liknande resultatposter	5	-27 246 317	-8 017 164
Summa finansiella poster		-328 496	-75 543 325
Resultat efter finansiella poster		-135 067	-75 496 287
Resultat före skatt		-135 067	-75 496 287
Årets resultat		-135 067	-75 496 287

2025040106584

Balansräkning

Not

2024-12-31

2023-12-31

TILLGÅNGAR

Anläggningstillgångar

Finansiella anläggningstillgångar

Andelar i koncernföretag	6	248 783 846	248 783 846
Fordringar hos koncernföretag	7	142 218 932	15 168 794
Summa finansiella anläggningstillgångar		391 002 778	263 952 640

Omsättningstillgångar

Kortfristiga fordringar

Fordringar hos koncernföretag		41 128 356	0
Övriga fordringar		508 640	372 469
Summa kortfristiga fordringar		41 636 996	372 469

Kassa och bank

Kassa och bank		2 903 108	4 615 849
Summa kassa och bank		2 903 108	4 615 849
Summa omsättningstillgångar		44 540 104	4 988 318

SUMMA TILLGÅNGAR

435 542 882

268 940 958

2025040106585

Balansräkning

Not

2024-12-31

2023-12-31

EGET KAPITAL OCH SKULDER

Eget kapital

Bundet eget kapital

Aktiekapital

163 163 510

163 163 510

Summa bundet eget kapital

163 163 510

163 163 510

Fritt eget kapital

Balanserat resultat

-47 245 107

28 251 180

Årets resultat

-135 067

-75 496 287

Summa fritt eget kapital

-47 380 174

-47 245 107

Summa eget kapital

115 783 336

115 918 403

Långfristiga skulder

Skulder till koncernföretag

8

133 145 695

145 829 147

Summa långfristiga skulder

133 145 695

145 829 147

Kortfristiga skulder

Leverantörsskulder

105 012

12

Skulder till koncernföretag

8

186 170 992

7 085 395

Upplupna kostnader och förutbetalda intäkter

9

337 847

108 001

Summa kortfristiga skulder

186 613 851

7 193 408

SUMMA EGET KAPITAL OCH SKULDER

435 542 882

268 940 958

2025040106586

Noter

Not 1 Redovisningsprinciper

Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd (BFNAR 2016:10) om årsredovisning i mindre företag.

Intäktsredovisning

Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Andelar i dotterföretag

Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Fordringar, skulder och avsättningar

Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

Not 2 Medelantalet anställda

	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Medelantalet anställda	1	1

Not 3 Resultat från andelar i koncernföretag

	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Erhållna utdelningar	17 822 090	0
	17 822 090	0

Not 4 Övriga ränteintäkter och liknande resultatposter

	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Ränteintäkter från koncernföretag	9 087 560	827 294
Ränteintäkter	8 171	5 610
	9 095 731	832 904

Not 5 Räntekostnader och liknande resultatposter

	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Räntekostnader till koncernföretag	-14 793 748	-7 905 759
Valutakursförluster	-12 451 815	-110 722
Övriga räntekostnader	-754	-683
	-27 246 317	-8 017 164

Not 6 Andelar i koncernföretag

	2024-12-31	2023-12-31
Ingående anskaffningsvärden	317 142 911	317 142 899
Inköp	0	12
Utgående ackumulerade anskaffningsvärden	317 142 911	317 142 911
Ingående nedskrivningar	-68 359 065	0
Årets nedskrivningar	0	-68 359 065
Utgående ackumulerade nedskrivningar	-68 359 065	-68 359 065
Utgående redovisat värde	248 783 846	248 783 846

Not 7 Fordringar hos koncernföretag

	2024-12-31	2023-12-31
Ingående anskaffningsvärden	15 168 794	0
Tillkommande fordringar	127 050 138	15 168 794
Utgående ackumulerade anskaffningsvärden	142 218 932	15 168 794
Utgående redovisat värde	142 218 932	15 168 794

Not 8 Skulder som avser flera poster

Företagets skulder till koncernföretag om 319 316 687 kronor (2023: 152 914 542 kronor) redovisas under följande poster i balansräkningen.

	2024-12-31	2023-12-31
Långfristiga skulder		
Skulder till koncernföretag	133 145 695	145 829 147
	133 145 695	145 829 147
Kortfristiga skulder		
Skulder till koncernföretag	186 170 992	7 085 395
	186 170 992	7 085 395

Not 9 Upplupna kostnader och förutbetalda intäkter

	2024-12-31	2023-12-31
Upplupna kostnader för revision	-55 000	-45 000
Upplupna administrationskostnader	0	-63 000
Upplupna lönekostnader	-282 847	0
	-337 847	-108 000

Not 10 Koncernuppgifter

Escatec Sweden AB är dotterbolag till ESCATEC Sdn. Bhd. med organisationsnummer 381411-D och säte i Malaysia. Med stöd av 7 kap.2 § Årsredovisningslagen upprättar Escatec Sweden AB ingen koncernredovisning eftersom det tillsammans med samtliga dotterbolag omfattas av koncernredovisningen i det överordnade moderföretaget ESCATEC Sdn. Bhd.

Stockholm, den dag som framgår av våra elektroniska underskrifter

Christophe Albin
Ordförande och styrelseledamot

Johan Sahlin
Styrelseledamot

Vår revisionsberättelse har lämnats den dag som framgår av min elektroniska underskrift

Forvis Mazars AB

Martin Kraft
Auktoriserad revisor

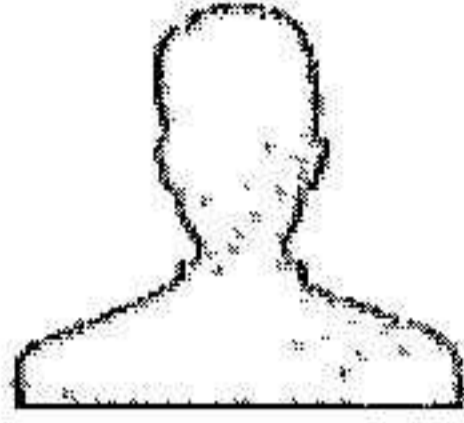
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Signatures

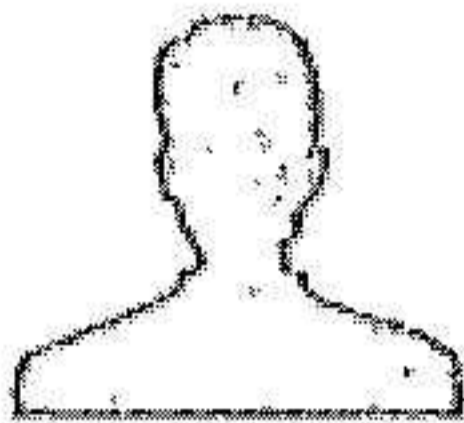
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Christophe Albin

christophe.albin@escatec.com
Signed by touch

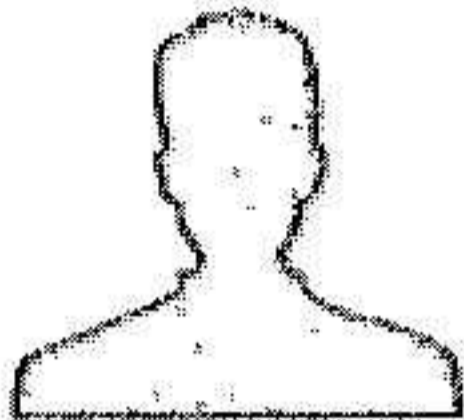
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Johan Sahlin

johan.sahlin@gotyourback.se 199005161816
Signed with electronic ID (BankID)

3/14/2025 10:06:27 AM (CET)



Martin Kraft

martin.kraft@mazars.se 198108316913
Signed with electronic ID (BankID)



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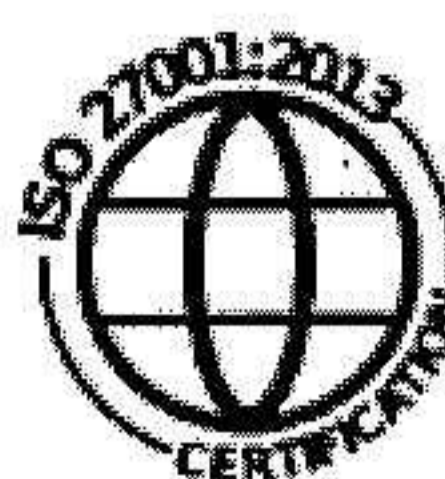
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2025040106590

REVISIONSBERÄTTELSE

Till bolagsstämman i Escatec Sweden AB

Org. nr 556662-7930

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Escatec Sweden AB för år 2024.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Escatec Sweden AB:s finansiella ställning per den 2024-12-31 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till företaget enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller på misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Escatec Sweden AB för år 2024 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till företaget enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst

eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Vår revisionsberättelse har lämnats i Stockholm den dag som framgår av vår elektroniska underskrift.

Forvis Mazars AB

Martin Kraft
Auktoriserad revisor

2025040106592

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MARTIN KRAFT

Revisor

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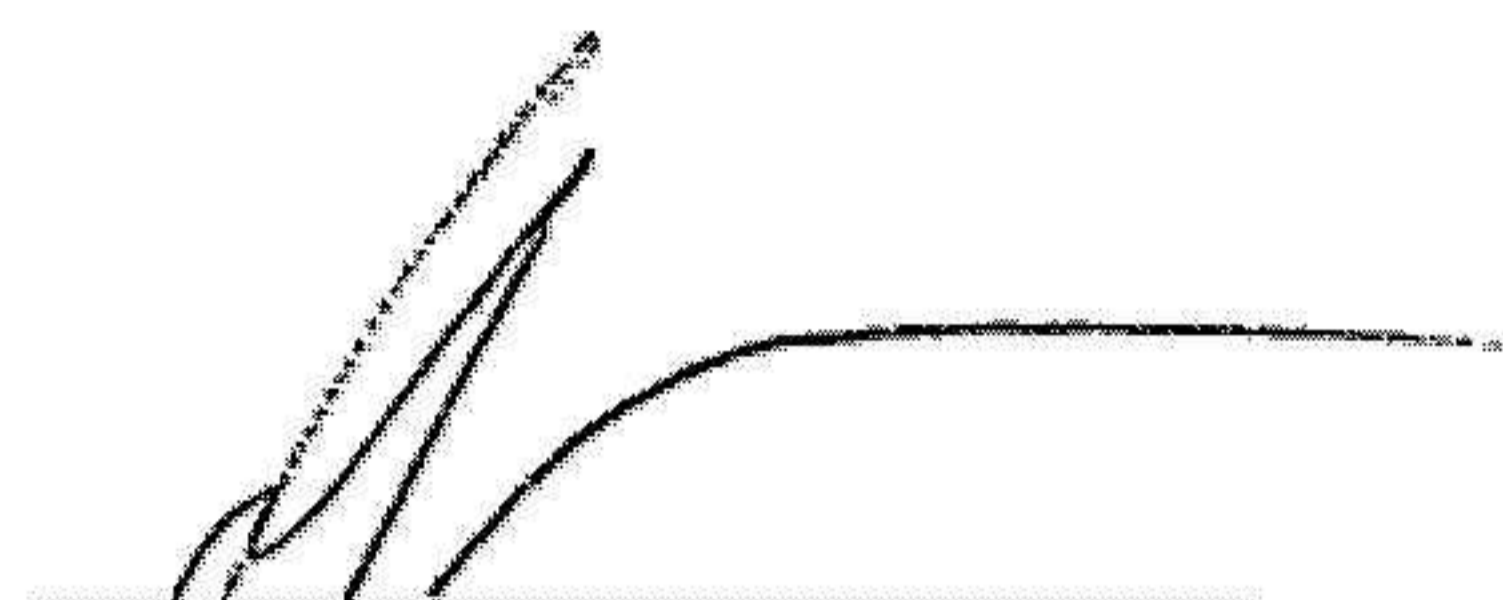
Fastställelseintyg till årsredovisning
Certificate of adoption for the annual report

Undertecknad styrelseledamot i Escatec Sweden AB, org. nr 556662-7930, intygar, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen har fastställts på årsstämma den 25 mars 2024. Årsstämman beslutade att godkänna styrelsens förslag till hur resultatet ska disponeras.

The undersigned board member of Escatec Sweden AB, reg.no 556662-7930, hereby certifies that this copy of the annual report conforms to the original and that the income statement and balance sheet were adopted on March 25, 2024. The annual general meeting resolved to adopt the board's proposal regarding the allocation of the company's profits.

Stockholm den 27 mars 2025

Stockholm March 27, 2025



Johan Sahlin
Styrelseledamot
Board member

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ESCATEC SDN. BHD.
(Registration No.: 199601009063 (381411 D))
(Incorporated in Malaysia)

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2024**
(In Ringgit Malaysia)

Registration No.: 199601009063 (381411 D)

ESCATEC SDN. BHD.
(Incorporated in Malaysia)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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ESCATEC SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **ESCATEC SDN. BHD.** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and carrying out activities of an operational headquarter.

The information on the name, country of incorporation and operations, principal activities and effective equity interest held by the Company in each subsidiary company are as follows:

Name of the subsidiaries	Country of incorporation and operations	Effective equity interest held (%)	Principal activities
ESCATEC Electronics Sdn. Bhd.	Malaysia	100	Manufacture, sale of electronics devices and printed circuit board assemblies.
ESCATEC Mechatronics Sdn. Bhd.	Malaysia	100	Manufacture, sale of mechatronic and electronic products and precision plastic moulding products.
ESCATEC Industries Sdn. Bhd.	Malaysia	100	Dormant.
ESCATEC Medical Sdn. Bhd.	Malaysia	100	Design, manufacture and sales of electronics and mechatronics devices, printed circuit board assemblies and precision plastic moulding primarily for the medical industry.
ESCATEC Technology Sdn. Bhd.	Malaysia	100	Dormant.
ESCATEC Hong Kong Limited	Hong Kong	100	Dormant.

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Name of the subsidiaries	Country of incorporation and operations	Effective equity interest held (%)	Principal activities
ESCATEC Sweden AB	Sweden	100	Sales and marketing activities, acting as agent for ESCATEC group manufacturing companies and ESCATEC group's European operational holding and management.
ESCATEC Trading and Engineering AG	Switzerland	100	Provision of management, marketing and technical services.
ESCATEC Switzerland AG	Switzerland	100	Engineering, design and manufacturing of electronic components for use in industrial products.
ESCATEC Mechatronics Limited	United Kingdom	100	Electro mechanical and electronics manufacturing services.
ESCATEC Mechatronics s.r.o.	Czech Republic	100	Assembly of electro-mechanical parts into finished products.
ESCATEC Bulgaria Ltd	Bulgaria	100	Manufacture, sale of electronics devices and printed circuit board assemblies.

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RESULTS OF OPERATIONS

The results of the operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Net profit after tax for the year	<u>16,575</u>	<u>39,855</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

During the financial year, a single tier interim dividend of 42.356% on 93,257,981 ordinary shares amounting to RM39,500,000 was declared on December 16, 2024 and paid on December 30, 2024 in respect of the financial year ended December 31, 2024.

The directors do not recommend the payment of any final dividend in respect of the current financial year for its ordinary shares.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there are no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

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- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Christophe Georges Albin
 Markus Walther
 Charles-Alexandre Albin
 Joe Arto Lahra
 Dr. Xavier Arreguit
 Peter Ing. Gutschi

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Direct subsidiary companies	Directors of the subsidiary companies
ESCATEC Electronics Sdn. Bhd. ESCATEC Industries Sdn. Bhd. ESCATEC Mechatronics Sdn. Bhd. ESCATEC Medical Sdn. Bhd. ESCATEC Technology Sdn. Bhd.	Charles-Alexandre Albin Poh Ming Yi (Appointed on January 15, 2025) Chew Peck Kheng (Resigned on January 15, 2025)
ESCATEC Hong Kong Limited	Christophe Georges Albin
ESCATEC Sweden AB	Christophe Georges Albin Martin Kristian Alrik Gome Johan Sahlin (Appointed on March 25, 2024) Niki Fouronian (Resigned on March 25, 2024)
ESCATEC Trading and Engineering AG	Christian Risch
ESCATEC Switzerland AG	Christophe Georges Albin Christian Risch
ESCATEC Mechatronics Limited ESCATEC Mechatronics s.r.o.	Charles-Alexandre Albin Stephen James Greaves
ESCATEC Bulgaria Ltd	Charles-Alexandre Albin

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DIRECTORS' INTERESTS

The shareholdings in the ultimate holding company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

Shares in ultimate holding company, ESCATEC HOLDINGS LIMITED	Balance as of 1.1.2024	No. of common shares		Balance as of 31.12.2024
		Bought	Sold	
Direct interest:				
Christophe Georges Albin	100	-	-	100

By virtue of his interest in the ultimate holding company, Christophe Georges Albin is also deemed to have interests in shares in all the subsidiaries of the ultimate holding company to the extent the ultimate holding company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial year. Under the Company's Articles of Association, the directors are not required to hold any shares in the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than those disclosed as directors' remuneration amounting to RM1,812,000) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration from related corporations in their capacities as directors or executives of those related corporations.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

HOLDING COMPANIES

The Company's immediate holding company is ESCATEC Group Sdn. Bhd., a company incorporated and domiciled in Malaysia. The directors regard ESCATEC Holdings Limited, a company incorporated and domiciled in Vanuatu, as the Company's ultimate holding company.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors of the Group and of the Company for the financial year ended December 31, 2024, are RM723,000 and RM55,000 respectively.

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AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,



CHRISTOPHE GEORGES ALBIN



CHARLES-ALEXANDRE ALBIN

Penang,

2 MAY 2025

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
ESCATEC SDN. BHD.**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ESCATEC SDN. BHD., which comprise the statements of financial position of the Group and of the Company as of December 31, 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 63.

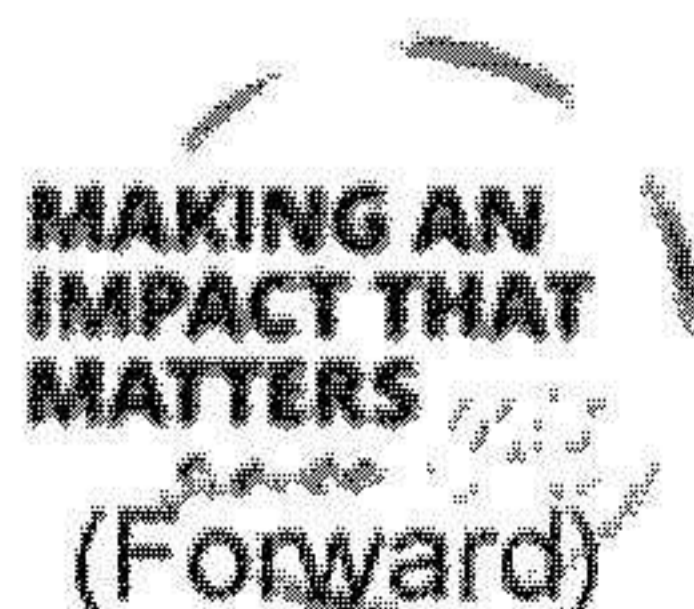
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2024, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 24 to the financial statements.

(Forward)

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Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Deloitte PLT.

**DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)**

Adrian Lam

**ADRIAN LAM KEEN LEONG
Partner – 03553/02/2027 J
Chartered Accountant**

Penang,

May 2, 2025

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ESCATEC SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	5	1,260,291	1,484,494	52,791	51,790
Cost of sales	6	<u>(1,122,096)</u>	<u>(1,318,992)</u>	<u>-</u>	<u>-</u>
Gross profit		138,195	165,502	52,791	51,790
Other income	7	2,394	2,931	34	28
Selling cost		(29,798)	(46,584)	(33)	(22)
Administration cost		(50,472)	(47,560)	(12,196)	(10,927)
Other (expenses)/gain	8	(21,283)	(46,945)	(395)	398
Finance cost	9	<u>(7,270)</u>	<u>(8,236)</u>	<u>-</u>	<u>-</u>
Profit before tax	10	31,766	19,108	40,201	41,267
Income tax expense	12	<u>(15,191)</u>	<u>(12,652)</u>	<u>(346)</u>	<u>(414)</u>
Profit for the year		16,575	6,456	39,855	40,853
Other comprehensive income					
Foreign currency translation		<u>2,383</u>	<u>3,341</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>18,958</u>	<u>9,797</u>	<u>39,855</u>	<u>40,853</u>

The accompanying notes form an integral part of the financial statements.

ESCATEC SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31, 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets					
Current assets					
Cash on hand and at banks		38,061	21,017	2,377	5,169
Deposits with bank	14	12,720	6,943	-	-
Trade receivables	15	231,126	204,458	1,318	-
Other current receivables	16	38,560	11,565	3,314	903
Tax recoverable		10,770	5,027	-	83
Inventories	17	256,595	325,466	-	-
		<u>587,832</u>	<u>574,476</u>	<u>7,009</u>	<u>6,155</u>
Current liabilities					
Trade payables	18	116,711	118,577	-	-
Advances from customers	19	55,322	55,240	-	-
Provisions	20	16,799	19,981	-	-
Other current liabilities	21	78,911	85,993	4,496	4,087
Current tax payable		6,476	836	93	-
Short term financing	22	66,512	22,414	-	-
		<u>340,731</u>	<u>303,041</u>	<u>4,589</u>	<u>4,087</u>
Net current assets		<u>247,101</u>	<u>271,435</u>	<u>2,420</u>	<u>2,068</u>
Non-current assets					
Other non-current assets	23	26,224	26,845	-	-
Investments in subsidiaries	24	-	-	96,902	96,927
Intangible assets	25	33,298	43,328	-	-
Property, plant and equipment	26	71,380	67,275	110	176
Investment property	27	-	-	-	-
Deferred tax assets	28	1,453	4,424	36	-
		<u>132,355</u>	<u>141,872</u>	<u>97,048</u>	<u>97,103</u>

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ESCATEC SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31, 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current liabilities					
Long term financing	29	54,137	67,388	-	-
Other non-current liabilities	21	-	-	-	-
Deferred tax liabilities	28	-	58	-	58
		<u>54,137</u>	<u>67,446</u>	<u>-</u>	<u>58</u>
Net assets		<u>325,319</u>	<u>345,861</u>	<u>99,468</u>	<u>99,113</u>
Shareholder's equity					
Share capital	30	93,258	93,258	93,258	93,258
Other reserves	31	46,579	44,196	-	-
Retained earnings	32	<u>185,482</u>	<u>208,407</u>	<u>6,210</u>	<u>5,855</u>
		<u>325,319</u>	<u>345,861</u>	<u>99,468</u>	<u>99,113</u>

The accompanying notes form an integral part of the financial statements.

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ESCATEC SDN. BHD.
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024**

Group	Share capital (Note 30) RM'000	Non-distributable		Legal reserve (Note 31) RM'000	Distributable		Total equity RM'000
		Other reserves	Foreign currency translation reserve (Note 31) RM'000		Retained earnings (Note 32) RM'000	Total RM'000	
Balance as of January 1, 2024	93,258		37,576	6,620	137,454	208,407	345,861
Total comprehensive income for the year	-		2,383	-	2,383	16,575	18,958
Dividend (Note 13)	-		-	-	-	(39,500)	(39,500)
Balance as of December 31, 2024	93,258		39,959	6,620	139,837	185,482	325,319

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024**

Group	Share capital (Note 30) RM'000	Non-distributable		Legal reserve (Note 31) RM'000	Distributable		Total equity RM'000
		Other reserves	Foreign currency translation reserve (Note 31) RM'000		Total RM'000	Retained earnings (Note 32) RM'000	
Balance as of January 1, 2023	93,258	-	34,235	6,620	134,113	241,951	376,064
Total comprehensive income for the year	-	3,341	-	-	3,341	6,456	9,797
Dividend (Note 13)	-	-	-	-	-	(40,000)	(40,000)
Balance as of December 31, 2023	93,258	3,341	37,576	6,620	137,454	208,407	345,861

(Forward)

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ESCATEC SDN. BHD.
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024**

Company	Share capital (Note 30) RM'000	Distributable Retained earnings (Note 32) RM'000	Total equity RM'000
Balance as of January 1, 2024	93,258	5,855	99,113
Total comprehensive income for the year	-	39,855	39,855
Dividend (Note 13)	-	(39,500)	(39,500)
Balance as of December 31, 2024	93,258	6,210	99,468
Balance as of January 1, 2023	93,258	5,002	98,260
Total comprehensive income for the year	-	40,853	40,853
Dividend (Note 13)	-	(40,000)	(40,000)
Balance as of December 31, 2023	93,258	5,855	99,113

The accompanying notes form an integral part of the financial statements.

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ESCATEC SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities				
Profit before tax	31,766	19,108	40,201	41,267
Adjustments for:				
Additional provisions	10,685	3,410	-	-
Amortisation of software and licenses	34	67	-	-
Amortisation of goodwill	9,996	15,408	-	-
Impairment of goodwill	-	23,470	-	-
Amortisation of prepaid land lease payments	621	621	-	-
Depreciation of property, plant and equipment	21,039	22,227	66	91
Interest expense	7,264	8,230	-	-
Net foreign exchange loss/(gain) - unrealised	3,825	(527)	351	(220)
Reversal of allowance for slow moving of inventories, net	(9,329)	(542)	-	-
Write-off of property, plant and equipment	-	9	-	-
Interest income	(544)	(797)	(34)	(28)
Gain on disposal of property, plant and equipment	(29)	(244)	-	(25)
Net fair value (gain)/loss on derivatives	(7)	370	-	-
Reversal of provisions	(13,321)	(9,450)	-	-
Impairment of investment in subsidiaries, net	-	-	25	1
Reversal of impairment loss on trade receivables	-	(413)	-	-
Written-off of inventories, net	1,399	1,485	-	-
Dividend income	-	-	(41,000)	(40,000)
Operating cash flow before changes in working capital	63,399	82,432	(391)	1,086

(Forward)

ESCATEC SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Decrease in inventories	83,248	148,004	-	-
(Increase)/Decrease in receivables	(64,141)	50,727	(3,729)	1,593
(Decrease)/Increase in payables and other current liabilities	(16,975)	(228,287)	409	1,827
Cash flows generated from/(used in) operating activities	65,531	52,876	(3,711)	4,506
Tax refund	-	-	93	-
Tax paid, net	(16,841)	(31,397)	(357)	(74)
Interest paid	(7,264)	(8,230)	-	-
Net cash flows generated from/(used in) operating activities	41,426	13,249	(3,975)	4,432
Investing activities				
Interest received	544	797	34	28
Proceeds from disposal of property, plant and equipment	29	364	-	31
Purchase of property, plant and equipment	(26,585)	(20,824)	-	(195)
Dividend received	-	-	41,000	40,000
Net cash flows (used in)/generated from investing activities	(26,012)	(19,663)	41,034	39,864

(Forward)

Registration No.: 199601009063 (381411 D)

ESCATEC SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Financing activities				
Drawdown/(Repayment) of short term financing from ultimate holding company	62,058	(9,000)	-	-
Drawdown of short term financing from immediate holding company	4,375	-	-	-
Repayment of short term financing from bank	(22,335)	(1,269)	-	-
(Repayment)/Drawdown of long term financing from ultimate holding company	(56,173)	5,908	-	-
Drawdown of long term financing from immediate holding company	42,922	4,456	-	-
Dividends paid	(39,500)	(40,000)	(39,500)	(40,000)
Net cash flows used in financing activities	<u>(8,653)</u>	<u>(39,905)</u>	<u>(39,500)</u>	<u>(40,000)</u>
Net increase/(decrease) in cash and cash equivalents	6,761	(46,319)	(2,441)	4,296
Effect of foreign exchange rate changes	16,060	(1,788)	(351)	249
Cash and cash equivalents at 1 January	<u>27,960</u>	<u>76,067</u>	<u>5,169</u>	<u>624</u>
Cash and cash equivalents at 31 December	<u><u>50,781</u></u>	<u><u>27,960</u></u>	<u><u>2,377</u></u>	<u><u>5,169</u></u>
Cash and cash equivalents comprise of:				
Cash on hand and at banks	38,061	21,017	2,377	5,169
Deposits with bank	12,720	6,943	-	-
	<u>50,781</u>	<u>27,960</u>	<u>2,377</u>	<u>5,169</u>

The accompanying notes form an integral part of the financial statements.

Registration No.: 199601009063 (381411 D)

ESCATEC SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The Company is principally involved in investment holding and carrying out activities of an operational headquarter. The principal activities of subsidiaries are disclosed in Note 24.

The registered office of the Company is located at Suite 18.05, MWE Plaza, 8 Lebuhraya Farquhar, 10200 Penang, Malaysia and the principal place of business of the Company is at Industrial Zone 4, 11900 Bayan Lepas, Penang, Malaysia.

The Company's immediate holding company is ESCATEC Group Sdn. Bhd., a company incorporated and domiciled in Malaysia. The directors regard ESCATEC HOLDINGS LIMITED, a company incorporated and domiciled in Vanuatu, as the Company's ultimate holding company.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on May 2, 2025.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016 in Malaysia.

MPERS Framework

The MPERS is based on the International Accounting Standards Board's ("IASB") *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)* revised in May 2015 except for the amendments made in the following sections:

(a) *Section 1 Private Entities*

Section 1 has been modified to prescribe the applicability of the MPERS in the Malaysian context. In this regard, all references to "SMEs" and "public accountability" in Sections 1-35 have been replaced by the term "private entities" and deleted respectively.

(b) *Section 9 Consolidated and Separate Financial Statements*

Section 9 requires the ultimate Malaysian parent to prepare consolidated financial statements regardless of whether its ultimate parent that is not incorporated in Malaysia prepared consolidated financial statements. Consolidated financial statements would provide users with more relevant information as opposed to separate financial statements as entities on its own may be very small with limited or specified activities.

(c) *Section 34 Specialised Activities*

Section 34 has included additional guidance on the accounting for property development activities based on FRS 201 *Property Development Activities*. Consequently, Example 12 *Agreements for the Construction of Real Estate* contained in the Appendix to Section 23 *Revenue* of the *IFRS for SMEs*, which incorporates the principles of IFRIC Interpretation 15 *Agreements for the Construction of Real Estate*, has been deleted by the MASB.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and of the Company are expressed in Ringgit Malaysia in thousands ("RM'000") and have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below.

Subsidiaries and basis of consolidation

The Company recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Company has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Company uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities) or by holding substantive potential voting rights.

The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceases to have control of an investee).

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statements of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or a joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of changes in equity.

Separate financial statements

In the separate financial statements of the Company, investments in subsidiaries are measured at cost less any accumulated impairment losses. Cost at initial recognition comprises cash and fair values of other considerations transferred and liabilities assumed and it includes acquisition-related expenses.

Dividend declared by an investee is recognised as income when the Company's right to receive dividend has been established, which is generally the date the dividend is appropriately authorised by the investee.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(a) Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Revenue from services

When the outcome of a transaction involving the revenue from services can be estimated reliably, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (i) the amount of revenue can be measured reliably;
- (ii) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (iii) the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- (iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) Rental income

The Group's policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

(e) Sundry income

Sundry income are recognised on an accrual basis.

Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Group's Malaysia subsidiaries and the Company make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- (a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income; and
- (b) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation. These identifiable assets and liabilities are translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(b) The Group and the Company as lessee

Assets held under finance leases are initially recognised as assets of the Group and of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's and the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land that normally has an indefinite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as operating lease. Payments made on entering into or acquiring leasehold land are accounted as prepaid lease payments on leasehold land and amortised over the remaining lease term.

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. Subsequent to initial measurement, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Plant and machinery	3 - 5
Furniture, fittings and office equipment	5
Motor vehicles	5
Computers	3
Factory building	20
Ancillary construction	5

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation of an asset begins when it is ready for its intended use.

Investment property

The Group recognises a land, building (including the floor of a building), or both land and building as an investment property, if it is within the Group's business model objective of holding the property for capital appreciation, rental income or both. Cost of an investment property comprises purchase price plus all directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

Investment property is measured at cost less accumulated amortisation and any accumulated impairment losses.

Investment property is amortised by allocating the amortisable amounts of assets less their residual values over their estimated useful lives, using straight-line method.

The annual amortisation rates are as follows:

	Years
Factory building	20
Ancillary construction	5

At the end of each reporting period, the estimated residual values, estimated useful lives and amortisation methods are reviewed for any significant changes. If there is any change, the amortisation of an asset is revised prospectively.

Intangible assets

The Group does not recognise internally generated brands, licences, customer lists and other similar intellectual property which cannot be distinguished from the cost of developing the Group's business as a whole.

Acquired identifiable intangible assets of land-use rights, operating system and software, licences and other intellectual property, including those acquired in a business combination, are recognised as an asset and initially measured at cost, which is the fair value of the consideration paid, or in the case of a business combination, the allocated fair value at the acquisition date.

The Group applies the cost model for the subsequent measurement of acquired identifiable intangible assets. After initial recognition, identifiable intangible assets are each measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of identifiable intangible assets is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Software and licenses	3

Goodwill

The Group does not recognise internally generated goodwill.

In a business combination accounted for under the acquisition method, purchased goodwill is recognised as an asset as of the acquisition date, measured as the difference between cost of investment and share of net assets acquired. Non-controlling interests' share of goodwill is not recognised.

In the rare occasion when the share of net assets acquired exceeds the cost of combination, a reassessment of the acquisition-date accounting is performed and any remaining excess is recognised immediately in profit or loss as a bargain purchase gain and attributed to the owners of the parent Company only.

Purchased goodwill, including goodwill on acquisition upon business combination is amortised on the straight-line basis over 7 years and is subject to impairment test whenever there is any indication of impairment.

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise of direct materials and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the weighted average method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Financial instruments

(a) Financial assets

Financial assets are initially measured at transaction price. Subsequently they are measured at amortised cost using the effective interest method, less any impairment loss.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- (i) significant financial difficulty of the issuer or counterparty; or
- (ii) breach of contract, such as default or delinquency in interest or principal payments; or
- (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- (iv) the disappearance of an active market for that financial assets because of financial difficulties on a collective basis even if they were assessed not to be impaired individually.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(c) Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, net of outstanding bank overdrafts and deposits pledged with licensed banks.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 3 to 5 years. These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of property, plant and equipment

The Group and the Company assess impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for the asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from the asset discounted at an appropriate discount rate.

Projected future cash flows are based on the Group's and the Company's estimates calculated based on historical, sector and industry trends, general market and economic conditions and other available information.

(iii) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor, default or significant delay in payments and forecasted economic conditions.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables in the period in which such estimate has been changed. The carrying amount of trade receivables of the Group as at December 31, 2024 are disclosed in Note 15.

(iv) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of deductible temporary differences of the Group and the Company are disclosed in Note 28.

(v) Provision for warranty claims

The Group provides warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised for expected warranty claims on products sold during the year on a case-by-case basis as determined by the management. It is expected that most of these costs will be incurred within a year from the reporting date. The provision reflects management's best estimates of the Group's liability for certain product warranties at the reporting date and is determined based on past experience and industry average.

(vi) Provision for work due

Provision for work due is recognised for the contractual requirement to maintain customers' assets (tools and moulds, jigs, fixtures or for entire assembly lines including test equipment) located at the subsidiaries' premises in a workable condition. The provision reflects management's best estimates of the Group's liability in relation to this contractual requirement.

(vii) Net realisable value of inventories

The Group estimates the net realisable value of inventories in applying its accounting policy for inventories, namely to carry the inventories at the lower of cost and net realisable value. This requires estimation of the net realisable value based on past experience, condition of inventories and current market conditions. Technological developments and changes in market conditions could affect the saleability of the inventories and therefore, the net realisable value.

(viii) Provision for legal claims

A provision is recognised for legal claims when legal disputes arise with the Group's customers for reasons such as the non-fulfillment of obligations under the Group's manufacturing agreement with its customers. The provision reflects management's best estimates of the Group's liability for the legal claim as at the year end and is determined based on available information and/or in consideration of relevant and appropriate legal advice.

(ix) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Arising from this, the Group recognized an impairment on goodwill amounting to RM Nil (2023: RM23,470,000) during the year. Refer to Note 25 for further details.

5. REVENUE

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Sale of goods and services	1,260,291	1,484,494	-	-
Gross dividends from subsidiaries	-	-	41,000	40,000
Management fee from subsidiaries	-	-	11,791	11,790
	<u>1,260,291</u>	<u>1,484,494</u>	<u>52,791</u>	<u>51,790</u>

6. COST OF SALES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Sale of goods and services	<u>1,122,096</u>	<u>1,318,992</u>	<u>-</u>	<u>-</u>

7. OTHER INCOME

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Rental income	1,380	739	-	-
Interest income	544	797	34	28
Sundry income	470	1,395	-	-
	<u>2,394</u>	<u>2,931</u>	<u>34</u>	<u>28</u>

8. OTHER EXPENSES/(GAIN)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amortisation of goodwill	9,996	15,408	-	-
Net foreign exchange loss/(gain):				
- Realised	6,791	6,723	19	(179)
- Unrealised	3,825	(527)	351	(220)
Net fair value (gain)/loss on derivatives	(7)	370	-	-
Impairment of goodwill	-	23,470	-	-
Impairment of investment in subsidiaries, net	-	-	25	1
Others	678	1,501	-	-
	<u>21,283</u>	<u>46,945</u>	<u>395</u>	<u>(398)</u>

9. FINANCE COST

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expense on:				
- financing from ultimate holding company	3,611	3,374	-	-
- financing from immediate holding company	3,312	127	-	-
- financing from banks	341	4,678	-	-
- hire-purchase	-	51	-	-
Bank commitment fee	6	6	-	-
	<u>7,270</u>	<u>8,236</u>	<u>-</u>	<u>-</u>

10. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Additional provisions	10,685	3,410	-	-
Amortisation of software and licenses	34	67	-	-
Amortisation of goodwill	9,996	15,408	-	-
Impairment of goodwill	-	23,470	-	-
Amortisation of prepaid land lease payments	621	621	-	-
Auditors' remuneration:				
Current year	723	881	55	55
Underprovision in prior year	2	33	-	1
Depreciation of property, plant and equipment	21,039	22,227	66	91
Gain on disposal of property, plant and equipment	(29)	(244)	-	(25)
Rental of premises	-	-	426	415
Reversal of provisions	(13,321)	(9,450)	-	-
Reversal of impairment losses on trade receivables	-	(413)	-	-
Reversal of allowance for slow moving inventories, net	(9,329)	(542)	-	-
Written-off of inventories, net	1,399	1,485	-	-
Written-off of property, plant and equipment	-	9	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Wages and salaries	214,948	227,680	5,078	5,874
Social security contributions	19,110	9,734	18	16
Defined contribution plans	15,762	16,542	394	372
Other employee related expenses	14,008	18,192	1,078	1,252
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>263,828</u>	<u>272,148</u>	<u>6,568</u>	<u>7,514</u>

12. INCOME TAX EXPENSE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current income tax:				
Malaysian income tax	8,710	12,086	419	323
Foreign tax	3,317	1,204	-	-
	<u>12,027</u>	<u>13,290</u>	<u>419</u>	<u>323</u>
Under/(Over) provision in prior years:				
Malaysian income tax	273	(326)	21	1
Foreign tax	(9)	920	-	-
	<u>12,291</u>	<u>13,884</u>	<u>440</u>	<u>324</u>
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	2,900	(366)	-	-
(Over)/Underprovision in prior years	-	(866)	(94)	90
	<u>2,900</u>	<u>(1,232)</u>	<u>(94)</u>	<u>90</u>
	<u>15,191</u>	<u>12,652</u>	<u>346</u>	<u>414</u>

Domestic income tax is calculated at the Malaysia statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	31,766	19,108	40,201	41,267
Taxation at domestic statutory tax rate of 24% (2023: 24%)	7,624	4,586	9,648	9,904
Different tax rates in other countries	(123)	1,615	-	-
Deferred tax assets not recognised in respect of current year's tax credit	2,442	663	-	-
Expenses not deductible for tax purposes	5,002	9,383	611	19
Effect of utilisation of previously unrecognised tax assets	(18)	(2,886)	-	-
Effect of utilisation of current year's tax allowance	-	(437)	-	-
Income not subject to tax	-	-	(9,840)	(9,600)
Underprovision of tax expense in prior years	264	594	21	1
(Over)/Underprovision of deferred tax expense in prior years	-	(866)	(94)	90
	<u>15,191</u>	<u>12,652</u>	<u>346</u>	<u>414</u>

As of December 31, 2024, the Group and the Company have the following amounts of unabsorbed business losses which are available for set off against future taxable profits:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unabsorbed business losses	6,238	1,306	-	-

The unabsorbed business losses of the foreign subsidiary from Bulgaria can be carried forward for five consecutive years of assessment immediately following that year of assessment (e.g. unused tax losses accumulated up to year of assessment 2023 can be carried forward until year of assessment 2028). Unabsorbed business losses of the foreign subsidiary from Sweden can be carried forward indefinitely.

The unabsorbed business losses of the Group and of the Company will expire in the following years of assessment ("YA"):

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
YA2029	987	-	-	-
YA2028	-	285	-	-
Indefinite	5,251	1,021	-	-
	<u>6,238</u>	<u>1,306</u>	<u>-</u>	<u>-</u>

13. DIVIDEND

	Group and Company	
	2024 RM'000	2023 RM'000
Recognised during the financial year		
First single tier interim dividend of 42.356% on 93,257,981 ordinary shares declared on December 16, 2024 and paid on December 30, 2024.	<u>39,500</u>	<u>-</u>
First single tier interim dividend of 42.892% on 93,257,981 ordinary shares declared December 15, 2023 and paid on December 29, 2023.	<u>-</u>	<u>40,000</u>

The directors do not recommend the payment of any final dividend in respect of the current financial year for its ordinary shares.

14. DEPOSITS WITH BANK

Short-term deposits are made for varying periods ranging from 7 to 32 days (2023: 7 to 27 days) depending on the cash requirement of the Group and earn interests at the respective short-term deposit rates. As at the reporting date, the short-term deposits of the Group earn interests at rates from 2.8% to 4.4% per annum (2023: 5.20% per annum) and have maturity periods ranging from 20 to 21 days (2023: 14 to 21 days).

15. TRADE RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Third parties	232,089	205,470	-	-
Less: Allowance for impairment – Third parties	(963)	(1,012)	-	-
	231,126	204,458	-	-
Amount due from related companies	-	-	1,318	-
	<u>231,126</u>	<u>204,458</u>	<u>1,318</u>	<u>-</u>

The amount due from related companies arose mainly from trade transactions. The credit term is 30 days (2023: N/A).

Movement in allowance for impairment account:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At January, 1	1,012	1,417	-	-
Reversal of impairment losses	-	(413)	-	-
Exchange differences	(49)	8	-	-
At December, 31	<u>963</u>	<u>1,012</u>	<u>-</u>	<u>-</u>

16. OTHER CURRENT RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amount due from related companies	286	22	1,157	756
Deposits	1,075	1,441	-	-
Prepayments	11,485	7,097	2,157	147
Sundry receivables	25,714	2,925	-	-
Derivative financial assets	-	80	-	-
	<u>38,560</u>	<u>11,565</u>	<u>3,314</u>	<u>903</u>

(a) Amount due from related companies

The amount due from related companies arose mainly from unsecured advances which is interest free and repayable on demand.

(b) Prepayments

Included in prepayments is RM Nil (2023: RM2,175,000) made in relation to the acquisition of land together with a detached factory building.

(c) Derivative financial assets

In the prior year, derivative financial assets arose from the forward currency contracts which were used to hedge the Group's sales and purchases with contract amount of USD2,400,000 for which firm commitments existed at the reporting date, extending to June 2024.

17. INVENTORIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At Cost:				
Raw Materials	197,852	247,711	-	-
Work-in-progress	31,461	24,261	-	-
Finished goods	21,730	36,549	-	-
Goods-in-transit	5,552	16,945	-	-
	<u>256,595</u>	<u>325,466</u>	<u>-</u>	<u>-</u>

During the year, inventories recognised as an expense in cost of sales of the Group amounted to RM725,999,000 (2023: RM1,035,925,000).

The net amount of inventories written off recognised in profit or loss during the financial year amounted to RM1,399,000 (2023: RM1,485,000).

The amount of reversal of allowance of slow moving inventories recognised in profit or loss during the financial year amounted to RM9,329,000 (2023: RM542,000).

18. TRADE PAYABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Third parties	<u>116,711</u>	<u>118,577</u>	<u>-</u>	<u>-</u>

19. ADVANCES FROM CUSTOMERS

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
Third parties	<u>55,322</u>	<u>55,240</u>	<u>-</u>	<u>-</u>

20. PROVISIONS

Group	Work due RM'000	Warranty claims RM'000	Legal claims RM'000	Excess and without requirement materials - on order RM'000	Dismantling or restoration of property, plant and equipment RM'000	Provision for pricing adjustments RM'000	Others RM'000	Total RM'000
At January 1, 2024	2,362	5,473	9,789	939	510	-	908	19,981
Arising during the year (Note 10)	957	6,749	54	2,240	-	658	27	10,685
Reversal during the year (Note 10)	(770)	(2,180)	(9,633)	(636)	(100)	-	(2)	(13,321)
Exchange differences	(33)	(213)	(156)	(145)	-	-	1	(546)
At December 31, 2024	<u>2,516</u>	<u>9,829</u>	<u>54</u>	<u>2,398</u>	<u>410</u>	<u>658</u>	<u>934</u>	<u>16,799</u>
At January 1, 2023	2,523	4,821	9,269	1,424	510	-	6,738	25,285
Arising during the year (Note 10)	60	2,083	-	359	-	-	908	3,410
Reversal during the year (Note 10)	(275)	(1,590)	-	(847)	-	-	(6,738)	(9,450)
Exchange differences	54	159	520	3	-	-	-	736
At December 31, 2023	<u>2,362</u>	<u>5,473</u>	<u>9,789</u>	<u>939</u>	<u>510</u>	<u>-</u>	<u>908</u>	<u>19,981</u>

(a) Work due

Provision for work due is recognised for the contractual requirement to maintain customers' assets (tools and mould, jig, fixtures or for entire assembly lines including test equipment) located at the subsidiaries' premises in good working condition. The provision reflects management's best estimates of the Group's liability in relation to this contractual requirement.

(b) Warranty claims

The Group provides warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised for expected warranty claims on products sold during the year on a case-by-case basis as determined by the management. It is expected that most of these costs will be incurred within a year from the reporting date. The provision reflects management's best estimates of the Group's liability for certain product warranties at the reporting date and is determined based on past experience and industry average.

(c) Legal claims

A provision is recognised for legal claims when legal disputes arise with the Group's customers for reasons such as the non-fulfillment of obligations under the Group's manufacturing agreement with its customers. The provision reflects management's best estimates of the Group's liability for the legal claim as at the year end and is determined based on available information and/or in consideration of relevant and appropriate legal advice.

Details of the matter giving rise to the provision for legal claims are as disclosed in Note 38.

(d) Excess and without requirement materials - on order

Provision for the excess and without requirement materials - on order is recognised for un-cancellable purchase orders placed with the suppliers and there is an absence of an enforceable customer order, customer forecast or customer commitments.

(e) Dismantling or restoration of property, plant and equipment

Provision for dismantling or restoration is the estimated costs of dismantling, removal or restoration of property, plant and equipment arising from the acquisition or use of such assets, which are capitalized and included in the cost of property, plant and equipment.

(f) Provision for pricing adjustments

Provision for pricing adjustments relate to rebates/refunds that the Group is obligated to give to its customer(s) as a result of selling prices being incorrectly negotiated at higher amounts in the sales agreements and/or contracts between the Company and its customer(s). These rebates/refunds are expected to be given in 2025.

(g) Others

Provision for others is the estimated cost of inventory losses related to specific customer(s) having considered the insolvency position of that customer(s).

21. OTHER CURRENT LIABILITIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amount due to ultimate holding company	6,487	-	-	-
Amount due to immediate holding company	2,777	-	-	-
Other payables	30,460	15,353	89	143
Accruals – payroll related expenses	16,596	20,703	535	614
Accruals – others	22,191	49,109	3,597	3,046
Hire-purchase payable	-	341	-	-
Derivative financial liabilities	400	487	-	-
Amounts due to subsidiaries	-	-	275	284
	<u>78,911</u>	<u>85,993</u>	<u>4,496</u>	<u>4,087</u>

(a) Amount due to ultimate holding company

The amount due to ultimate holding company arose mainly from unsecured advances which is interest free and repayable on demand.

(b) Amount due to immediate holding company

The amount due to immediate holding company arose mainly from unsecured advances which is interest free and repayable on demand.

(c) Amount due to subsidiaries

The amount due to subsidiaries arose mainly from unsecured advances which is interest free and repayable on demand.

(d) Derivative financial liabilities

As at December 31, 2024, derivative financial liabilities arose from the forward currency contracts which were used to hedge the Group's sales and purchases with contract amount of USD7,200,000 (2023: USD2,400,000) for which firm commitments existed at the reporting date, extending to June 2025 (2023: June 2024).

Hire-purchase payable

	Group	
	2024	2023
	RM'000	RM'000
Total outstanding	-	341
Less: Interest-in-suspense outstanding	-	-
	<u>-</u>	<u>-</u>
Less: Current portion	-	341
	<u>-</u>	<u>(341)</u>
Non-current portion	-	-
	<u>-</u>	<u>-</u>

The effective interest rate of hire-purchase payables of the Company as of December 31, 2024 is Nil% (2023: range from 3.80%-4.40%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

22. SHORT TERM FINANCING

	Group	
	2024	2023
	RM'000	RM'000
Short term financing from:		
Ultimate holding company	62,058	-
Immediate holding company	4,375	-
Bank	79	22,414
	<u>66,512</u>	<u>22,414</u>

Short term financing from the ultimate holding company and immediate holding company are unsecured, bears interest at a rate ranging from 5% to 6% (2023: Nil) per annum and are repayable on demand.

Short term financing from a bank relates to a subsidiary's financing arrangement with a bank where 85% (2023: 85%) of the subsidiary's notified sales invoice value is available to be financed against. The financing arrangement bears interest at a rate ranging from 2.35% to 5.25% (2023: 2.35% to 3.5%) above the bank's base rate.

23. OTHER NON-CURRENT ASSETS

Prepaid land lease payments

	Group	
	2024 RM'000	2023 RM'000
Cost		
At January 1/December 31	<u>31,633</u>	<u>31,633</u>
Accumulated amortisation		
At January 1	4,788	4,167
Amortisation charged for the year (Note 10)	<u>621</u>	<u>621</u>
At December 31	<u>5,409</u>	<u>4,788</u>
Net carrying amount	<u>26,224</u>	<u>26,845</u>

There are 4 registered debentures over the Group's leasehold land with a net carrying amount of RM2,083,000 (2023: RM2,161,000) held as securities for banking facilities granted to the subsidiaries. As at December 31, 2024 and 2023, these banking facilities have not been utilised by the Group.

The leasehold land have unexpired lease periods of 24 years to 44 years (2023: 25 years to 45 years).

24. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Cost		
Unquoted shares, at cost		
- in Malaysia	16,449	16,449
- outside Malaysia	<u>80,714</u>	<u>80,714</u>
At December 31	<u>97,163</u>	<u>97,163</u>
Accumulated impairment losses		
At January 1	236	235
Impairment recognised during the year (Note 8)	<u>25</u>	<u>1</u>
At December 31	<u>261</u>	<u>236</u>
Net carrying amount	<u>96,902</u>	<u>96,927</u>

(a) Details of the subsidiaries are as follows:

Name of the subsidiaries	Country of incorporation and operations	Effective equity interest held (%)		Principal activities
		2024	2023	
ESCATEC Electronics Sdn. Bhd. **	Malaysia	100	100	Manufacture, sale of electronics devices and printed circuit board assemblies.
ESCATEC Mechatronics Sdn. Bhd. **	Malaysia	100	100	Manufacture, sale of mechatronic and electronic products and precision plastic moulding products.
ESCATEC Industries Sdn. Bhd. **	Malaysia	100	100	Dormant.
ESCATEC Medical Sdn. Bhd. **	Malaysia	100	100	Design, manufacture and sales of electronics and mechatronics devices, printed circuit board assemblies and precision plastic moulding primarily for the medical industry.
ESCATEC Technology Sdn. Bhd. **	Malaysia	100	100	Dormant.
ESCATEC Hong Kong Limited ***	Hong Kong	100 [^]	100 [^]	Dormant.
ESCATEC Sweden AB ***	Sweden	100	100	Sales and marketing activities, acting as agent for ESCATEC group manufacturing companies and ESCATEC group's European operational holding and management.
ESCATEC Trading and Engineering AG ***	Switzerland	100 ^{^^}	100 ^{^^}	Provision of management, marketing and technical services.
ESCATEC Switzerland AG ***	Switzerland	100 ^{^^}	100 ^{^^}	Engineering, design and manufacturing of electronic components for use in industrial products.

Name of the subsidiaries	Country of incorporation and operations	Effective equity interest held (%)		Principal activities
		2024	2023	
ESCATEC Mechatronics Limited ***	United Kingdom	100^^	100^^	Electro mechanical and electronics manufacturing services.
Escatec Mechatronics s.r.o ***	Czech Republic	100^^	100^^	Assembly of electro-mechanical parts into finished products
ESCATEC Bulgaria Ltd ***	Bulgaria	100^^	100^^	Manufacture, sale of electronics devices and printed circuit board assemblies.

** Audited by member firms of Deloitte PLT.

*** Audited by firms of auditors other than Deloitte PLT.

^ 5% of equity interest is held through ESCATEC Electronics Sdn. Bhd..

^^ Equity interest is held through ESCATEC Sweden AB.

(b) The management of the Company has carried out a review of the recoverable amount of the investments in subsidiaries during the year. An impairment loss of RM25,000 (2023: impairment loss of RM1,000) has been recognised in profit or loss, decreasing the net carrying amount of the investment to its recoverable amount as at December 31, 2024.

25. INTANGIBLE ASSETS

Group	2024		2023	
	Software and licences RM'000	Goodwill RM'000	Total RM'000	Total RM'000
Cost				
At January 1	1,942	107,852	109,794	111,329
Write off	-	-	-	(1,810)
Exchange differences	(96)	-	(96)	275
At December 31	1,846	107,852	109,698	109,794
Accumulated depreciation				
At January 1	1,908	64,558	66,466	29,056
Amortisation charged for the year (Note 10)	34	9,996	10,030	15,475
Impairment of goodwill (Note 10)	-	-	-	23,470
Write off	-	-	-	(1,810)
Exchange differences	(96)	-	(96)	275
At December 31	1,846	74,554	76,400	66,466
Net carrying amount				
At December 31	-	33,298	33,298	43,328

25. INTANGIBLE ASSETS (continued)

At end of the reporting period, the Group assessed the recoverable amount of goodwill and determined an impairment of RM Nil (2023: RM23,470,000) was necessary.

The recoverable amount of the cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the management covering a period of 4 years (2023: 5 years) with an estimated growth rate of 4.7% (2023: 1%) and a post-tax discount rate of 12% (2023: 12%) (equivalent to a pre-tax discount rate of 16.5%, 2023: equivalent to a pre-tax discount rate of 16.5%) per annum. The cash flows beyond that 4 years (2023: 5 years) period have been extrapolated using a steady 1% (2023: 1%) per annum growth rate.

Cash flow projections during the budget period are based on the same expected gross margins and market price inflation throughout the budget period. The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would still cause the carrying amount to exceed the recoverable amount of the cash-generating unit.

26. PROPERTY, PLANT AND EQUIPMENT

Group	2024					2023		
	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Computers RM'000	Factory building RM'000	Ancillary construction RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At January 1	210,227	10,877	2,715	18,055	51,149	290	2,387	276,312
Additions	3,086	167	-	941	15,515	23	6,853	26,585
Disposal	(231)	-	(504)	-	-	-	-	(735)
Reclassification	2,387	-	-	-	-	-	(2,387)	-
Written off	(2,723)	(61)	-	(182)	-	-	-	(2,966)
Exchange differences	(5,199)	(441)	(75)	(565)	(274)	(26)	(401)	(6,981)
At December 31	207,547	10,542	2,136	18,249	66,390	287	6,452	295,700

Registration No.: 199601009063 (381411 D)

There are 4 registered debentures over the Group's property, plant and equipment with a net carrying amount of RM15,540,000 (2023: RM26,328,000) held as securities for banking facilities granted to the subsidiaries. As at December 31, 2024 and 2023, these banking facilities have not been utilised by the Group.

Company	2024			2023	
	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Computers RM'000	Total RM'000	Total RM'000
Cost					
At January 1	7	703	139	849	858
Additions	-	-	-	-	195
Disposals	-	-	(12)	(12)	(204)
At December 31	7	703	127	837	849
Accumulated amortisation					
At January 1	7	560	106	673	780
Depreciation charged for the year (Note 10)	-	45	21	66	91
Disposals	-	-	(12)	(12)	(198)
At December 31	7	605	115	727	673
Net carrying amount					
At December 31	-	98	12	110	176

27. INVESTMENT PROPERTY

Group	← 2024 →			2023
	Factory building RM'000	Ancillary construction RM'000	Total RM'000	Total RM'000
Cost				
At January 1/December 31	<u>5,732</u>	<u>8</u>	<u>5,740</u>	<u>5,740</u>
Accumulated amortisation				
At January 1/December 31	<u>5,732</u>	<u>8</u>	<u>5,740</u>	<u>5,740</u>
Net carrying amount				
At December 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There are 2 registered debentures over the Group's investment property with a net carrying amount of RM Nil (2023: RM Nil) held as securities for banking facilities granted to a subsidiary. As at December 31, 2024 and 2023, these banking facilities have not been utilised by the Group.

The title deed to the investment property is registered under the name of the subsidiary.

The direct operating expenses incurred by the subsidiary on the investment property during the financial year amounted to RM Nil (2023: RM Nil).

The investment property of the subsidiary has an estimated open market value of approximately RM12,000,000 (2023: RM12,000,000) and is leased to generate rental income.

Valuation technique and inputs used in the fair value disclosure are shown below:

	Fair value RM'000	Valuation technique	Significant unobservable input	Range
At December 31, 2024				
Factory building and ancillary construction	<u>12,000</u>	<u>Market comparable approach</u>	<u>Price per square feet</u>	<u>RM146- RM395</u>
At December 31, 2023				
Factory building and ancillary construction	<u>12,000</u>	<u>Market comparable approach</u>	<u>Price per square feet</u>	<u>RM146- RM395</u>

28. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At January 1	(4,366)	(3,149)	58	(32)
Recognised in profit or loss (Note 12)	2,900	(1,232)	(94)	90
Exchange differences	13	15	-	-
	<u>(1,453)</u>	<u>(4,366)</u>	<u>(36)</u>	<u>58</u>
At December 31	<u>(1,453)</u>	<u>(4,366)</u>	<u>(36)</u>	<u>58</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,453)	(4,424)	(36)	-
Deferred tax liabilities	-	58	-	58
	<u>(1,453)</u>	<u>(4,366)</u>	<u>(36)</u>	<u>58</u>
At December 31	<u>(1,453)</u>	<u>(4,366)</u>	<u>(36)</u>	<u>58</u>

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provision for liabilities RM'000	Unabsorbed business losses and accelerated capital allowances RM'000	Total RM'000
At January 1, 2024	(3,322)	(1,134)	(4,456)
Recognised in profit or loss	2,629	271	2,900
Exchange differences	7	6	13
	<u>(686)</u>	<u>(857)</u>	<u>(1,543)</u>
At December 31, 2024	<u>(686)</u>	<u>(857)</u>	<u>(1,543)</u>
At January 1, 2023	(3,234)	(656)	(3,890)
Recognised in profit or loss	(80)	(456)	(536)
Exchange differences	(8)	(22)	(30)
	<u>(3,322)</u>	<u>(1,134)</u>	<u>(4,456)</u>
At December 31, 2023	<u>(3,322)</u>	<u>(1,134)</u>	<u>(4,456)</u>

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
At January 1, 2024	90
Recognised in profit or loss	<u>-</u>
At December 31, 2024	<u>90</u>
At January 1, 2023	741
Recognised in profit or loss	(696)
Exchange differences	<u>45</u>
At December 31, 2023	<u>90</u>

Deferred tax assets of the Company:

	Unabsorbed business losses and accelerated capital allowances RM'000
At January 1, 2024	(32)
Recognised in profit or loss	<u>(94)</u>
At December 31, 2024	<u>(126)</u>
At January 1, 2023	(59)
Recognised in profit or loss	<u>27</u>
At December 31, 2023	<u>(32)</u>

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000
At January 1, 2024	90
Recognised in profit or loss	<u>-</u>
At December 31, 2024	<u>90</u>
At January 1, 2023	27
Recognised in profit or loss	<u>63</u>
At December 31, 2023	<u>90</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unabsorbed business losses	1,103	255	-	-
Other deductible temporary differences	17,862	13,279	-	-
	<u>18,965</u>	<u>13,534</u>	<u>-</u>	<u>-</u>

No deferred tax assets have been recognised in respect of the above as it is not probable that future taxable profit will be available against which these items can be utilized.

29. LONG TERM FINANCING

	Group	
	2024 RM'000	2023 RM'000
Long term financing from:		
Ultimate holding company	6,759	62,932
Immediate holding company	47,378	4,456
Long term financing	<u>54,137</u>	<u>67,388</u>

The long term financing are obtained from the ultimate holding company and immediate holding company, are unsecured and are repayable on April 27, 2026 and December 31, 2026 (2023: April 27, 2026 and December 31, 2026). The effective interest rate for the long term financing as at the reporting date are ranging from 5% to 6% (2023: 5%) per annum.

The remaining maturity of the financing as at reporting date is as follows:

	Group	
	2024 RM'000	2023 RM'000
More than 1 year and less than 2 years	54,137	58,938
More than 2 years and less than 5 years	-	8,450
	<u>54,137</u>	<u>67,388</u>

30. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2024 '000	2023 '000	2024 RM'000	2023 RM'000
Issued and fully paid	<u>93,258</u>	<u>93,258</u>	<u>93,258</u>	<u>93,258</u>

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

31. OTHER RESERVES

The nature and purpose of each category of reserve are as follows:

(a) Legal reserve

Under Swiss law, 5% of the subsidiary's yearly profit and 10% of the paid dividend exceeding 5% is required to be allocated to this reserve until it reaches 50% of the subsidiary's share capital. The reserve may be used to offset any accumulated losses of the subsidiary but is not available for dividend distribution to shareholders.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

32. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at December 31, 2024 and December 31, 2023 under the single tier system.

33. OPERATING LEASE ARRANGEMENT

The Group as lessor

Future minimum rentals receivable under non-cancellable operating lease at the reporting date are as follows:

	Group	
	2024 RM'000	2023 RM'000
Not later than 1 year	<u>3,588</u>	<u>634</u>

The Group as lessee

The Group has entered into operating lease agreements for the use of premises. The future aggregate minimum lease payments under operating leases contracted for as of the end of the reporting period but not recognised as liabilities are as follows:

	Group	
	2024 RM'000	2023 RM'000
Not later than 1 year	5,584	6,516
Between 1 year to 5 years	<u>3,876</u>	<u>3,719</u>
	<u>9,460</u>	<u>10,235</u>

34. CAPITAL COMMITMENTS

	Group	
	2024 RM'000	2023 RM'000
Capital expenditure:		
Approved and contracted for:		
- Plant and machinery	<u>2,110</u>	<u>1,254</u>

35. CONTINGENT LIABILITIES

No contingent liabilities existed as at the date of these financial statements in relation to the Group or the Company.

36. RELATED PARTY DISCLOSURE

a) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company have the following transactions with related parties during the financial year:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
With ultimate holding company				
(Repayment)/Drawdown of long term financing, net	(56,173)	5,908	-	-
Drawdown/(Repayment) of short term financing, net	62,058	(9,000)	-	-
Interest expense paid to	<u>3,611</u>	<u>3,374</u>	<u>-</u>	<u>-</u>
With immediate holding company				
Drawdown of long term financing, net	42,922	4,456	-	-
Drawdown of short term financing, net	4,375	-	-	-
Interest expense paid to	3,312	127	-	-
Dividend paid	<u>39,500</u>	<u>40,000</u>	<u>39,500</u>	<u>40,000</u>
With subsidiaries				
Dividend income received from	-	-	41,000	40,000
Management fee income received from	-	-	11,791	11,790
Information technology support cost received from	-	-	6,770	-
Rental of premises	-	-	<u>426</u>	<u>415</u>
With related company				
Flight expenses charged by a related company	<u>557</u>	<u>416</u>	<u>-</u>	<u>-</u>

b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Short-term employee benefits	13,080	15,428	2,600	4,595
Post employment benefits:				
Defined contribution plan	459	516	-	-
Other staff related expenses	387	413	256	289
	<u>13,926</u>	<u>16,357</u>	<u>2,856</u>	<u>4,884</u>
Included in the total key management personnel are:				
Directors' remuneration	<u>4,858</u>	<u>4,822</u>	<u>1,812</u>	<u>1,845</u>

The key management personnel of the Group and the Company include the directors and certain members of senior management.

37. FINANCIAL INSTRUMENTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets				
Derivative financial assets	-	80	-	-
Trade receivables	231,126	204,458	1,318	-
Other current receivables, net of prepayments and derivative financial assets	27,075	4,388	1,157	756
Cash on hand and at banks	38,061	21,017	2,377	5,169
Deposits with bank	12,720	6,943	-	-
Financial liabilities				
Trade payables	116,711	118,577	-	-
Advances from customers	55,322	55,240	-	-
Short term financing	66,512	22,414	-	-
Other current liabilities, net of derivative financial liabilities	78,511	85,506	4,496	4,087
Derivative financial liabilities	400	487	-	-
Long term financing	54,137	67,388	-	-

38. MATERIAL LITIGATION

On December 22, 2021, the Group was informed of a legal claim initiated by a customer of the Group in respect to the termination of a Development, Production and Supply Agreement ("Agreement") entered into in 2017. The said legal claim was lodged against two subsidiaries of the Companies, ESCATEC Switzerland AG and ESCATEC Mechatronics Sdn. Bhd., and asserts that the Group is liable to the customer for development costs and damages that the customer had suffered due to the non-fulfillment of the Group's obligations under the Agreement. Arising from this legal claim, the Group had made a provision for legal claims (as disclosed in Note 20).

On February 15, 2024, an out of court resolution was reached between the Group and the customer with the dispute resolved through mutual agreement. This was agreed by both parties involved with the aim of mitigating the potential risks and costs associated with legal proceedings.

The Group had agreed to pay the customer a sum of CHF132,500 (equivalent of RM717,037), serving as a comprehensive resolution for all claims arising under the Agreement. This payment was made on February 28, 2024.

This settlement marks the conclusive closure of the matter between the Group and the customer, bringing an end to any further dispute or contention between them.

Registration No.: 199601009063 (381411 D)

ESCATEC SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **ESCATEC SDN. BHD.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2024 and of the financial performance and the cash flows of the Group and of the Company for the year then ended on that date.

Signed in accordance with
a resolution of the Directors,


CHRISTOPHE GEORGES ALBIN


CHARLES-ALEXANDRE ALBIN

2 MAY 2025

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR
THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, **ROMAN MARC ZIEGLER**, the officer primarily responsible for the financial management of **ESCATEC SDN. BHD.**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared

By the abovenamed **ROMAN MARC
ZIEGLER** at **GEORGETOWN** in the

State of **PENANG** on **2 MAY 2025**

Before me, **ROMAN MARC ZIEGLER**
CHIEF FINANCIAL CONTROLLER



No.65, Jalan Deva Pada
10400 Georgetown, Penang