

13. ACCOUNTANTS' REPORT



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The Board of Directors
SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
Suite 18.05, MWE Plaza,
No.8, Lebuhr Farquhar,
10200 Georgetown,
Pulau Pinang, Malaysia.

Date: **26 FEB 2026**

Our ref: BDO/LBT/LSX/ROYX

Dear Sirs,

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report ("this Report") of SQ Advanced Interconnect Berhad (formerly known as Qdos Holdings Bhd.) ("SQAI" or "the Company")

Opinion

We have audited the combined financial statements of SQ Advanced Interconnect Berhad and its combining entities (collectively referred to as the "the Group"), which comprise the combined statements of financial position as at 31 May 2023, 31 May 2024 and 31 May 2025 of the Group, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 May 2023, 31 May 2024 and 31 May 2025, and notes to the combined financial statements, including material accounting policies information, as set out in this report.

This combined financial statements have been prepared for inclusion in the prospectus of the Company ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("the Listing"). This report is given for the purposes of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 May 2023, 31 May 2024 and 31 May 2025, and of their financial performance and cash flows for the financial years ended 31 May 2023, 31 May 2024 and 31 May 2025 in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined 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.

13. ACCOUNTANTS' REPORT (CONT'D)

*Independence and Other Ethical Responsibilities*

We are independent of the Group 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.

Directors’ Responsibility for the Combined Financial Statements

The Directors of the Company (“Directors”) are responsible for the preparation of the combined financial statements that give a true and fair view in accordance with MFRSs and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the Directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountants’ Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 ISAs 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 combined financial statements.

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

- (a) Identify and assess the risks of material misstatement of the combined financial statements, 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;

13. ACCOUNTANTS' REPORT (CONT'D)



Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (b) 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 internal control of the Group;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- (d) 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- (e) Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- (f) 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 financial statements of the Group. 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.

13. ACCOUNTANTS' REPORT (CONT'D)



Other Matters

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

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BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Lee Beng Tuan'.

Lee Beng Tuan
03271/07/2026 J
Chartered Accountant

Penang

26 FEB 2026

13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
Registration No. 199901001962 (476862-P)
Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION

The audited combined statements of financial position as at 31 May 2023, 31 May 2024 and 31 May 2025 are set out below:

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	194,900,557	185,035,403	165,978,451
Right-of-use assets	6	11,023,113	10,673,255	9,321,382
Intangible assets	7	1,046,576	691,819	392,760
Other investments	8	20,606,399	22,286,199	22,286,199
Deferred tax assets	9	116,357	125,778	124,904
Trade and other receivables	10	2,388,099	543,311	-
		<u>230,081,101</u>	<u>219,355,765</u>	<u>198,103,696</u>
Current assets				
Inventories	11	36,630,881	37,180,097	39,268,751
Other investments	8	8,098,778	22,850,719	12,234,156
Trade and other receivables	10	116,494,482	106,984,946	94,704,523
Contract assets	12	6,384,087	8,342,571	7,556,803
Derivatives assets	13	-	16,103	115,676
Current tax assets		3,187,300	3,128,306	1,430,413
Short term funds	14	6,116,896	19,632,877	17,422,458
Cash and bank balances	15	165,837,722	148,119,207	133,419,116
		<u>342,750,146</u>	<u>346,254,826</u>	<u>306,151,896</u>
TOTAL ASSETS		<u>572,831,247</u>	<u>565,610,591</u>	<u>504,255,592</u>
EQUITY AND LIABILITIES				
Equity attributable to common controlling shareholders of the combining entities/owners of the Company				
Invested equity	16	86,380,121	86,380,121	86,380,121
Reserves	17	346,619,902	349,307,427	297,824,674
TOTAL EQUITY		<u>433,000,023</u>	<u>435,687,548</u>	<u>384,204,795</u>



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*SQ Advanced Interconnect Berhad
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COMBINED STATEMENTS OF FINANCIAL POSITION (continued)

The audited combined statements of financial position as at 31 May 2023, 31 May 2024 and 31 May 2025 are set out below (continued):

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
LIABILITIES				
Non-current liabilities				
Lease liabilities	6	927,120	593,473	72,931
Deferred tax liabilities	9	1,746,293	3,523,492	2,032,470
Government grants	18	397,805	480,088	320,059
Borrowings	19	38,605,682	6,727,677	3,051,878
Trade and other payables	20	440,087	237,627	-
Contract liabilities	12	3,793,561	1,450,432	-
		<u>45,910,548</u>	<u>13,012,789</u>	<u>5,477,338</u>
Current liabilities				
Lease liabilities	6	688,719	938,747	547,424
Government grants	18	816,444	222,529	160,029
Borrowings	19	10,727,642	6,552,183	17,289,441
Trade and other payables	20	73,921,474	103,538,780	93,073,654
Contract liabilities	12	2,614,570	2,706,939	744,604
Derivatives liabilities	13	37,465	-	-
Current tax liabilities		5,114,362	2,951,076	2,758,307
		<u>93,920,676</u>	<u>116,910,254</u>	<u>114,573,459</u>
TOTAL LIABILITIES		<u>139,831,224</u>	<u>129,923,043</u>	<u>120,050,797</u>
TOTAL EQUITY AND LIABILITIES		<u>572,831,247</u>	<u>565,610,591</u>	<u>504,255,592</u>

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SQ Advanced Interconnect Berhad
(Formerly known as *Qdos Holdings Bhd.*)
Registration No. 199901001962 (476862-P)
Accountants' Report

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited combined statements of profit or loss and other comprehensive income as at 31 May 2023, 31 May 2024 and 31 May 2025 are set out below:

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
Revenue	21	313,708,097	340,425,345	367,658,427
Cost of sales		<u>(220,347,349)</u>	<u>(234,115,401)</u>	<u>(247,690,318)</u>
Gross profit		93,360,748	106,309,944	119,968,109
Other operating income		34,473,733	28,418,645	25,522,614
Administrative and marketing expenses		(47,318,417)	(44,069,370)	(40,418,750)
Net losses on impairment of financial assets		(677,625)	(3,774,374)	(12,313,683)
Finance costs	23	<u>(2,764,307)</u>	<u>(2,132,181)</u>	<u>(670,178)</u>
Profit before tax	24	77,074,132	84,752,664	92,088,112
Tax expense	25	<u>(8,473,757)</u>	<u>(9,937,388)</u>	<u>(11,921,667)</u>
Profit for the financial year		68,600,375	74,815,276	80,166,445
Other comprehensive loss, net of tax				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translations		<u>(2,427,211)</u>	<u>(208,571)</u>	<u>(24,715,378)</u>
Total comprehensive income for the financial year		<u>66,173,164</u>	<u>74,606,705</u>	<u>55,451,067</u>
Profit attributable to common controlling shareholders of the combining entities/ owners of the Company		<u>68,600,375</u>	<u>74,815,276</u>	<u>80,166,445</u>
Total comprehensive income, attributable to common controlling shareholders of the combining entities/ owners of the Company		<u>66,173,164</u>	<u>74,606,705</u>	<u>55,451,067</u>
Earnings per ordinary share attributable to common controlling shareholders of the combining entities/owners of the Company:				
<i>Basic and diluted (sen)</i>	26	<u>4.57</u>	<u>4.99</u>	<u>5.34</u>



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*SQ Advanced Interconnect Berhad
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Accountants' Report*

COMBINED STATEMENTS OF CHANGES IN EQUITY

The audited combined statements of changes in equity for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below:

Audited	Invested equity RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Statutory reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 May 2022	86,380,121	14,257,388	4,599,481	(13,000,000)	32,235,581	242,354,288	366,826,859
Profit for the financial year	-	-	-	-	-	68,600,375	68,600,375
Other comprehensive income, net of tax	-	-	(2,427,211)	-	1,588	(1,588)	(2,427,211)
Total comprehensive income	-	-	(2,427,211)	-	1,588	68,598,787	66,173,164
Balance as at 31 May 2023	86,380,121	14,257,388	2,172,270	(13,000,000)	32,237,169	310,953,075	433,000,023



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*SQ Advanced Interconnect Berhad
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COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

The audited combined statements of changes in equity for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below (continued):

Audited	Note	Invested equity RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Statutory reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 May 2023		86,380,121	14,257,388	2,172,270	(13,000,000)	32,237,169	310,953,075	433,000,023
Adjustment due to modified retrospective application of MFRS 9 (financial guarantee contracts)	19(c)	-	-	-	-	-	(3,805,680)	(3,805,680)
Balance as at 1 May 2023, as restated		86,380,121	14,257,388	2,172,270	(13,000,000)	32,237,169	307,147,395	429,194,343
Profit for the financial year		-	-	-	-	-	74,815,276	74,815,276
Other comprehensive income, net of tax		-	-	(208,571)	-	7,596,052	(7,596,052)	(208,571)
Total comprehensive income		-	-	(208,571)	-	7,596,052	67,219,224	74,606,705
Transactions with owners: Dividends paid	27	-	-	-	-	-	(68,113,500)	(68,113,500)
Balance as at 31 May 2024		86,380,121	14,257,388	1,963,699	(13,000,000)	39,833,221	306,253,119	435,687,548



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*SQ Advanced Interconnect Berhad
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COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

The audited combined statements of changes in equity for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below (continued):

Audited	Note	Invested equity RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Statutory reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 May 2024		86,380,121	14,257,388	1,963,699	(13,000,000)	39,833,221	306,253,119	435,687,548
Profit for the financial year		-	-	-	-	-	80,166,445	80,166,445
Other comprehensive income, net of tax		-	-	(24,715,378)	-	8,534,036	(8,534,036)	(24,715,378)
Total comprehensive income		-	-	(24,715,378)	-	8,534,036	71,632,409	55,451,067
Transactions with owners:								
Dividends paid	27	-	-	-	-	-	(106,933,820)	(106,933,820)
Balance as at 31 May 2025		86,380,121	14,257,388	(22,751,679)	(13,000,000)	48,367,257	270,951,708	384,204,795



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SQ Advanced Interconnect Berhad
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COMBINED STATEMENTS OF CASH FLOWS

The audited combined statements of statements of cash flows for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below:

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		77,074,132	84,752,664	92,088,112
Adjustments for:				
Amortisation of:				
- intangible assets	7	280,587	259,707	204,919
- government grants	18	(816,445)	(511,632)	(222,529)
- loan transaction cost		12,614	15,553	22,060
Bad debt written off		36,062	-	-
Depreciation of:				
- property, plant and equipment	5	21,194,048	20,816,170	20,229,494
- right-of-use assets	6	1,158,599	1,221,064	1,109,002
Fair value loss/(gain) on derivative financial instruments	13(c)	37,465	(53,568)	(99,573)
Fair value gain on financial guarantee contracts	19(c)	-	(2,212,525)	(1,593,155)
Fair value gain on other investments		(41,437)	(21,423)	(198,737)
Gain on disposal of investment in a joint venture		(8,800,627)	-	-
Gain on lease termination	6(f)	(456)	(331)	(1,154)
Impairment losses on trade and other receivables	10(i)&(k)	1,097,504	3,835,000	12,313,683
Interest expense	23	2,764,307	2,132,181	670,178
Interest income		(2,458,504)	(8,002,921)	(7,509,199)
Loss on disposals of property, plant and equipment		375,000	278,724	151,380
Net inventories written down	11(c)	1,420,339	1,629,391	1,364,690
Property, plant and equipment written off		4,126,591	123,153	92,803
Reversal of impairment losses on trade receivables	10(i)	(419,879)	(60,626)	-
Unrealised loss/(gain) on foreign exchange		2,020,636	1,614,414	(956,181)
Operating profit before changes in working capital		99,060,536	105,814,995	117,665,793
Changes in working capital:				
Inventories		5,000,274	(2,190,302)	(4,758,453)
Trade and other receivables		411,271	5,590,150	(5,745,436)
Trade and other payables		5,298,302	2,337,649	(3,453,610)
Contract assets		152,532	(1,958,328)	67,849
Contract liabilities		(2,522,777)	(2,250,760)	(3,412,767)
Cash generated from operations		107,400,138	107,343,404	100,363,376
Tax paid		(11,615,491)	(10,517,338)	(12,435,590)
Tax refunded		237,745	250,455	779,832
Net cash from operating activities		96,022,392	97,076,521	88,707,618



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*SQ Advanced Interconnect Berhad
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COMBINED STATEMENTS OF CASH FLOWS (continued)

The audited combined statements of statements of cash flows for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below (continued):

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposals of property, plant and equipment		141,843	79,900	175,864
Purchase of property, plant and equipment	5	(3,457,767)	(11,511,692)	(10,148,293)
Interest received		2,458,504	8,002,921	7,509,199
Reduction/(Additions) of other investments		1,494,562	(16,388,053)	9,113,099
Reduction in intangible assets	7	85,270	95,050	94,140
Net changes in deposits with licensed banks		<u>(98,609,908)</u>	<u>42,088,121</u>	<u>(18,599,691)</u>
Net cash (used in)/from investing activities		<u>(97,887,496)</u>	<u>22,366,247</u>	<u>(11,855,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net advances/(repayments) from a related party		-	27,725,478	(8,503)
Dividends paid	27	-	(68,113,500)	(106,933,820)
Interest paid		(2,693,927)	(2,059,180)	(636,743)
Net drawdown of revolving credit		-	-	15,000,000
Repayments of:				
- term loans		(16,844,487)	(38,030,797)	(5,655,488)
- lease liabilities	6	<u>(989,560)</u>	<u>(1,008,486)</u>	<u>(901,396)</u>
Net cash used in financing activities		<u>(20,527,974)</u>	<u>(81,486,485)</u>	<u>(99,135,950)</u>
Net (decrease)/increase in cash and cash equivalents		(22,393,078)	37,956,283	(22,284,014)
Effects of exchange rate changes on cash and cash equivalents		(580,800)	99,450	(2,593,007)
Cash and cash equivalents at beginning of financial years		<u>44,889,223</u>	<u>21,915,345</u>	<u>59,971,078</u>
Cash and cash equivalents at end of financial years	15(c)	<u>21,915,345</u>	<u>59,971,078</u>	<u>35,094,057</u>



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COMBINED STATEMENTS OF CASH FLOWS (continued)**Reconciliation of Liabilities Arising from Financing Activities**

	Lease liabilities (Note 6) RM	Borrowings* (Note 19) RM	Amount owing to a related party RM
Audited			
Balance as at 1 June 2022	775,235	63,674,959	-
Cash flows	(989,560)	(16,844,487)	-
Non-cash flows:			
- Additions of lease liabilities	1,836,612	-	-
- unwinding of interest	30,028	-	-
- lease modification	(35,459)	-	-
- amortisation of loan transaction cost	-	12,614	-
- effects on exchange rate changes	(1,017)	2,490,238	-
Balance as at 31 May 2023	<u>1,615,839</u>	<u>49,333,324</u>	-
Balance as at 1 June 2023	1,615,839	49,333,324	-
Cash flows	(1,008,486)	(38,030,797)	27,725,478
Non-cash flows:			
- Additions of lease liabilities	890,198	-	-
- unwinding of interest	52,338	-	-
- lease modification	(16,382)	-	-
- amortisation of loan transaction cost	-	15,553	-
- effects on exchange rate changes	(1,287)	368,625	569,500
Balance as at 31 May 2024	<u>1,532,220</u>	<u>11,686,705</u>	<u>28,294,978</u>
Balance as at 1 June 2024	1,532,220	11,686,705	28,294,978
Cash flows	(901,396)	9,344,512	(8,503)
Non-cash flows:			
- Additions of lease liabilities	240,185	-	-
- unwinding of interest	33,435	-	-
- lease modification	(87,661)	-	-
- lease termination	(106,646)	-	-
- amortisation of loan transaction cost	-	22,060	-
- effects on exchange rate changes	(89,782)	(711,958)	(2,764,850)
Balance as at 31 May 2025	<u>620,355</u>	<u>20,341,319</u>	<u>25,521,625</u>

* Borrowings are included with term loans and revolving credits, excluding financial guarantees contracts.

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*SQ Advanced Interconnect Berhad
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NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 MAY 2023, 31 MAY 2024 AND 31 MAY 2025

1. CORPORATE INFORMATION

The Company was incorporated and domiciled in Malaysia under the Companies Act 2016 on 8 February 1999 as a private limited liability company under the name of All Malaysian Technology Sdn. Bhd.. On 2 March 1999, the Company changed its name to Qdos Holdings Bhd. and converted to a public limited company on 31 October 2005. Subsequently on 8 August 2025, the Company changed its name to SQ Advanced Interconnect Berhad.

The registered office of the Company is located at Suite 18.05, MWE Plaza, No.8, Lebuhraya Farquhar, 10200 Georgetown, Penang.

The principal place of business of the Company is located at 99, Lebuhraya Kampung Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang.

These combined financial statements for the financial years ended ("FYE") 31 May 2023, 31 May 2024 and 31 May 2025 are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the combining activities are set out in Note 4 to the combined financial statements.

3. BASIS OF PREPARATION

The Accountants' Report comprises the combined financial statements of the Group for the FYEs 31 May 2023, 31 May 2024 and 31 May 2025. The combined financial statements are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("the Listing").

The combined financial statements of the Group consist of the combined financial statements of the Company and its combining entities as disclosed in Note 4 to the combined financial statements, which are under common control throughout the reporting years. The common control of the combining entities has been established by virtue of Mr. Hwang Shin Hung and Mr. Low Loke Chew, being the promoters, substantial shareholders and Executive Directors of the combining entities.

The financial information to this Report is based on the respective audited financial statements of the combining entities with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.



13. ACCOUNTANTS' REPORT (CONT'D)

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3. BASIS OF PREPARATION (continued)

The financial information presented in the combined financial statements may not correspond with the consolidated financial statements of the Company and its subsidiaries, after effecting the relevant acquisitions/disposals as the combined financial statements reflect business combination under common control for the purpose of the Listing. Consequently, such financial information from the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the Company and its subsidiaries.

The relevant financial years of the audited financial statements used for the purpose of this Report and the statutory auditors of the respective companies within the Group are as follows:

Companies	Relevant Financial Years	Auditors
SQ Advanced Interconnect Berhad ("SQAI") (formerly known as Qdos Holdings Bhd.	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO PLT BDO PLT BDO PLT
Qdos Flexcircuits Sdn. Bhd. ("QFSB")	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO PLT BDO PLT BDO PLT
Qdos Interconnect Sdn. Bhd. ("QISB")	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO PLT BDO PLT BDO PLT
Qdos Technology Sdn. Bhd.	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO PLT BDO PLT BDO PLT
Suiwa Electronics (Xiamen) Co., Ltd.	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO China Shu Lun Pan Certified Public Accountants LLP ("BDO China") BDO China BDO China
Suiwa High Tech Electronics Industries (Xiamen) Co., Ltd. ("SHTEI")	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO China BDO China BDO China
Ruihua (Xiamen) Property Management Co., Ltd	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO China BDO China BDO China

The audited financial statements of the respective companies within the Group for the relevant financial years reported above were not subject to any qualification, modification or disclaimer.

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.



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3. BASIS OF PREPARATION (continued)

The accounting policies adopted are consistent with those of the previous financial years except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial years are disclosed in Note 35.1 to the combined financial statements.

The combined financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

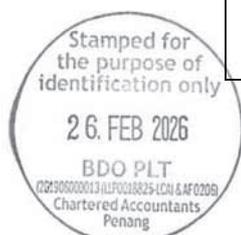
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Notes 10 for measurement of impairment losses of trade and other receivables.

4. LIST OF COMBINING ENTITIES

Details of combining entities are as follows:

Name of companies	Principal place of business/ Country of incorporation	Effective interest in equity			Principal activities
		2023 %	2024 %	2025 %	
Qdos Flexcircuits Sdn. Bhd.	Malaysia	100	100	100	Manufacturing of flexible printed circuit boards
Qdos Interconnect Sdn. Bhd.	Malaysia	100	100	100	Design, manufacturing, assembly and sales of electronic or semiconductor substrates
Qdos Technology Sdn. Bhd.	Malaysia	100	100	100	Research and development, design and prototyping of flexible printed circuit boards and semiconductor substrates and property investment



13. ACCOUNTANTS' REPORT (CONT'D)

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4. LIST OF COMBINING ENTITIES (continued)

Details of combining entities are as follows (continued):

Name of companies	Principal place of business/ Country of incorporation	Effective interest in equity			Principal activities
		2023 %	2024 %	2025 %	
Suiwa Electronics (Xiamen) Co., Ltd. ("SECL")	People's Republic of China	100	100	100	Investment Holdings
Suiwa High Tech Electronics Industries (Xiamen) Co., Ltd.	People's Republic of China	100	100	100	Manufacturing and assembly of flexible printed circuit boards
Ruihua (Xiamen) Property Management Co., Ltd	People's Republic of China	100	100	100	Property leasing and management services

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5. PROPERTY, PLANT AND EQUIPMENT

<u>Audited</u>	Balance as at 1.6.2022 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Exchange difference RM	Balance as at 31.5.2023 RM
At 31 May 2023							
At cost							
Freehold land and building	2,111,052	-	-	-	-	-	2,111,052
Long-term leasehold apartments	1,030,570	-	-	-	-	-	1,030,570
Leasehold buildings	164,365,136	-	-	(517,244)	84,233	(1,319,898)	162,612,227
Renovation	4,440,902	809,698	-	-	-	(10,302)	5,240,298
Plant and machinery	157,303,313	595,477	(1,544,376)	(5,201,209)	7,298,641	(690,986)	157,760,860
Furniture, fixtures and office equipment	4,912,854	131,377	-	(73,978)	-	(15,360)	4,954,893
Motor vehicles	2,564,803	285,426	(175,054)	-	-	(20,630)	2,654,545
Electrical equipment	7,121,038	86,027	-	(147,880)	740,473	(79,460)	7,720,198
Tooling	113,161	-	-	-	-	-	113,161
Capital work-in-progress	12,035,111	1,549,762	(285,094)	(253,192)	(8,123,347)	(13,992)	4,909,248
	<u>355,997,940</u>	<u>3,457,767</u>	<u>(2,004,524)</u>	<u>(6,193,503)</u>	<u>-</u>	<u>(2,150,628)</u>	<u>349,107,052</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.6.2022 RM	Depreciation charge RM	Disposals RM	Written off RM	Exchange difference RM	Balance as at 31.5.2023 RM
At 31 May 2023 (continued)						
Accumulated depreciation						
Freehold land and building	316,532	42,222	-	-	-	358,754
Long-term leasehold apartments	134,188	13,212	-	-	-	147,400
Leasehold buildings	34,041,207	6,012,487	-	(65,255)	(261,801)	39,726,638
Renovation	2,456,949	851,881	-	-	798	3,309,628
Plant and machinery	89,068,743	12,280,052	(1,330,132)	(1,795,192)	(400,623)	97,822,848
Furniture, fixtures and office equipment	4,349,365	345,808	-	(67,578)	(13,124)	4,614,471
Motor vehicles	2,126,360	169,184	(157,549)	-	(18,933)	2,119,062
Electrical equipment	4,716,087	1,463,586	-	(138,887)	(46,253)	5,994,533
Tooling	97,545	15,616	-	-	-	113,161
	<u>137,306,976</u>	<u>21,194,048</u>	<u>(1,487,681)</u>	<u>(2,066,912)</u>	<u>(739,936)</u>	<u>154,206,495</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.6.2023 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Exchange difference RM	Balance as at 31.5.2024 RM
At 31 May 2024							
At cost							
Freehold land and building	2,111,052	-	-	-	-	-	2,111,052
Long-term leasehold apartments	1,030,570	-	-	-	-	-	1,030,570
Leasehold buildings	162,612,227	56,836	-	-	2,175,728	(63,127)	164,781,664
Renovation	5,240,298	408,681	-	-	-	(504)	5,648,475
Plant and machinery	157,760,860	278,952	(5,583,966)	(363,721)	12,311,296	(38,965)	164,364,456
Furniture, fixtures and office equipment	4,954,893	190,894	-	(21,717)	-	(750)	5,123,320
Motor vehicles	2,654,545	193,327	-	-	-	(1,032)	2,846,840
Electrical equipment	7,720,198	29,879	(135,254)	(31,439)	-	(5,002)	7,578,382
Tooling	113,161	-	-	-	-	-	113,161
Capital work-in-progress	4,909,248	10,353,123	-	(32,102)	(14,487,024)	(163)	743,082
	<u>349,107,052</u>	<u>11,511,692</u>	<u>(5,719,220)</u>	<u>(448,979)</u>	<u>-</u>	<u>(109,543)</u>	<u>354,341,002</u>



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5. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.6.2023 RM	Depreciation charge RM	Disposals RM	Written off RM	Exchange difference RM	Balance as at 31.5.2024 RM
At 31 May 2024 (continued)						
Accumulated depreciation						
Freehold land and building	358,754	42,222	-	-	-	400,976
Long-term leasehold apartments	147,400	13,212	-	-	-	160,612
Leasehold buildings	39,726,638	6,585,874	-	-	(8,044)	46,304,468
Renovation	3,309,628	855,391	-	-	768	4,165,787
Plant and machinery	97,822,848	12,057,327	(5,238,867)	(277,098)	(19,795)	104,344,415
Furniture, fixtures and office equipment	4,614,471	154,435	-	(20,249)	(636)	4,748,021
Motor vehicles	2,119,062	144,873	-	-	(753)	2,263,182
Electrical equipment	5,994,533	962,836	(121,729)	(28,479)	(2,184)	6,804,977
Tooling	113,161	-	-	-	-	113,161
	<u>154,206,495</u>	<u>20,816,170</u>	<u>(5,360,596)</u>	<u>(325,826)</u>	<u>(30,644)</u>	<u>169,305,599</u>



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5. PROPERTY, PLANT AND EQUIPMENT (continued)

Audited	Balance as at 1.6.2024 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Exchange difference RM	Balance as at 31.5.2025 RM
At 31 May 2025							
At cost							
Freehold land and building	2,111,052	-	-	-	-	-	2,111,052
Long-term leasehold apartments	1,030,570	1,228,800	-	-	-	-	2,259,370
Leasehold buildings	164,781,664	758,416	-	-	2,878,689	(10,331,145)	158,087,624
Renovation	5,648,475	-	-	-	-	(224,123)	5,424,352
Plant and machinery	164,364,456	1,888,145	(2,092,244)	(911,832)	680,814	(4,962,311)	158,967,028
Furniture, fixtures and office equipment	5,123,320	601,960	-	(26,985)	-	(116,825)	5,581,470
Motor vehicles	2,846,840	1,196,671	(415,525)	-	-	(148,060)	3,479,926
Electrical equipment	7,578,382	36,547	(55,932)	(146,207)	-	(684,377)	6,728,413
Tooling	113,161	-	-	-	-	-	113,161
Capital work-in-progress	743,082	4,437,754	-	-	(3,559,503)	(50,171)	1,571,162
	354,341,002	10,148,293	(2,563,701)	(1,085,024)	-	(16,517,012)	344,323,558



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.6.2024 RM	Depreciation charge RM	Disposals RM	Written off RM	Exchange difference RM	Balance as at 31.5.2025 RM
At 31 May 2025 (continued)						
Accumulated depreciation						
Freehold land and building	400,976	42,221	-	-	-	443,197
Long-term leasehold apartments	160,612	24,046	-	-	-	184,658
Leasehold buildings	46,304,468	6,356,437	-	-	(3,446,318)	49,214,587
Renovation	4,165,787	733,368	-	-	(127,973)	4,771,182
Plant and machinery	104,344,415	12,407,572	(1,790,035)	(832,749)	(3,534,615)	110,594,588
Furniture, fixtures and office equipment	4,748,021	188,485	-	(24,995)	(106,904)	4,804,607
Motor vehicles	2,263,182	276,717	(396,925)	-	(123,863)	2,019,111
Electrical equipment	6,804,977	200,648	(49,497)	(134,477)	(621,635)	6,200,016
Tooling	113,161	-	-	-	-	113,161
	<u>169,305,599</u>	<u>20,229,494</u>	<u>(2,236,457)</u>	<u>(992,221)</u>	<u>(7,961,308)</u>	<u>178,345,107</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

	31.5.2023 Audited RM	31.5.2024 Audited RM	31.5.2025 Audited RM
Net carrying amounts			
Freehold land and building	1,752,298	1,710,076	1,667,855
Long-term leasehold apartments	883,170	869,958	2,074,712
Leasehold buildings	122,885,589	118,477,196	108,873,037
Renovation	1,930,670	1,482,688	653,170
Plant and machinery	59,938,012	60,020,041	48,372,440
Furniture, fixtures and office equipment	340,422	375,299	776,863
Motor vehicles	535,483	583,658	1,460,815
Electrical equipment	1,725,665	773,405	528,397
Capital work-in-progress	4,909,248	743,082	1,571,162
	<u>194,900,557</u>	<u>185,035,403</u>	<u>165,978,451</u>



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5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Land and buildings shall be accounted for separately, even when they are acquired together.

- (b) Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress represents building under construction and machinery and systems under installation. Capital work-in-progress is not depreciated until such time commences when the asset is available for use.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Freehold building	2%
Leasehold buildings	2% - 5%
Long-term leasehold apartments	1.27% - 1.51%
Renovation	20% - 33.3%
Plant and machinery	9% - 20%
Furniture, fixtures and office equipment	18% - 33.3%
Motor vehicles	19% - 25%
Electrical equipment	18% - 33.3%
Tooling	33.3%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

- (c) As at end of reporting period, a leasehold building of the Group with carrying amount of RM41,189,280 (2024: RM36,780,052; 2023: RM37,615,962) has been pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 19(d) to the combined financial statements.

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

<u>Audited</u> Carrying amount	Balance as at 1.6.2022 RM	Additions RM	Depreciation charged for the financial year RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at difference 31.5.2023 RM
Leasehold lands	9,485,556	-	(218,087)	-	-	(27,452)	9,240,017
Hostels	924,658	1,836,612	(940,512)	-	(35,003)	(2,659)	1,783,096
	<u>10,410,214</u>	<u>1,836,612</u>	<u>(1,158,599)</u>	<u>-</u>	<u>(35,003)</u>	<u>(30,111)</u>	<u>11,023,113</u>

<u>Audited</u> Carrying amount	Balance as at 1.6.2023 RM	Additions RM	Depreciation charged for the financial year RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at difference 31.5.2024 RM
Leasehold lands	9,240,017	-	(218,407)	-	-	(1,466)	9,020,144
Hostels	1,783,096	890,198	(1,002,657)	-	(16,051)	(1,475)	1,653,111
	<u>11,023,113</u>	<u>890,198</u>	<u>(1,221,064)</u>	<u>-</u>	<u>(16,051)</u>	<u>(2,941)</u>	<u>10,673,255</u>

<u>Audited</u> Carrying amount	Balance as at 1.6.2024 RM	Additions RM	Depreciation charged for the financial year RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at difference 31.5.2025 RM
Leasehold lands	9,020,144	-	(220,301)	-	-	(189,822)	8,610,021
Hostels	1,653,111	240,185	(888,701)	(87,661)	(105,492)	(100,081)	711,361
	<u>10,673,255</u>	<u>240,185</u>	<u>(1,109,002)</u>	<u>(87,661)</u>	<u>(105,492)</u>	<u>(289,903)</u>	<u>9,321,382</u>



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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities

<u>Audited</u> Carrying amount	Balance as at 1.6.2022 RM	Additions RM	Lease payments RM	Interest expense RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2023 RM
Hostels	775,235	1,836,612	(989,560)	30,028	-	(35,459)	(1,017)	1,615,839
<u>Audited</u> Carrying amount	Balance as at 1.6.2023 RM	Additions RM	Lease payments RM	Interest expense RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2024 RM
Hostels	1,615,839	890,198	(1,008,486)	52,338	-	(16,382)	(1,287)	1,532,220
<u>Audited</u> Carrying amount	Balance as at 1.6.2024 RM	Additions RM	Lease payments RM	Interest expense RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2025 RM
Hostels	1,532,220	240,185	(901,396)	33,435	(87,661)	(106,646)	(89,782)	620,355



13. ACCOUNTANTS' REPORT (CONT'D)

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Represented by:			
Current liabilities	688,719	938,747	547,424
Non-current liabilities	<u>927,120</u>	<u>593,473</u>	<u>72,931</u>
	<u>1,615,839</u>	<u>1,532,220</u>	<u>620,355</u>
Lease liabilities owing to non-financial institutions	<u>1,615,839</u>	<u>1,532,220</u>	<u>620,355</u>

(a) Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases. After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

(b) Right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold lands	50 - 60 years
Hostels	1 - 3 years

(c) The Group has certain leases of hostels with lease term of twelve (12) months or less, and low-value leases of office equipment of RM20,000 and below. The Group applies the 'short-term lease' and 'lease of low-value assets' exemption for these leases.

(d) Certain leasehold land of the Group with carrying amount of RM6,755,930 (2024: RM5,997,403; 2023: RM6,113,857) has been pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 19(d) to the combined financial statements.

(e) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Purchase of right-of-use assets	1,836,612	890,198	240,185
Financed by lease liabilities	<u>(1,836,612)</u>	<u>(890,198)</u>	<u>(240,185)</u>
Cash payment on purchase of right-of-use assets	<u>-</u>	<u>-</u>	<u>-</u>



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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(f) The following are the amounts recognised in profit or loss:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Depreciation charge of right-of-use assets (included in cost of sales)	539,187	657,989	627,225
Depreciation charge of right-of-use assets (included in administrative and marketing expenses)	619,412	563,075	481,777
Expense relating to leases of low-value assets (included in cost of sales)	14,640	34,920	13,810
Expense relating to short-term leases (included in cost of sales)	82,000	168,083	122,240
Gain on lease termination (included in other operating income)	(456)	(331)	(1,154)
Variable lease payments (included in cost of sales)	301,391	498,026	1,076,297
Interest expense on lease liabilities (included in finance costs)	30,028	52,338	33,435
	<u>1,586,202</u>	<u>1,974,100</u>	<u>2,353,630</u>

(g) The following are total cash outflows for leases as a lessee:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Included in net cash from operating activities:			
Payments relating to:			
- low-value assets	14,640	34,920	13,810
- short-term leases	82,000	168,083	122,240
- variable lease payments	301,391	498,026	1,076,297
Included in net cash used in financing activities:			
Payment of lease liabilities	989,560	1,008,486	901,396
	<u>1,387,591</u>	<u>1,709,515</u>	<u>2,113,743</u>



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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

- (h) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing that assets used in the Group's operations.

The following are the undiscounted potential future rental payments that are not included in the lease term:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Extension options expected not to be exercised - within five (5) years	<u>15,600</u>	<u>-</u>	<u>85,800</u>

- (i) The Group as lessor

The Company has entered into non-cancellable lease agreements for commercial properties.

The Company has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Less than one (1) year	5,112,134	7,925,274	5,807,858
One (1) to two (2) years	4,165,440	4,667,240	2,447,395
Two (2) to three (3) years	3,098,804	1,783,066	699,363
More than three (3) years	<u>1,264,137</u>	<u>616,399</u>	<u>54,910</u>
	<u>13,640,515</u>	<u>14,991,979</u>	<u>9,009,526</u>

- (j) Information on financial risks of lease liabilities is disclosed in Note 33 to the combined financial statements.

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7. INTANGIBLE ASSETS

	2023	2024	2025
	Audited	Audited	Audited
	RM	RM	RM
Patent license			
Cost			
Balance as at 1 June 2022/2023/2024	4,047,288	3,962,018	3,866,968
Reduction in license fee	<u>(85,270)</u>	<u>(95,050)</u>	<u>(94,140)</u>
Balance as at 31 May 2023/2024/2025	<u>3,962,018</u>	<u>3,866,968</u>	<u>3,772,828</u>
Accumulated amortisation			
Balance as at 1 June 2022/2023/2024	(2,634,855)	(2,915,442)	(3,175,149)
Amortisation during the financial year	<u>(280,587)</u>	<u>(259,707)</u>	<u>(204,919)</u>
Balance as at 31 May 2023/2024/2025	<u>(2,915,442)</u>	<u>(3,175,149)</u>	<u>(3,380,068)</u>
Net carrying amounts			
Balance as at 31 May 2023/2024/2025	<u><u>1,046,576</u></u>	<u><u>691,819</u></u>	<u><u>392,760</u></u>

- (a) The intangible assets are recognised as asset at the acquisition date and initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.
- (b) Patent license represents the right secured by the Group to manufacture licensed products in Malaysia and to receive technology transfer training.
- (c) Amortisation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal amortisation period for the patent license is 14 years. The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

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8. OTHER INVESTMENTS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-current			
At cost			
Unquoted shares in Malaysia	17,500,300	19,180,100	19,180,100
Unquoted shares outside Malaysia	5,696,873	5,696,873	5,696,873
Less: impairment losses	<u>(2,590,774)</u>	<u>(2,590,774)</u>	<u>(2,590,774)</u>
	20,606,399	22,286,199	22,286,199
Current			
Financial assets held at fair value through profit or loss			
Short term investments	7,444,895	22,541,347	12,001,678
Quoted shares outside Malaysia	<u>653,883</u>	<u>309,372</u>	<u>232,478</u>
	8,098,778	22,850,719	12,234,156
	<u><u>28,705,177</u></u>	<u><u>45,136,918</u></u>	<u><u>34,520,355</u></u>

- (a) On 15 August 2025, the Group completed the disposal of its equity interest in other investments for unquoted shares outside Malaysia, QS Circuits Pte. Ltd. (formerly known as Qdos (SG) Pte. Ltd.), a company incorporated in Singapore for a consideration of RM6,335 to Suiwa Qdos Technology Sdn. Bhd. ("SQTSB").
- (b) On 19 September 2025, the Group completed the following disposals of other investments for unquoted shares in Malaysia:
- i) disposed of its entire equity interest in QS BPO Sdn. Bhd. ("QS BPO")(formerly known as Qdos BPO Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM1 to SQTSB;
 - ii) disposed of its entire equity interest in QS Dynamics Sdn. Bhd. (formerly known as Qdos Dynamics Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM6,526,569 to SQTSB;
 - iii) disposed of its entire interest in QS Force Sdn. Bhd. (formerly known as Qdos Force Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM9,797,308 to SQTSB; and
 - iv) disposed of its entire interest in Qdos Ventures Sdn. Bhd., a company incorporated in Malaysia for a cash consideration of RM1 to SQTSB.
- (c) On 7 February 2026, the Group disposed of its entire equity interest in Qdos Flexcircuits (India) Pvt Ltd., a company incorporated in India, comprising 99.9999% and 0.0001% equity interest to SQTSB and QS BPO for a cash consideration of RM4,572,895 and RM1 respectively.



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8. OTHER INVESTMENTS (continued)

(d) The currency exposure profile of other investments is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	20,606,399	22,286,199	22,286,199
Chinese Yuan	<u>8,098,778</u>	<u>22,850,719</u>	<u>12,234,156</u>
	<u>28,705,177</u>	<u>45,136,918</u>	<u>34,520,355</u>

(e) Short term investments comprise of bank-issued wealth management products. These short term investments are categorised as Level 2 of the fair value hierarchy.

(f) The fair value of quoted ordinary shares outside Malaysia were categorised as Level 1 respectively in the fair value hierarchy. There was no transfer between levels in the fair value hierarchy during the financial year.

(g) The method and assumptions applied in determining the fair value of short term investments and quoted shares outside Malaysia are disclosed in Note 31 to the combined financial statements.

(h) Sensitivity analysis for other investments is not disclosed as it is not material to the Group.

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9. DEFERRED TAXATION

(a) The deferred tax (assets) and liabilities are made up of the following:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Balance as at 1 June	2,165,016	1,629,936	3,397,714
Recognised in profit or loss (Note 25):			
- relating to origination and reversal of temporary differences	230,432	2,872,100	383,249
- over provision in prior years	(767,900)	(1,104,400)	(1,884,300)
- exchange difference	2,388	78	10,903
Balance as at 31 May	<u>1,629,936</u>	<u>3,397,714</u>	<u>1,907,566</u>
Presented after appropriate offsetting:			
Deferred tax assets, net*	(116,357)	(125,778)	(124,904)
Deferred tax liabilities, net*	<u>1,746,293</u>	<u>3,523,492</u>	<u>2,032,470</u>
	<u>1,629,936</u>	<u>3,397,714</u>	<u>1,907,566</u>

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM1,178,300 (2024: Nil; 2023: RM1,410,914) for the Group.

(b) Components and movements of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

<u>Audited</u>	Unused tax losses RM	Unabsorbed capital allowance RM	Other temporary differences RM	Total RM
Balance as at 1 June 2022	(293,000)	(570,115)	(170,688)	(1,033,803)
Recognised in profit or loss	-	(547,799)	54,331	(493,468)
Balance as at 31 May 2023/ 1 June 2023	(293,000)	(1,117,914)	(116,357)	(1,527,271)
Recognised in profit or loss	293,000	1,117,914	(9,421)	1,401,493
Balance as at 31 May 2024/ 1 June 2024	-	-	(125,778)	(125,778)
Recognised in profit or loss	-	(609,300)	(568,126)	(1,177,426)
Balance as at 31 May 2025	<u>-</u>	<u>(609,300)</u>	<u>(693,904)</u>	<u>(1,303,204)</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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9. DEFERRED TAXATION (continued)

- (b) Components and movements of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows (continued):

Deferred tax liabilities of the Group

<u>Audited</u>	Property, plant and equipment RM	Revaluation surplus* RM	Other temporary differences RM	Total RM
Balance as at 1 June 2022	2,407,072	791,335	412	3,198,819
Recognised in profit or loss	<u>(12,785)</u>	<u>(28,421)</u>	<u>(406)</u>	<u>(41,612)</u>
Balance as at 31 May 2023/ 1 June 2023	2,394,287	762,914	6	3,157,207
Recognised in profit or loss	<u>393,859</u>	<u>(28,414)</u>	<u>840</u>	<u>366,285</u>
Balance as at 31 May 2024/ 1 June 2024	2,788,146	734,500	846	3,523,492
Recognised in profit or loss	<u>(284,217)</u>	<u>(28,428)</u>	<u>(77)</u>	<u>(312,722)</u>
Balance as at 31 May 2025	<u>2,503,929</u>	<u>706,072</u>	<u>769</u>	<u>3,210,770</u>

* Revaluation surplus relates to revaluation of property, plant and equipment in prior years. Upon transition to MFRS, the Group elected to measure all its property, plant and equipment using the cost model. Accordingly, the revaluation surplus was transferred to retained earnings on the date of transition to MFRS.

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of the financial position are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Other temporary differences	<u>-</u>	<u>269,654</u>	<u>135,880</u>

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits would be available against which the deductible temporary differences could be utilised.

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13. ACCOUNTANTS' REPORT (CONT'D)

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10. TRADE AND OTHER RECEIVABLES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-current			
Other receivables			
Amounts owing by related parties	2,388,099	543,311	-
Current			
Trade receivables			
Third parties	92,017,495	87,501,483	89,774,165
Less: Impairment losses			
Third parties	(324,909)	(723,210)	(856,858)
	91,692,586	86,778,273	88,917,307
Other receivables			
Amounts owing by related parties	6,458	91,396	612,788
Third parties	19,385,057	19,614,937	18,558,255
Deposits	653,140	274,762	412,287
Less: Impairment losses			
Third parties	(1,101,652)	(4,701,652)	(16,553,962)
Total other receivables	18,943,003	15,279,443	3,029,368
Prepayments	5,858,893	4,927,230	2,757,848
Total receivables (current)	116,494,482	106,984,946	94,704,523
Total trade and other receivables	118,882,581	107,528,257	94,704,523

- (a) Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised costs.
- (b) Trade receivables of the Group are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2024: 30 to 120 days; 2023: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) In the previous financial year, the non-current portion of amounts owing by related parties were non-trade in nature, unsecured, bore interest at rates ranging from 3.0% to 6.0% (2023: 2.0% to 3.0%) per annum and not repayable within the next twelve (12) months.
- (d) The current portion of amounts owing by related parties are non-trade in nature, unsecured, bear interest at rates ranging from 3.4% to 3.5% (2024: 3.0% to 6.0%; 2023: Nil) per annum and repayable within the next twelve (12) months.



13. ACCOUNTANTS' REPORT (CONT'D)

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10. TRADE AND OTHER RECEIVABLES (continued)

- (e) Included in the other receivables (third parties) of the Group is an amount of RM16,553,963 (2024: RM17,350,443; 2023: RM17,834,000) being the cash consideration receivable pursuant to the disposal of investment in a joint venture, Exora Technologies Private Limited ("Exora"). The amount has been fully impaired as at 31 May 2025.
- (f) The currency exposure profile of trade and other receivables (excluding prepayments) is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	31,425,217	10,507,246	14,683,895
Chinese Yuan	34,371,278	26,506,025	21,663,591
United State Dollar	47,202,862	65,575,277	55,586,884
Others	24,331	12,479	12,305
	<u>113,023,688</u>	<u>102,601,027</u>	<u>91,946,675</u>

- (g) Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset, while 12-month ECL are the portion of ECL that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss ('ECL') of trade receivables from past due ageing. Expected loss rates are determined by the probability of the non-collection from the trade receivables multiplied by the amount of the expected loss arising from default. Trade receivables have been grouped based on a common credit risk characteristic - geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information on macroeconomic factors, i.e. consumer price index, inflation rate and annual gross domestic product, and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.



13. ACCOUNTANTS' REPORT (CONT'D)

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10. TRADE AND OTHER RECEIVABLES (continued)

(h) Lifetime expected loss allowance for trade receivables are as follows:

<u>Audited</u>	Gross carrying amount RM	Impairment losses RM	Total RM
31 May 2023			
Current	78,894,378	(23,164)	78,871,214
Past due			
1 to 30 days	12,308,429	(41,104)	12,267,325
31 to 60 days	52,503	(1,861)	50,642
61 to 90 days	186,912	(32,880)	154,032
91 to 120 days	131,465	-	131,465
More than 120 days	443,808	(225,900)	217,908
	<u>92,017,495</u>	<u>(324,909)</u>	<u>91,692,586</u>
31 May 2024			
Current	76,218,753	(3,869)	76,214,884
Past due			
1 to 30 days	8,253,389	(559)	8,252,830
31 to 60 days	1,559,537	(381)	1,559,156
61 to 90 days	351,014	(219)	350,795
91 to 120 days	266,491	(30,806)	235,685
More than 120 days	852,299	(687,376)	164,923
	<u>87,501,483</u>	<u>(723,210)</u>	<u>86,778,273</u>
31 May 2025			
Current	79,072,094	(6,646)	79,065,448
Past due			
1 to 30 days	8,071,271	(6,117)	8,065,154
31 to 60 days	1,713,963	(13,310)	1,700,653
61 to 90 days	16,307	(738)	15,569
91 to 120 days	711	(409)	302
More than 120 days	899,819	(829,638)	70,181
	<u>89,774,165</u>	<u>(856,858)</u>	<u>88,917,307</u>

During the financial year, the Group did not renegotiate the terms of any trade receivables.



13. ACCOUNTANTS' REPORT (CONT'D)

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10. TRADE AND OTHER RECEIVABLES (continued)

- (i) Movement in allowance for impairment losses of trade receivables are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Lifetime ECL			
Balance as at 1 June	747,844	324,909	723,210
Charge for the financial year	-	463,678	211,368
Reversal of impairment losses	(419,879)	(60,626)	-
Exchange difference	(3,056)	(4,751)	(77,720)
Balance as at 31 May	<u>324,909</u>	<u>723,210</u>	<u>856,858</u>

- (j) Impairment for other receivables are recognised based on the three-stage general approach within MFRS 9
- Financial Instruments*
- using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets.

For balances in which credit risk has not increased significantly since initial recognition of the financial asset, 12-month ECL along with gross interest income are recognised. For balances in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

The probabilities of non-payments by other receivables are adjusted by forward looking information and multiplied by the amounts of the expected losses arising from defaults to determine the 12-month or lifetime ECL for the other receivables.

The Group defined significant increase in credit risk based on the payment trends and operational performance of other receivables.

It requires management to exercise significant judgement in determining the probabilities of default by other receivables, appropriate forward looking information and significant increase in credit risk.

- (k) Movement in allowance for impairment losses of other receivables are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Lifetime ECL			
Balance as at 1 June	-	1,101,652	4,701,652
Charge for the financial year	1,097,504	3,371,322	12,102,315
Exchange difference	4,148	228,678	(250,005)
Balance as at 31 May	<u>1,101,652</u>	<u>4,701,652</u>	<u>16,553,962</u>

- (l) Information on financial risks of trade and other receivables is disclosed in Note 33 to the combined financial statements.



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11. INVENTORIES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
At cost			
Raw materials	15,372,820	15,741,646	18,088,047
Work-in-progress	12,737,344	15,687,353	13,145,721
Semi finished goods	520,959	436,304	400,079
Finished goods	6,406,287	4,399,359	5,694,690
Spare parts	788,007	802,703	942,188
Goods in transit	805,464	112,732	998,026
	<u>36,630,881</u>	<u>37,180,097</u>	<u>39,268,751</u>

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the first-in, first-out method. Cost of raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.
- (c) As at the end of each reporting period, the following are the amounts recognised in cost of sales, including amounts of inventories written back to net realisable value and written down to net realisable value during the financial year are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Cost of inventories	117,331,064	128,461,101	139,654,990
Inventories written back	(438,091)	-	(8,642)
Inventories written down	<u>1,858,430</u>	<u>1,629,391</u>	<u>1,373,332</u>

12. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Contract assets	<u>6,384,087</u>	<u>8,342,571</u>	<u>7,556,803</u>
Contract liabilities	<u>(6,408,131)</u>	<u>(4,157,371)</u>	<u>(744,604)</u>
Represented by:			
Current	2,614,570	2,706,939	744,604
Non-current	<u>3,793,561</u>	<u>1,450,432</u>	<u>-</u>
	<u>6,408,131</u>	<u>4,157,371</u>	<u>744,604</u>



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12. CONTRACT ASSETS/(CONTRACT LIABILITIES) (continued)

- (a) Contract assets relate to the Group's rights to consideration for goods delivered but not yet billed at the end of the reporting period. Contract liabilities comprise deposits received from the customers in advance for sales orders before commencing production activity.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billings to the customers. Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

- (b) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
31 May 2024	2,614,570	-	-
31 May 2025	1,931,209	2,706,939	-
31 May 2026	<u>1,862,352</u>	<u>1,450,432</u>	<u>744,604</u>

- (c) Impairment for contract assets is assessed based on the simplified approach of MFRS 9 as disclosed in Note 10(g) to the combined financial statements. No expected credit loss is recognised arising from contract assets as the amount is negligible.

13. DERIVATIVES

	Contract/ Notional amount RM	Assets/ (Liabilities) RM
<u>Audited</u>		
At 31 May 2023		
Fair value through profit and loss		
Forward currency contracts	<u>2,266,250</u>	<u>(37,465)</u>
<u>Audited</u>		
At 31 May 2024		
Fair value through profit and loss		
Forward currency contracts	<u>1,416,600</u>	<u>16,103</u>
<u>Audited</u>		
At 31 May 2025		
Fair value through profit and loss		
Forward currency contracts	<u>2,659,990</u>	<u>115,676</u>



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13. DERIVATIVES (continued)

- (a) The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.
- (b) Derivatives of the Group are measured at Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (c) The fair value adjustments on derivative financial instruments are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
(Loss)/Gain on derivative financial instruments	<u>(37,465)</u>	<u>53,568</u>	<u>99,573</u>

- (d) The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 31 to the combined financial statements.

14. SHORT TERM FUNDS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Financial assets measured at fair value through profit or loss			
Short term funds	<u>6,116,896</u>	<u>19,632,877</u>	<u>17,422,458</u>

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Short term funds of the Group are highly liquid investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.
- (c) The currency exposure profile of money market funds is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	4,500,748	15,992,168	13,779,238
United States Dollar	<u>1,616,148</u>	<u>3,640,709</u>	<u>3,643,220</u>
	<u>6,116,896</u>	<u>19,632,877</u>	<u>17,422,458</u>

- (d) Short term funds of the Group are measured at Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.



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14. SHORT TERM FUNDS (continued)

- (e) The method and assumptions applied in determining the fair value of short term funds are disclosed in Note 31 to the combined financial statements.
- (f) Information on financial risks of short term funds is disclosed in Note 33 to the combined financial statements.

15. CASH AND BANK BALANCES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Cash and bank balances	15,798,449	40,338,201	17,671,599
Deposits with licensed banks	<u>150,039,273</u>	<u>107,781,006</u>	<u>115,747,517</u>
	<u>165,837,722</u>	<u>148,119,207</u>	<u>133,419,116</u>

- (a) Cash and bank balances are classified as financial assets measured at amortised costs.

- (b) The currency exposure profile of cash and bank balances is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	3,142,656	1,722,071	2,798,713
Chinese Yuan	7,283,844	2,727,973	33,639,391
United States Dollar	155,411,095	143,669,026	44,398,132
Canadian Dollar	-	-	52,582,759
Others	<u>127</u>	<u>137</u>	<u>121</u>
	<u>165,837,722</u>	<u>148,119,207</u>	<u>133,419,116</u>

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Cash and bank balances	15,798,449	40,338,201	17,671,599
Deposits with licensed banks	150,039,273	107,781,006	115,747,517
Short term funds (Note 14)	<u>6,116,896</u>	<u>19,632,877</u>	<u>17,422,458</u>
As per statements of financial position	171,954,618	167,752,084	150,841,574
Less:			
Fixed deposits with maturity more than three (3) months	(149,680,058)	(107,646,213)	(34,778,072)
Deposits with maturity more than three (3) months	<u>(359,215)</u>	<u>(134,793)</u>	<u>(80,969,445)</u>
As per statements of cash flows	<u>21,915,345</u>	<u>59,971,078</u>	<u>35,094,057</u>



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15. CASH AND BANK BALANCES (continued)

(d) No expected credit loss is recognised arising from the cash and bank balances because the probability of default by these financial institutions is negligible.

(e) Information on financial risks of cash and bank balances is disclosed in Note 33 to the combined financial statements.

16. INVESTED EQUITY

<u>Audited</u>	2023		2024		2025	
	Number of shares	Amount RM	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid-up with no par value						
Ordinary shares	<u>25,000,002</u>	<u>86,380,121</u>	<u>25,000,002</u>	<u>86,380,121</u>	<u>25,000,002</u>	<u>86,380,121</u>

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

17. RESERVES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-distributable:			
Capital reserve (a)	14,257,388	14,257,388	14,257,388
Foreign currency translation reserve (b)	2,172,270	1,963,699	(22,751,679)
Reorganisation debit reserve (c)	(13,000,000)	(13,000,000)	(13,000,000)
Statutory reserve (d)	32,237,169	39,833,221	48,367,257
Distributable:			
Retained earnings	<u>310,953,075</u>	<u>306,253,119</u>	<u>270,951,708</u>
	<u>346,619,902</u>	<u>349,307,427</u>	<u>297,824,674</u>

(a) Capital reserve represents the contribution by the combined entities of the Group.



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17. RESERVES (continued)

- (b) The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.
- (c) Reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital and reserves of QFSB pursuant to business combinations under common control.
- (d) Statutory reserve represents the 10% of accumulated gains recognised in the People's Republic of China subsidiaries' income statement, which is not distributable.

According to the Articles of Association of the subsidiaries, when distributing net profit of each financial year, the subsidiaries shall set aside 10% of its after tax profits for the statutory common reserve fund (except where the fund has reached 50% of the subsidiaries' registered capital). These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

18. GOVERNMENT GRANTS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
At cost			
Balance as at 1 June/31 May	<u>6,931,556</u>	<u>6,931,556</u>	<u>6,931,556</u>
Accumulated amortisation			
Balance as at 1 June 2022/2023/2024	4,900,862	5,717,307	6,228,939
Amortisation during the financial year	<u>816,445</u>	<u>511,632</u>	<u>222,529</u>
Balance as at 31 May	<u>5,717,307</u>	<u>6,228,939</u>	<u>6,451,468</u>
Carrying amounts			
Balance as at 31 May	<u>1,214,249</u>	<u>702,617</u>	<u>480,088</u>
Represented by:			
Current	816,444	222,529	160,029
Non-current	<u>397,805</u>	<u>480,088</u>	<u>320,059</u>
	<u>1,214,249</u>	<u>702,617</u>	<u>480,088</u>

Government grants related to an asset are recognised as income and transferred to profit or loss on a systematic basis over the useful lives of the related assets.



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19. BORROWINGS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-current			
<i>Secured</i>			
Term loans	38,605,682	6,727,677	3,051,878
Current			
<i>Unsecured</i>			
Financial guarantee contracts	-	1,593,155	-
<i>Secured</i>			
Revolving credits	-	-	15,000,000
Term loans	10,727,642	4,959,028	2,289,441
	10,727,642	6,552,183	17,289,441
Total borrowings			
Financial guarantee contracts	-	1,593,155	-
Revolving credits	-	-	15,000,000
Term loans	49,333,324	11,686,705	5,341,319
	<u>49,333,324</u>	<u>13,279,860</u>	<u>20,341,319</u>

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) The currency exposure profile of borrowings is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	-	1,593,155	15,000,000
United States Dollar	49,333,324	11,686,705	5,341,319
	<u>49,333,324</u>	<u>13,279,860</u>	<u>20,341,319</u>

(c) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the term of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

Financial guarantee contracts are subject to forward looking expected credit loss model based on the general approach within MFRS 9 as disclosed in Note 10(g) to the combined financial statements.



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19. BORROWINGS (continued)

(c) Financial guarantee contracts (continued)

The fair value of financial guarantee is determined based on the present value of the different in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a related party for assuming the obligations.

The nominal amounts of financial guarantee provided are as follows:

	2024 Audited RM	2025 Audited RM
Financial guarantees given to financial institutions for credit facilities granted to a related party		
- Limit of guarantee	377,000,000	-
- Amount utilised	<u>293,075,482</u>	<u>-</u>

The movements of the financial guarantee contracts during the financial year are as follows:

	2024 Audited RM	2025 Audited RM
At beginning of financial year	-	1,593,155
Effects of modified retrospective application of MFRS 9	<u>3,805,680</u>	<u>-</u>
As restated	3,805,680	1,593,155
Fair value changes on financial guarantee contracts	<u>(2,212,525)</u>	<u>(1,593,155)</u>
At end of financial year	<u>1,593,155</u>	<u>-</u>

As at 31 May 2024, the maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secure loans of related party amounts to RM377,000,000 representing the outstanding banking facilities of the related party as at the end of the reporting period.

Maturity profile of financial guarantee contracts of the Group at the end of each reporting period based on contractual repayment obligations is repayable upon any default by the related party in respect of the guaranteed bank facilities.

(d) Borrowings of the Group are secured by way of:

- (i) A corporate guarantees by related parties namely, Suiwa Qdos Technology Limited, SQTSB and a related company namely, QISB;
- (ii) A debenture over fixed charge;
- (iii) A first party first legal charge over leasehold land and building as disclosed in Note 5(c) and Note 6(d) to the combined financial statements; and
- (iv) Personal Guarantee by certain Directors of the Group.

(e) Borrowings of the Group are not measured at fair value and are categorised as Level 3 in fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(f) Information on financial risks of borrowings is disclosed in Note 33 to the combined financial statements.



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20. TRADE AND OTHER PAYABLES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-current			
Other payables			
Amount owing to a related party	-	237,627	-
Third party	440,087	-	-
	440,087	237,627	-
Current			
Trade payables			
Third parties	46,541,370	49,265,676	46,018,825
Amount owing to a related party	12,003	-	-
	46,553,373	49,265,676	46,018,825
Other payables			
Amounts owing to related parties	2,620,647	28,238,635	25,786,334
Third parties	14,285,976	13,792,359	10,714,968
Accruals	10,268,057	11,910,923	10,532,855
Deposits received	193,421	331,187	20,672
	27,368,101	54,273,104	47,054,829
Total payables (current)	73,921,474	103,538,780	93,073,654
Total trade and other payables	74,361,561	103,776,407	93,073,654

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2024: 30 to 90 days; 2023: 30 to 90 days).
- (c) In the previous financial year, the non-current portion of amount owing to a related party was non-trade in nature, unsecured, interest-free and not repayable within the next twelve (12) months.
- (d) The current portion of amounts owing to related parties are non-trade in nature, unsecured, interest-free and repayable within the next twelve (12) months or upon demand in cash and cash equivalents, except for an amount of RM237,627 which bore interest at rates ranging from 2.0% to 3.0% per annum as at financial year ended 31 May 2023.
- (e) The currency exposure profile of trade and other payables is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	15,053,725	11,783,996	10,671,496
Chinese Yuan	42,985,722	42,004,875	38,786,419
United States Dollar	15,579,221	47,594,058	43,246,041
Singapore Dollar	487,310	330,277	324,745
Euro	203,350	1,772,721	43,752
Japanese Yen	52,233	290,480	1,201
	74,361,561	103,776,407	93,073,654



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20. TRADE AND OTHER PAYABLES (continued)

- (f) Information on financial risks of trade and other payables is disclosed in Note 33 to the combined financial statements.

21. REVENUE

	2023 Audited RM	2024 Audited RM	2025 Audited RM
<i>Revenue from contracts with customers:</i>			
<i>Revenue recognised at a point in time:</i>			
Sales of goods	<u>313,708,097</u>	<u>340,425,345</u>	<u>367,658,427</u>

- (a) Revenue from sale of goods is recognised at a point in time when the control of the goods has been transferred to the customers and coincide with the delivery of goods and acceptance by customers.

There is no significant financing component in the revenue arising from sales of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

- (b) Disaggregation of revenue from contracts with customers is disclosed in Note 30 to the combined financial statements.

22. EMPLOYEE BENEFITS EXPENSES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Wages, salaries and bonuses	57,445,038	65,329,493	67,427,363
Contributions to defined contribution plan	3,703,260	4,351,160	4,772,365
Social security contributions	1,262,760	1,624,292	1,867,146
Labour union expenditures	450,360	298,448	304,001
Other benefits	<u>3,289,931</u>	<u>3,769,604</u>	<u>3,936,455</u>
	<u>66,151,349</u>	<u>75,372,997</u>	<u>78,307,330</u>

Included in the employee benefits expenses of the Group are Directors' remuneration amounting to RM2,862,168 (2024: RM2,576,872; 2023: RM1,995,254). Estimated money value of benefits-in-kind provided to the Director of the Group amounting to RM22,857 (2024: Nil; 2023: Nil).



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23. FINANCE COSTS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Interest expenses on:			
- amount owing to a related party	7,767	-	-
- borrowings	2,686,160	2,059,180	636,743
- lease liabilities	30,028	52,338	33,435
- unwinding of discount on non-current other payable	40,352	20,663	-
	<u>2,764,307</u>	<u>2,132,181</u>	<u>670,178</u>

24. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at after charging:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Audit fee:			
- current year	94,684	117,435	129,855
- underprovision in prior years	1,500	-	14,000
Bad debt written off	36,062	-	-
Fair value loss on other investments	-	53,407	-
Loss on disposals of property, plant and equipment	375,000	278,724	151,380
Property, plant and equipment written off	4,126,591	123,153	92,803
Realised loss on foreign exchange	837	2,466	1,359,557
Unrealised loss on foreign exchange	2,348,324	1,661,261	-
and crediting:			
Fair value gain on short term funds	33,196	232,183	315,800
Fair value gain on other investments	41,437	74,830	198,737
Gain on disposal of investment in a joint venture	8,800,627	-	-
Interest income from:			
- financial institutions	2,201,325	7,693,813	7,349,120
- related parties	132,606	49,627	26,875
- short term funds	124,573	259,481	133,204
Rental income	8,424,650	7,760,870	7,219,726
Realised gain on foreign exchange	7,713,462	2,667,910	3,541,976
Unrealised gain on foreign exchange	327,688	46,847	956,181



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25. TAX EXPENSE

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Current year			
- Malaysia income tax	258,203	244,583	2,361,669
- Foreign tax	8,878,671	8,665,872	10,149,141
	9,136,874	8,910,455	12,510,810
(Over)/Under provision in prior years			
- Malaysia income tax	(125,649)	(139,409)	911,908
- Foreign tax	-	(601,358)	-
	(125,649)	(740,767)	911,908
	9,011,225	8,169,688	13,422,718
Deferred tax expense (Note 9):			
- relating to origination and reversal of temporary differences	230,432	2,872,100	383,249
- over provision in prior years	(767,900)	(1,104,400)	(1,884,300)
	(537,468)	1,767,700	(1,501,051)
	8,473,757	9,937,388	11,921,667

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2024: 24%; 2023: 24%) of the estimated taxable profits for the fiscal year. Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

(b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit before tax	77,074,132	84,752,664	92,088,112
Tax at applicable tax rate	18,497,792	20,340,639	22,101,147
Tax effects in respect of:			
- non-allowable expenses	3,769,918	2,388,804	3,404,305
- non-taxable income	(4,922,631)	(3,556,871)	(2,550,018)
- tax incentive and allowances	(6,674,110)	(6,112,333)	(7,023,065)
- different tax rates in foreign jurisdictions	655,937	1,370,316	1,555,690
Tax exempt income under pioneer status	(1,949,900)	(2,712,700)	(4,561,900)
Deferred tax assets not recognised	-	64,700	-
Utilisation of deferred tax assets previously not recognised	(9,700)	-	(32,100)
(Over)/Under provision of tax expense in prior years	(125,649)	(740,767)	911,908
Over provision of deferred tax in prior years	(767,900)	(1,104,400)	(1,884,300)
	8,473,757	9,937,388	11,921,667



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25. TAX EXPENSE (continued)

- (c) QISB has been granted Pioneer Status under the Exemption order P.U. (A) 112, Income Tax Act 1967, which exempts it from income tax for a period of 10 years beginning from 1 February 2020.
- (d) SHTEI has been granted High-Tech Enterprise Certificate, which the entity enjoys an income tax rate of 15% for a period of 3 years beginning from 17 November 2022. Subsequently, it has been extended to 8 December 2028.
- (e) There is no tax effect on other comprehensive income of the Group during the financial year.

26. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial years is calculated by dividing the profit for the financial years attributable to the common controlling shareholders of the combining entities/owners of the Company by the expected number of ordinary shares of the Company pursuant to the Listing.

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit attributable to common controlling shareholders of the combining entities/the owners of the Company (RM)	<u>68,600,375</u>	<u>74,815,276</u>	<u>80,166,445</u>
Expected number of shares upon completion of the Listing (unit)	<u>1,500,000,000</u>	<u>1,500,000,000</u>	<u>1,500,000,000</u>
Basic earnings per ordinary share (sen)	<u>4.57</u>	<u>4.99</u>	<u>5.34</u>

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary share in issue during and at the end of the financial year.

27. DIVIDENDS

<u>Audited</u>	Amount of dividends RM
In respect of financial year ended 31 May 2024	
- Dividend paid by Suiwa Electronics (Xiamen) Co., Ltd.	<u>68,113,500</u>
In respect of financial year ended 31 May 2025	
- Dividend paid by SQ Advanced Interconnect Berhad	30,290,000
- Dividend paid by Suiwa Electronics (Xiamen) Co., Ltd.	76,643,820
	<u>106,933,820</u>



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28. CAPITAL COMMITMENTS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Capital expenditure in respect of purchase of property, plant and equipment:			
- Contracted but not provided	4,815,766	8,583,116	9,350,440

29. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- (i) Combining entities as disclosed in Note 4 to the combined financial statements;
- (ii) Key management personnel which comprises persons (including the Directors of the Group) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;
- (iii) Companies in which certain Directors have substantial financial interests; and
- (iv) Immediate family member of Directors of the Group.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the financial year:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Transactions with related parties:			
- Cleaning and maintenance service charges	128,733	133,916	146,577
- Dividends paid	-	68,113,500	106,933,820
- Marketing service charges	96,000	106,000	120,000
- Purchase of goods	2,231,622	1,886,601	1,335,080
- Purchase of prototype	-	22,301	-
- Purchase of tooling	-	4,054	-
- Sales commissions paid	173,681	220,977	300,983
- Subcontract service charges	333,720	327,180	329,163
- Property management fees	24,119	24,235	21,133
- Rental income	121,714	122,326	116,368

The related party transactions described above were undertaken on mutually agreed and negotiable terms.



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29. RELATED PARTY DISCLOSURES (continued)

(b) (continued)

Balances with related parties at the end of the financial year are disclosed in Note 10 and Note 20 to the combined financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

There are no other key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Group other than the Directors.

The total remuneration of Directors and other key management personnel during the financial year are as follows:

	2023	2024	2025
	Audited	Audited	Audited
	RM	RM	RM
Fees	15,000	55,000	15,000
Salaries, bonuses and allowances	3,593,576	4,246,767	4,686,952
Contributions to defined contribution plan	229,956	323,435	387,022
Social security contributions	16,073	21,910	24,882
Other benefits	8,220	13,739	16,478
	<u>3,862,825</u>	<u>4,660,851</u>	<u>5,130,334</u>

Estimated monetary value of benefits-in-kind provided to an Executive Director and a key management personnel of the Group are RM22,857 and RM12,000 respectively (2024: Nil; 2023: Nil).

(d) Material contracts

There were no material contracts, which have been entered into by the Group which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 or entered into since the end of the previous financial years.

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30. OPERATING SEGMENTS

The Group is principally involved in investment holding, manufacturing and assembly of flexible printed circuit boards and manufacturing of integrated circuit substrates, covering circuit design, prototype fabrication and production. For management purposes, its operating segments are presented based on their products and services provided.

The reportable segments of the Group are as follows:

a) Flexible printed circuit boards ("FPC"):

Involved in the manufacturing and assembly of flexible printed circuit boards, which refers to a bendable electronic interconnects in which circuits are formed on a flexible substrate. FPCs include single-sided, double-sided and multi-layer.

b) Integrated circuit boards ("IC") substrate:

Involved in the manufacturing of integrated circuit boards, which refers to a semiconductor package level interconnect platform that bridges silicon devices to the system by enabling chip-to-board electrical, mechanical and thermal connection. IC substrates include coreless IC substrates and sputtered-core IC substrates

c) Others:

Included investment holding and other activities.

Management monitors the operating results of its reporting segments separately for the purpose of making decisions about resource allocation and performance assessment. The accounting policies of operating segments are the same as those described in the notes to the combined financial statements.

Segment assets exclude derivative assets, current tax assets and deferred tax assets. Segment liabilities exclude derivative liabilities, current tax liabilities and deferred tax liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2023					
Revenue from external customers	260,047,578	53,660,519	-	-	313,708,097
Inter-segment revenue	264,120	-	-	(264,120)	-
Total revenue	260,311,698	53,660,519	-	(264,120)	313,708,097
Interest income	2,340,505	44,552	73,447	-	2,458,504
Finance costs	(2,716,188)	(40,352)	(7,767)	-	(2,764,307)
Net finance (costs)/income	(375,683)	4,200	65,680	-	(305,803)
Segment profit before tax	67,180,648	8,882,545	1,010,939	-	77,074,132
Other material non-cash items:					
Amortisation of government grants	-	566,445	250,000	-	816,445
Amortisation of intangible assets	-	(280,587)	-	-	(280,587)
Depreciation of property, plant and equipment	(14,048,788)	(6,517,070)	(628,190)	-	(21,194,048)
Depreciation of right-of-use assets	(1,158,599)	-	-	-	(1,158,599)
Gain on disposal of investment in a joint venture	8,800,627	-	-	-	8,800,627
Net inventories (written down)/written back	(1,858,430)	438,091	-	-	(1,420,339)
Net impairment losses on trade and other receivables	(677,625)	-	-	-	(677,625)
Property, plant and equipment written off	(1,402,903)	(2,723,688)	-	-	(4,126,591)
Net unrealised (loss)/gain on foreign exchange	(2,024,432)	3,796	-	-	(2,020,636)



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2023 (continued)					
Additions to non-current assets other than financial instruments	4,364,910	192,772	736,697	-	5,294,379
Segment assets	479,888,209	71,737,206	17,902,175	-	569,527,590
Current tax assets					3,187,300
Deferred tax assets					116,357
					<u>572,831,247</u>
Segment liabilities	113,876,766	17,014,494	2,041,844	-	132,933,104
Derivative liabilities					37,465
Current tax liabilities					5,114,362
Deferred tax liabilities					1,746,293
					<u>139,831,224</u>



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2024					
Revenue from external customers	273,135,660	67,289,685	-	-	340,425,345
Inter-segment revenue	248,960	-	-	(248,960)	-
Total revenue	273,384,620	67,289,685	-	(248,960)	340,425,345
Interest income	7,837,231	111,515	54,175	-	8,002,921
Finance costs	(2,108,343)	(23,838)	-	-	(2,132,181)
Net interest income	5,728,888	87,677	54,175	-	5,870,740
Segment profit before tax	69,957,929	14,442,002	352,733	-	84,752,664
Other material non-cash items:					
Amortisation of government grants	-	261,632	250,000	-	511,632
Amortisation of intangible assets	-	(259,707)	-	-	(259,707)
Depreciation of property, plant and equipment	(14,244,593)	(5,714,003)	(857,574)	-	(20,816,170)
Depreciation of right-of-use assets	(1,163,048)	(58,016)	-	-	(1,221,064)
Net inventories written down	(1,163,860)	(465,531)	-	-	(1,629,391)
Net impairment losses on trade and other receivables	(3,310,696)	(463,678)	-	-	(3,774,374)
Property, plant and equipment written off	(69,377)	(53,776)	-	-	(123,153)
Net unrealised loss on foreign exchange	(1,540,241)	(74,173)	-	-	(1,614,414)



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2024 (continued)					
Additions to non-current assets other than financial instruments	6,617,885	5,375,324	408,681	-	12,401,890
Segment assets	458,269,788	76,313,194	27,757,422	-	562,340,404
Derivative assets					16,103
Current tax assets					3,128,306
Deferred tax assets					125,778
					<u>565,610,591</u>
Segment liabilities	79,253,355	14,130,293	30,064,827	-	123,448,475
Current tax liabilities					2,951,076
Deferred tax liabilities					3,523,492
					<u>129,923,043</u>



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2025					
Revenue from external customers	294,330,249	73,328,178	-	-	367,658,427
Inter-segment revenue	425,480	-	-	(425,480)	-
Total revenue	294,755,729	73,328,178	-	(425,480)	367,658,427
Interest income	7,113,269	91,324	304,606	-	7,509,199
Finance costs	(666,873)	(3,305)	-	-	(670,178)
Net interest income	6,446,396	88,019	304,606	-	6,839,021
Segment profit before tax	70,172,394	20,842,634	1,073,084	-	92,088,112
Other material non-cash items:					
Amortisation of government grants	-	160,029	62,500	-	222,529
Amortisation of intangible assets	-	(204,919)	-	-	(204,919)
Depreciation of property, plant and equipment	(13,642,549)	(5,845,478)	(741,467)	-	(20,229,494)
Depreciation of right-of-use assets	(1,021,012)	(87,990)	-	-	(1,109,002)
Net inventories (written down)/written back	(1,373,332)	8,642	-	-	(1,364,690)
Net impairment losses on trade and other receivables	(12,312,568)	(1,115)	-	-	(12,313,683)
Property, plant and equipment written off	(92,803)	-	-	-	(92,803)
Net unrealised gain on foreign exchange	945,585	10,596	-	-	956,181



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2025 (continued)					
Additions to non-current assets other than financial instruments	9,134,587	1,253,891	-	-	10,388,478
Segment assets	406,190,629	66,687,174	29,706,796	-	502,584,599
Derivative assets					115,676
Current tax assets					1,430,413
Deferred tax assets					124,904
					<u>504,255,592</u>
Segment liabilities	79,519,656	8,705,448	27,034,916	-	115,260,020
Current tax liabilities					2,758,307
Deferred tax liabilities					2,032,470
					<u>120,050,797</u>



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30. OPERATING SEGMENTS (continued)

(a) Geographical information

Segment revenue is based on geographical location from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include deferred tax assets.

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Revenue from external customers			
Malaysia	106,538,596	131,201,778	155,895,339
Mainland China	91,894,169	91,542,460	101,445,904
Asia (other than Malaysia and Mainland China)	55,367,639	55,939,703	63,447,567
United States of America	22,978,277	23,056,813	24,343,299
Europe	35,698,637	33,885,327	21,226,422
North America	109,049	3,418,910	616,218
Others	1,121,730	1,380,354	683,678
	<u>313,708,097</u>	<u>340,425,345</u>	<u>367,658,427</u>
Non-current assets			
Malaysia	121,791,189	119,409,796	113,116,203
Mainland China	108,173,555	99,820,191	84,862,589
	<u>229,964,744</u>	<u>219,229,987</u>	<u>197,978,792</u>

(b) Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Customer A	<u>43,089,178</u>	<u>53,930,817</u>	<u>55,171,412</u>

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31. FINANCIAL INSTRUMENTS

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

- (ii) Other investments

The fair value of short term investments is determined based on net asset values provided by the issuing financial institutions.

The fair value of quoted ordinary shares outside Malaysia is determined by reference to the exchange quoted market prices at the close of the business on the reporting date.

- (iii) Short term funds

The fair value of short term funds is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

- (iv) Derivatives

The fair values of forward currency contracts are the amounts that would be payable or receivable upon termination of the outstanding position arising and are determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

32. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged throughout the reporting period.

The Group manage their capital structure and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period ended 31 May 2023, 31 May 2024 and 31 May 2025.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to the owners of the combining entities. Net debt is calculated as borrowings net of short term funds and cash and bank balances. Capital represents equity attributable to the common controlling shareholders of the combining entities.



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32. CAPITAL MANAGEMENT (continued)

The gearing ratios as at the financial year are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Borrowings (Note 19)	49,333,324	13,279,860	20,341,319
Less:			
Short term funds (Note 14)	(6,116,896)	(19,632,877)	(17,422,458)
Cash and bank balances (Note 15)	(165,837,722)	(148,119,207)	(133,419,116)
Net cash	(122,621,294)	(154,472,224)	(130,500,255)
Total capital	433,000,023	435,687,548	384,204,795
Capital gearing ratio	*	*	*

* Capital gearing ratio is not presented as the Group is in net cash position.

The Group is not subject to any externally imposed capital requirements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk, interest rate risk and market risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group to credit risk arises primarily from trade receivables. For financial assets including other investments, cash and bank balances and derivatives, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The objective of the Group is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the policy of the Group that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure of the Group to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.



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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period is as follows:

	2023 Audited		2024 Audited		2025 Audited	
	RM	% of total	RM	% of total	RM	% of total
By geographical locations						
Malaysia	28,700,873	31%	32,417,694	37%	39,461,236	44%
Mainland China	35,146,733	39%	29,269,771	34%	22,736,309	26%
Asia (other than Malaysia and Mainland China)	13,063,519	14%	12,599,722	15%	15,891,066	18%
United States of America	4,874,903	5%	3,473,821	4%	6,886,571	8%
Europe	9,901,285	11%	7,036,882	8%	3,384,243	4%
North America	5,273	*	1,839,269	2%	289,304	*
Others	-	-	141,114	*	268,578	*
	<u>91,692,586</u>	<u>100%</u>	<u>86,778,273</u>	<u>100%</u>	<u>88,917,307</u>	<u>100%</u>

* Less than 1%

At the end of each reporting period, approximately 15% (2024: 9%, 2023: 24%) of the trade receivables of the Group were due from one (1) (2024: one (1), 2023: two (2)) major customers.

(b) Liquidity and cash flow risk

Liquidity and cash flow risk are the risks that the Group will not be able to meet its financial obligations when they fall due. The exposure of the Group to liquidity risk arises principally from its various payables, borrowings and lease liabilities.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.



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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk (continued)

The table below summaries the maturity profile of the liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

<u>Audited</u>	On demand or within one (1) year RM	One (1) to five (5) year RM	More than five (5) years RM	Total RM
Financial liabilities				
31 May 2025				
Trade and other payables	93,073,654	-	-	93,073,654
Borrowings				
- Term loans	2,540,179	3,178,324	-	5,718,503
- Revolving credit	15,010,664	-	-	15,010,664
Lease liabilities	557,689	74,024	-	631,713
Total undiscounted financial liabilities	<u>111,182,186</u>	<u>3,252,348</u>	<u>-</u>	<u>114,434,534</u>
Financial liabilities				
31 May 2024				
Trade and other payables	103,538,780	237,627	-	103,776,407
Borrowings				
- Term loans	5,523,710	7,171,776	166,183	12,861,669
- Financial guarantee contracts	377,000,000	-	-	377,000,000
Lease liabilities	972,874	601,824	-	1,574,698
Total undiscounted financial liabilities	<u>487,035,364</u>	<u>8,011,227</u>	<u>166,183</u>	<u>495,212,774</u>
Financial liabilities				
31 May 2023				
Trade and other payables	73,921,474	440,087	-	74,361,561
Borrowings				
- Term loans	13,588,463	42,922,063	326,107	56,836,633
Lease liabilities	737,201	957,495	-	1,694,696
Total undiscounted financial liabilities	<u>88,247,138</u>	<u>44,319,645</u>	<u>326,107</u>	<u>132,892,890</u>

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily in United States Dollar ("USD").



13. ACCOUNTANTS' REPORT (CONT'D)

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Foreign currency risk (continued)

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in USD exchange rate against the functional currency of the Group, with all other variables held constant:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit after tax			
USD/RM			
- Strengthen by 1% (2024: 1%; 2023: 1%)	1,058,814	1,167,392	418,310
- Weaken by 1% (2024: 1%; 2023: 1%)	<u>(1,058,814)</u>	<u>(1,167,392)</u>	<u>(418,310)</u>

There is no foreign currency risk exposure to the equity, hence the effect of change in the foreign currency is not explained.

Sensitivity analysis of other foreign currencies is not disclosed as the fluctuations of those foreign exchange rate against the functional currency of the Group are not significant.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from interest-bearing fixed deposits with licensed banks, amounts owing by/(to) related parties, borrowings, and lease liabilities. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

As at the end of the reporting period, the Group does not engage any interest hedging instruments in respect of such interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis for floating rate instruments of the profit after tax of the Group if interest rates at the end of the reporting period changed by ten (10) basis points with all other variables held constant:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit after tax			
- Increase by 0.1% (2024: 0.1%, 2023: 0.1%)	(37,493)	(8,882)	(15,459)
- Decrease by 0.1% (2024: 0.1%, 2023: 0.1%)	<u>37,493</u>	<u>8,882</u>	<u>15,459</u>

There is no interest rate risk exposure to the equity, hence the effect of change in the interest rate is not explained.

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are not affected by changes in interest rates.



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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") or incremental borrowing rates ("IBR") as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

<u>Audited</u>	Note	WAEIR/ IBR* %	On demand or within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
As at 31 May 2023						
Fixed rates						
Amounts owing by related parties	10	2.50	-	2,388,099	-	2,388,099
Fixed deposits with licensed banks	15	4.93	108,635,885	41,044,173	-	149,680,058
Lease liabilities	6	3.83*	(688,719)	(927,120)	-	(1,615,839)
Amount owing to a related party	20	2.50	(237,627)	-	-	(237,627)
Floating rate						
Term loans	19	4.68	(10,727,642)	(38,317,361)	(288,321)	(49,333,324)
As at 31 May 2024						
Fixed rates						
Amounts owing by related parties	10	4.25	91,396	543,311	-	634,707
Fixed deposits with licensed banks	15	5.79	72,996,144	34,650,069	-	107,646,213
Lease liabilities	6	3.79*	(938,747)	(593,473)	-	(1,532,220)
Floating rate						
Term loans	19	6.57	(4,959,028)	(6,583,728)	(143,949)	(11,686,705)



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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Interest rate risk (continued)

The following table sets out the carrying amounts, the incremental borrowing rates ("IBR")/weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (continued):

<u>Audited</u>	Note	WAEIR/ IBR* %	On demand or within one (1) year RM	One (1) to five (5) years years RM	More than five (5) years years RM	Total RM
As at 31 May 2025						
Fixed rates						
Amounts owing by related parties	10	3.48	612,788	-	-	612,788
Fixed deposits with licensed banks	15	4.24	34,778,072	-	-	34,778,072
Lease liabilities	6	3.70*	(547,424)	(72,931)	-	(620,355)
Floating rates						
Term loan	19	6.09	(2,289,441)	(3,051,878)	-	(5,341,319)
Revolving credits	19	4.99	(15,000,000)	-	-	(15,000,000)
			(17,289,441)	(3,051,878)	-	(20,341,319)



13. ACCOUNTANTS' REPORT (CONT'D)

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in quoted prices (other than interest or exchange rates).

The Group is exposed to market risk primarily arising from placements in short term funds held by the Group as at the end of reporting period. They were held mainly to manage free cash flows and optimise working capital rather than for trading purposes. These instruments are classified as financial assets designated at fair value through profit or loss.

To manage its price risk arising from placements in short term funds, the Group diversifies its portfolios in accordance with the limits set by the Group.

The following table demonstrates the sensitivity analysis of the profit after tax of the Group if the Net Asset Value ('NAV') had been one percent (1%) higher or lower arising as a result of higher or lower fair value gains on money market funds designated at fair value through profit or loss, with all other variables held constant:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit after tax			
- Increase by 1% (2024: 1%, 2023: 1%)	46,488	149,210	132,411
- Decrease by 1% (2024: 1%, 2023: 1%)	<u>(46,488)</u>	<u>(149,210)</u>	<u>(132,411)</u>

There is no market rate risk exposure to the equity, hence the effect of change in the market rate is not explained.

34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 15 August 2025, the Group completed the disposal of its entire equity interest in other investment for unquoted shares outside Malaysia, QS Circuits Pte. Ltd. (formerly known as Qdos (SG) Pte. Ltd.), a company incorporated in Singapore for a consideration of RM6,335 to SQTSB.
- (b) On 19 September 2025, the Group completed the following disposals of other investments for unquoted shares in Malaysia:
 - i) disposed of its entire equity interest in QS BPO Sdn. Bhd. (formerly known as Qdos BPO Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM1 to SQTSB;
 - ii) disposed of its entire equity interest in QS Dynamics Sdn. Bhd. (formerly known as Qdos Dynamics Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM6,526,569 to SQTSB;
 - iii) disposed of its entire interest in QS Force Sdn. Bhd. (formerly known as Qdos Force Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM9,797,308 to SQTSB; and
 - iv) disposed of its entire interest in Qdos Ventures Sdn. Bhd., a company incorporated in Malaysia for a cash consideration of RM1 to SQTSB.
- (c) On 7 February 2026, the Group disposed of its entire equity interest in Qdos Flexcircuits (India) Pvt Ltd., a company incorporated in India, comprising 99.9999% and 0.0001% equity interest to SQTSB and QS BPO for a cash consideration of RM4,572,895 and RM1 respectively.



13. ACCOUNTANTS' REPORT (CONT'D)

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34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

- (d) On 29 November 2025, the issued and paid-up share capital of the Company has been increased from RM32,000,002 to RM39,999,501 by way of issuance of 14,999,998 new ordinary shares of RM0.5333 each by way of capitalisation of amount owing to SQT. The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company. On 31 December 2025, SECL had declared a dividend of approximately RM144.7 million in respect of the financial year ended 31 December 2025 and expected to be paid by end of May 2026.
- (e) On 31 December 2025, SECL had declared a dividend of approximately RM144.7 million in respect of the financial year ended 31 December 2025 and expected to be paid by end of May 2026.
- (f) On 10 February 2026, the Company undertook a bonus issue which entails the issuance of 1,122,500,000 new ordinary shares on the basis of approximately 28.0625 for every 1 existing Share held by the existing shareholders for the purpose of increasing the number of issued Shares in order to facilitate the proposed initial public offering ("IPO") and Listing.
- (g) On 23 February 2026, the Company entered into a conditional equity transfer agreement ("ETA") with Twisden Limited ("Twisden"), as the purchaser, to acquire the entire registered share capital of SECL of USD12.0 million, representing 100.00% equity interest in SECL for a total consideration of approximately RM106.5 million, which will be fully satisfied through the allotment and issuance of 135,000,000 new ordinary shares at an issue price of RM0.789 per Share to Twisden. The ETA is conditional upon, among others, the following:
 - (i) the submission of an application for its IPO and Listing to the Securities Commission Malaysia; and
 - (ii) payment of the dividend declared in respect of the financial year ended 31 December 2025 by SECL to Twisden.

The completion of the Agreements is subject to fulfilment of conditions precedent stated in the agreement.

- (h) Litigation matter between QFSB and Valdel Real Estate Pvt Ltd. ("Valdel")

On 14 November 2025, QFSB, a subsidiary of SQAI, filed a petition proceeding (numbered as AP IM No.14 of 2025) ("Petition") against Valdel, M/S Divyasree Valdel Realtors ("DVR") and Exora ("Respondents") before the Karnataka High Court.

The Petition concerns an alleged breach of the sale and purchase agreement entered into between QFSB and Valdel on 11 April 2023, arising from Valdel's repeated default in making payment of USD4.0 million due to QFSB under the agreement as well as false representations made by the Valdel group entities including Valdel and DVR, in relation to the expected payment of such outstanding sum in the course of steps taken to monetise assets.

QFSB is seeking repayment of USD4.0 million together with interest at 18.00% per annum from the date the amounts became due until the date of filing the petition on 14 November 2025 ("Interest"). In the alternative, QFSB seeks bank guarantees for USD4.0 million with the Interest, as well as restrictions on Valdel from selling its lands, together with such other reliefs as the Karnataka High Court may deem appropriate.

On 5 December 2025, the Karnataka High Court granted an ad-interim injunction restraining Valdel, DVR and their promoters, directors, employees, agents, and/or any person acting through or under them from either directly or indirectly dealing with their assets. Following the filing of the Petition, a hearing was scheduled for 19 January 2026, at which the Respondent failed to attend. Accordingly, the court directed that a further hearing date is to be scheduled.



13. ACCOUNTANTS' REPORT (CONT'D)

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34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

- (h) Litigation matter between QFSB and Valdel Real Estate Pvt Ltd. ("Valdel") (continued)

The solicitor of QFSB is of the view that QFSB has an arguable case on the merits. However, as the proceedings are at a preliminary stage and subject to the Respondents' replies, the outcome of the proceedings, including the recoverability and timing of any potential recoveries cannot be determined with certainty at this stage.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**35.1 New MFRSs adopted during the financial year**

The Group adopted the following Standards of the MFRSs Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

Adoption of the above Amendments to the Standards did not have any material effect on the financial performance or position of the Group.

35.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

The following are Standards and Amendments to Standards of the MFRSs that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards - Volume 11</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 121 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for future financial years.



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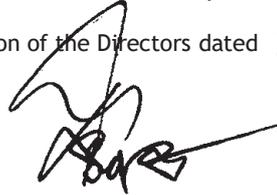
STATEMENT BY DIRECTORS

We, Hwang Shin Hung and Low Loke Chew, being two of the Directors of SQ Advanced Interconnect Berhad (formerly known as Qdos Holdings Bhd.), state that, in the opinion of the Directors, the combined financial statements set out on pages 1 to 68 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 May 2023, 31 May 2024 and 31 May 2025 and of the financial performance and cash flows of the Group for the financial years ended 31 May 2023, 31 May 2024 and 31 May 2025 in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated **26 FEB 2026**



.....
Hwang Shin Hung
Director



.....
Low Loke Chew
Director

Date: **26 FEB 2026**

