



ECOSCIENCE INTERNATIONAL BERHAD

Registration No. 202001024633 (1380953-M)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Current Year Quarter 31.12.2023 RM'000	Preceding Year Quarter 31.12.2022 RM'000	Current Year-To-Date 31.12.2023 RM'000	Preceding Year-To-Date 31.12.2022 RM'000
Revenue	33,594	4,412	155,563	94,388
Cost of sales	(33,382)	(10,527)	(146,695)	(85,967)
Gross profit/(loss)	212	(6,115)	8,868	8,421
Other income	1,128	331	1,822	593
Administrative expenses	(2,835)	(4,237)	(13,266)	(14,082)
Other operating (expenses)/income	(1,038)	427	151	354
Net of impairment on financial assets	(2,480)	(3,125)	(1,898)	(3,605)
Finance costs	(812)	(675)	(4,163)	(2,640)
(Loss)/Profit before tax	(5,825)	(13,394)	(8,486)	(10,959)
Income tax (expense)/income	(1,263)	2,990	(1,515)	1,569
Loss after tax ("LAT")	(7,088)	(10,404)	(10,001)	(9,390)
Other comprehensive income/(expense) ⁽²⁾	299	560	1,019	(213)
Total comprehensive expenses	(6,789)	(9,844)	(8,982)	(9,603)
LAT attributable to:				
- Owners of the Company	(7,088)	(10,404)	(10,001)	(9,390)
	(7,088)	(10,404)	(10,001)	(9,390)
Total comprehensive expenses attributable to:				
- Owners of the Company	(6,789)	(9,844)	(8,982)	(9,603)
	(6,789)	(9,844)	(8,982)	(9,603)
Attributable to equity holders of the company ⁽³⁾:				
- Basic loss per share (sen)	(1.94)	(3.06)	(2.89)	(3.18)
- Diluted loss per share (sen)	(1.90)	(3.06)	(2.82)	(3.18)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Being the foreign currency translation differences which will be reclassified subsequently to the profit or loss.
- (3) Earnings per share is calculated based on the LAT attributable to owners of the Company for the financial period divided by the Company's weighted average number of ordinary shares in issue referred to in Note B11.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 ⁽¹⁾

	(Unaudited) As at 31.12.2023 RM'000	(Audited) As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,708	25,282
Other investments	3,620	2,037
	<u>26,328</u>	<u>27,319</u>
Current assets		
Inventories	24,043	18,170
Trade receivables	29,183	22,694
Other receivables, deposits and prepayments	8,454	12,451
Contract assets	47,009	57,679
Current tax assets	4,152	5,164
Short-term investment	5,141	5,916
Fixed deposits with licensed banks	23,672	17,195
Cash and bank balances	2,652	6,420
	<u>144,306</u>	<u>145,689</u>
TOTAL ASSETS	<u>170,634</u>	<u>173,008</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	87,231	74,991
Foreign exchange translation reserve	557	(462)
Merger deficit	(45,209)	(45,209)
Retained profits	33,666	43,667
TOTAL EQUITY	<u>76,245</u>	<u>72,987</u>
Non-current liabilities		
Term loans	7,135	8,143
Hire purchase payables	627	969
Deferred tax liabilities	1,206	638
	<u>8,968</u>	<u>9,750</u>
Current liabilities		
Trade payables	21,530	29,682
Other payables and accruals	4,602	5,553
Provisions	810	810
Contract liabilities	9,569	8,616
Bank overdrafts	11,398	13,192
Hire purchase payables	251	491
Term loans	1,279	1,104
Short-term borrowings	35,867	30,816
Current tax liabilities	115	7
	<u>85,421</u>	<u>90,271</u>
TOTAL LIABILITIES	<u>94,389</u>	<u>100,021</u>
TOTAL EQUITY AND LIABILITIES	<u>170,634</u>	<u>173,008</u>
Number of ordinary shares ('000)	374,000	340,000
Net assets per ordinary share (RM) ⁽²⁾	0.20	0.21

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on net assets divided by the Company's issued share capital as at 31 December 2023 of 374,000,000 shares (31 December 2022: 340,000,000 shares).

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023 ⁽¹⁾

			<u>Non-Distributable</u> Foreign Exchange Translation Reserve RM'000	<u>Distributable</u> Retained Profits RM'000	Total Equity RM'000
<u>Audited</u>	Share Capital RM'000	Merger Deficit RM'000			
As at 1 January 2022	51,566	(45,209)	(249)	53,057	59,165
Loss after tax for the financial year	-	-	-	(9,390)	(9,390)
Other comprehensive expenses for the financial year	-	-	(213)	-	(213)
Total comprehensive expenses for the financial year	-	-	(213)	(9,390)	(9,603)
Proceed from issue of new shares	24,651	-	-	-	24,651
Share issue expenses	(1,226)	-	-	-	(1,226)
Balance as at 31 December 2022	74,991	(45,209)	(462)	43,667	72,987

			<u>Non-Distributable</u> Foreign Exchange Translation Reserve RM'000	<u>Distributable</u> Retained Profits RM'000	Total Equity RM'000
<u>Unaudited</u>	Share Capital RM'000	Merger Deficit RM'000			
As at 1 January 2023	74,991	(45,209)	(462)	43,667	72,987
Loss after tax for the financial year	-	-	-	(10,001)	(10,001)
Other comprehensive income for the financial year	-	-	1,019	-	1,019
Total comprehensive income/(expenses) for the financial year	-	-	1,019	(10,001)	(8,982)
Proceeds from issue of new shares	12,240	-	-	-	12,240
Balance as at 31 December 2023	87,231	(45,209)	557	33,666	76,245

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	(Unaudited) Current Year-To-Date 31.12.2023 RM'000	(Audited) Preceding Corresponding Year-To-Date 31.12.2022 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before tax	(8,486)	(10,959)
Adjustments for:		
Depreciation of property, plant and equipment	1,395	1,182
Impairment loss on trade receivables	823	3,676
Reversal of impairment loss on trade receivables	(582)	(71)
Impairment loss on inventories	1,586	-
Impairment loss on contract asset	70	-
Fair value loss on other investment	277	33
Fair value gain on short term investment	(436)	(43)
Gain on disposal of property, plant and equipment	(106)	-
Interest expenses	3,216	2,376
Interest income	(600)	(360)
Unrealised foreign exchange loss	-	158
Operating loss before working capital changes	(2,843)	(4,008)
Increase in inventories	(7,459)	(2,957)
Increase in trade and other receivables	(2,733)	(32,863)
Decrease/(Increase) in contract assets	10,600	(816)
(Decrease)/Increase in trade and other payables	(9,103)	9,887
Increase in contract liabilities	953	8,616
CASH FLOWS FOR OPERATIONS	(10,585)	(22,141)
Tax paid	(274)	(2,801)
Tax refunded	447	47
NET CASH FLOWS FOR OPERATING ACTIVITIES	(10,412)	(24,895)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	600	360
Purchase of property, plant and equipment	(666)	(1,307)
(Purchase)/Disposal of other investment	(1,860)	1
Decrease/(increase) in short-term investment	1,211	(5,873)
Withdrawal of fixed deposits pledged with licensed banks	(6,476)	(3,677)
Proceed from disposal of property, plant and equipment	2,237	-
NET CASH FLOWS FOR INVESTING ACTIVITIES	(4,954)	(10,496)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of new shares	12,240	23,425
Drawdown of short-term borrowings	113,127	88,464
Drawdown of term loans	1,725	673
Interest paid	(3,216)	(2,376)
Repayment of short-term borrowings	(108,076)	(74,322)
Repayment of term loans	(2,710)	(1,286)
Repayment of hire purchase obligation	(582)	(484)
NET CASH FLOWS FROM FINANCING ACTIVITIES	12,508	34,094

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

	(Unaudited)	(Audited)
	Current	Preceding
	Year-To-Date	Corresponding
	31.12.2023	Year-To-Date
	RM'000	31.12.2022
		RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,858)	(1,297)
EFFECT OF FOREIGN EXCHANGE TRANSLATION RESERVE	884	(224)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE FINANCIAL YEAR	(6,772)	(5,251)
CASH AND CASH EQUIVALENTS		
AT END OF THE FINANCIAL YEAR	<u>(8,746)</u>	<u>(6,772)</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial report of Ecoscience International Berhad (“**Ecoscience**” or the “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

This interim financial report should be read in conjunction with the Company’s Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

A2 Significant Accounting Policies

Save as disclosed below, the significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted in the Group’s audited consolidated financial statements for the financial year ended 31 December 2022.

- i. During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs (Including the Consequential Amendments)

MFRS 17: Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

A2 Significant Accounting Policies (Cont'd)

- ii. The Group has not applied in advance any accounting standards and / or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period.

MFRSs (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendment to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3 Auditors' Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended ("FYE") 31 December 2022 were not subject to any qualification.

A4 Seasonal or Cyclical Factors

The nature of the Group's business was not subject to any significant seasonal and cyclical factors.

A5 Exceptional Items

There were no material exceptional items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A6 Material Changes in Accounting Estimates

There were no material changes in estimates during the current financial quarter under review.

A7 Debt and Equity Securities

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review, except as disclosed in Notes B6, B8 and B9.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

A8 Dividend Paid

There were no dividends paid during the current financial quarter under review.

A9 Segmental Reporting

The Group's revenue is organised into the 3 main reportable segments as follows:-

- Construction of Plants and Facilities Segment
- Fabrication of Equipment Segment
- Supply of Materials and Equipment Segment
- Other Activities Segment

The segmental analysis of Group's revenue is set out as follows:

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Construction of Plants and Facilities	26,708	(11,717)	133,878	44,291
Fabrication of Equipment	3,315	6,036	9,787	21,530
Supply of Materials and Equipment	3,419	9,790	11,345	27,601
Other Activities	152	303	553	966
Total	33,594	4,412	155,563	94,388

The Group's revenue by geographical location which the customers are located is set out as follows:

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	11,458	23,574	110,890	66,477
Gabon	22,007	(20,533)	42,180	9,474
Indonesia	129	1,373	2,493	18,213
Liberia	-	(2)	-	224
Total	33,594	4,412	155,563	94,388

A10 Valuation of Property, Plant and Equipment

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

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A11 Capital Commitments

There are no capital commitments to the end of the current financial quarter under review that have not been reflected in this interim financial report.

A12 Material Subsequent Event

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report, except as disclosed in Note B6.

A13 Changes in the Composition of the Group

There were no other material changes in the composition of the Group for the current financial quarter under review. On 10 July 2023, the Group has incorporated an indirect wholly-owned subsidiary, PT Indo Ecoscience Industries in Indonesia which is 99.9% owned by Ecoscience and 0.1% owned by its wholly-owned subsidiary Ecoscience Manufacturing & Engineering Sdn Bhd. At the end of the financial year, the Group had not yet fully invested in PT Indo Ecoscience Industries, pending the opening of a bank account.

A14 Contingent Liabilities

	(Unaudited)	(Audited)
	As at	As at
	31.12.2023	31.12.2022
	RM'000	RM'000
Performance guarantees extended to third parties	5,370	7,180

A15 Significant Related Party Transactions

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

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Performance Review

(a) Results for Current Quarter

	Individual Quarter		Changes	
	Unaudited Current Year Quarter 31.12.2023 RM'000	Unaudited Preceding Year Quarter 31.12.2022 RM'000	RM'000	%
Revenue	33,594	4,412	29,182	661.42
Loss before tax	(5,825)	(13,394)	7,569	(56.51)

The Group's revenue increased by RM29.18 million or approximately 661.42% to RM33.59 million in the current financial quarter ended 31 December 2023 as compared to the preceding year corresponding quarter mainly attributable to the increase in the revenue from the construction of plants and facilities (by RM38.42 million) due to the projects of construction of plants and facilities progressively claimed and recognised during the period. The increase in construction revenue was partly offset by the decrease in revenue from the supply of materials and equipment and fabrication of equipment (by RM6.37 million and RM2.72 million, respectively) mainly attributable to lower orders during the current financial quarter ended 31 December 2023.

The increase in the Group's revenue in the current financial quarter ended 31 December 2023 was mainly attributable to the increase in revenue from Gabon (by RM42.54 million) due to the progressive recognition of revenue following certification of the completion of project milestone by a customer. However, the increase was partly offset by the decrease in revenue from Malaysia and Indonesia by RM12.12 million and RM1.24 million, respectively.

The Group's loss before tax decreased by RM7.57million to RM5.83 million for the current financial quarter under review as compared to the preceding year corresponding quarter mainly attributed to the following:

- (i) gross profit increased by RM6.33 million mainly due to the higher profit margin of oversea projects progressively claimed and recognised during the current quarter.
- (ii) increase in other income mainly attributable to receipt of interest income, gain on foreign exchange; and
- (iii) the reduction of impairment loss on financial asset during the current year quarter.

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B1 Performance Review (Cont'd)

(b) Results for Financial Year-To-Date

	Cumulative Quarter		Changes	
	Unaudited	Audited	RM'000	%
	Current	Preceding		
	Year-To-Date 31.12.2023 RM'000	Year-To-Date 31.12.2022 RM'000		
Revenue	155,563	94,388	61,175	64.81
Loss before tax	(8,486)	(10,959)	2,473	(22.57)

The Group's revenue recorded an increase of RM61.18 million, approximately 64.81% to RM155.56 million as compared to the revenue of RM94.39 million in the preceding year. The increase in revenue was mainly attributed to the increase in revenue from the construction of plants and facilities (by RM89.59 million) due to the progressive billings from projects in Malaysia and Gabon. The increase in construction revenue was partly offset by the decrease in revenue from supply of materials and equipment and fabrication of equipment (by RM16.26 million and RM11.74 million, respectively) mainly attributable to lower orders during the FYE 31 December 2023.

The Group's loss before tax decreased by RM2.47 million to RM8.49 million for the FYE 31 December 2023 as compared to a loss before tax of RM10.96 million in the preceding FYE 31 December 2022. The decrease in loss before tax was mainly attributed to the following:

- (i) increase in other income derived from the interest in fixed deposit and fair value gain from short term investment; and
- (ii) decrease in net impairment loss on financial assets due to lower trade receivables written off during the FYE 31 December 2023.

However, the above was partly offset by the following:

- (i) lower profit margin of domestic projects is not as high as that of overseas projects, the increase in cost of sales mainly attributable to the increase of raw material and subcontractor costs and the overseas project cost; and
- (ii) finance costs increased mainly attributable to the drawdown of trade line facilities for working capital purpose.

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B2 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter		Changes	
	Unaudited Current Quarter 31.12.2023 RM'000	Unaudited Preceding Quarter 30.9.2023 RM'000	RM'000	%
Revenue	33,594	46,707	(13,113)	(28.08)
Loss before tax	(5,825)	(3,421)	(2,404)	70.27

The Group's revenue for the current financial quarter ended 31 December 2023 reduced by RM13.11 million, approximately 28.08% to RM33.59 million as compared to the revenue of RM46.71 million in the immediate preceding quarter. The decrease in revenue was mainly attributed to the lower progress claim and recognised during the current financial quarter.

The Group's loss before tax for the current financial quarter under review increased to RM5.83 million as compared to a loss before tax of RM3.42 million in the immediate preceding quarter, which was mainly due to the following:

- (i) lower profit margin of domestic projects is not as high as that of overseas projects, the increase in cost of sales mainly attributable to the increase of raw material and subcontractor costs and the overseas project cost ; and
- (ii) increase in impairment on trade receivables, and impairment on obsolete stocks during the current financial quarter.

B3 Prospects and Outlook for the Current Financial Year

The Group will continue to focus on its core competencies in the construction of palm oil mills and supporting facilities, and fabrication of equipment as well as to explore business opportunities with prospective new customers to grow its customer base, including covering new geographical markets.

In addition, the Group will implement the following business strategies and plans:

- (a) to establish a new fabrication facility and office in Indonesia; and
- (b) to expand its environmental and energy efficiency business.

In light of the above, the Group remains cautiously optimistic of its performance driven by its existing on-going projects as well as new projects which are expected to be secured for the following quarters. The Group will continue to tender and secure new projects to sustain its order book.

On 30 August 2023, a military coup occurred in Gabon after the presidential election results were announced. However, the management is confident that the Group's business in Gabon has gradually returned to normality and it is not expected to have any major disruption to the Group's activities in Gabon.

B4 Variance of Actual Profit from Forecast Profit

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

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

B5 Tax Expense

	Individual Quarter		Cumulative Quarter	
	Unaudited 31.12.2023 RM'000	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Current tax expense/ (income):				
- Current financial year	531	(1,305)	541	15
- Under provision in prior year	272	137	407	198
	<u>803</u>	<u>(1,168)</u>	<u>948</u>	<u>213</u>
Deferred tax expenses:				
- Relating to origination and reversal of temporary differences	365	(1,697)	472	(1,657)
- Under/(Over) provision in prior year	95	(125)	95	(125)
Total tax (income) /expense	<u>1,263</u>	<u>(2,990)</u>	<u>1,515</u>	<u>(1,569)</u>

The Group's effective tax rates for the current fourth quarter ended 31 December 2023 is lower than the statutory tax rate of 24% mainly due to loss before taxation recorded during the respective period.

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B6 Status of Corporate Proposals

Save as disclosed below, there were no other corporate proposals announced but not implemented as at the date of this interim financial report.

On 28 February 2023, Hong Leong Investment Bank Berhad ("**HLIB**"), on behalf of the Board of Directors of the Ecoscience ("**Board**"), announced that the Company proposes to undertake a free warrants issue of up to 170,000,000 free warrants in the Company on the basis of 1 free warrant for every 2 existing ordinary shares in Ecoscience ("**Shares**") held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced later. On 27 April 2023, the Company has decided to defer the implementation of the said proposal to the fourth quarter of 2023.

On 22 August 2023, HLIB, on behalf of the Board announced that the Company proposes to undertake the following:

- (i) private placement of up to 34,000,000 new Shares ("**Placement Shares**"), representing 10.00% of the total number of issued Shares to third party investors to be identified ("**Private Placement**"); and
- (ii) free warrants issue of up to 187,000,000 free warrants in the Company ("**Warrant(s)**") on the basis of 1 Warrant for every 2 existing ordinary shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced later ("**Free Warrants Issue**").

Bursa Securities had, vide its letter dated 18 September 2023, approved the listing and quotation of up to 34,000,000 Placement Shares to be issued pursuant to the Private Placement subject to the conditions as set out in the said letter.

Bursa Securities had, vide its letter dated 19 September 2023, approved the admission of up to 187,000,000 Warrants to the Official List of Bursa Securities and the listing and quotation of up to 187,000,000 Warrants and up to 187,000,000 new Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities, subject to the conditions as set out in the letter.

On 11 October 2023, the Company announced the issue price for 34,000,000 Placement Shares at RM0.36 each. Subsequently, the Private Placement has been completed following the listing and quotation of 34,000,000 Placement Shares on the ACE Market of Bursa Securities on 25 October 2023.

At the Extraordinary General Meeting of the Company held on 24 November 2023, shareholders' approval was obtained for the Free Warrants Issue.

The Free Warrants Issue was completed following the listing of and quotation for 186,999,999 Warrants on ACE Market of Bursa Securities on 28 December 2023.

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B7 Utilisation of Proceeds

Initial Public Offering (“IPO”)

The gross proceeds from the IPO which was completed on 18 July 2022 amounting to approximately RM24.7 million and the status of utilisation of proceeds as at 31 December 2023 is as follows:

Details of Use of Proceeds		Proposed Utilisation RM'000	%	Actual Utilisation RM'000	Balance to be utilised RM'000	Estimated Timeframe for Utilisation Upon Listing ⁽¹⁾
(1)	Business expansion	6,000	24.4	708	5,292	Within 24 months
(2)	Working capital	7,851	31.8	7,851	-	Within 12 months
(3)	Repayment of bank borrowings	7,000	28.4	7,000	-	Within 12 months
(4)	Estimated listing expenses	3,800	15.4	3,800	-	Within 1 month
		24,651	100.0	19,359	5,292	

Note:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 21 June 2022.

Private Placement

The gross proceeds from the Private Placement which was completed on 25 October 2023 amounting to approximately RM12.2 million and the status of utilisation of proceeds as at 31 December 2023 is as follows:

Details of Use of Proceeds		Proposed Utilisation RM'000	%	Actual Utilisation RM'000	Balance to be utilised RM'000	Estimated Timeframe for Utilisation ⁽¹⁾
(1)	Repayment of bank borrowings	3,000	24.5	3,000	-	Within 12 months
(2)	Funding for the existing and new projects of the Group	8,840	72.2	8,840	-	Within 12 months
(3)	Estimated expenses	400	3.3	400	-	Within 1 month
		12,240	100.0	12,240	-	

Note:

- (1) From the date of listing of the Placement Shares on the ACE Market of Bursa Securities. The utilisation of proceeds disclosed above should be read in conjunction with the Company's announcements dated 22 August 2023 and 18 September 2023 in relation to, amongst others, the Private Placement.

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B8 Group's Borrowings

The Group's borrowings are as follows:

	(Unaudited) As At 31.12.2023 RM'000	(Audited) As At 31.12.2022 RM'000
Non-current liabilities:		
Hire purchase payables	627	969
Term loans	7,135	8,143
	<u>7,762</u>	<u>9,112</u>
Current liabilities:		
Short-term borrowings ⁽¹⁾	35,867	30,816
Hire purchase payables	251	491
Term loans	1,279	1,104
Bank overdraft	11,398	13,192
	<u>48,795</u>	<u>45,603</u>
Total borrowings	<u>56,557</u>	<u>54,715</u>

The borrowings are secured and denominated in Ringgit Malaysia, except for a term loan of RM2,466,248 (31 December 2022: RM2,379,491) which is denominated in Singapore Dollar.

Note:

(1) Short-term borrowings consist of bankers' acceptances, revolving credits, and invoice financing.

B9 Financial Instruments – Derivatives

There were no derivative financial instruments involving the Group as at the date of this interim financial report.

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B10 Material Litigation

Save as disclosed below, the Group is not involved in any material litigation as at the date of this report.

(i) Ecoscience Manufacturing & Engineering Sdn Bhd vs Goodgloves Industries Sdn. Bhd.

The Company's wholly-owned subsidiary, Ecoscience Manufacturing & Engineering Sdn Bhd ("**EMESB**"), had, on 22 December 2023 serve the statutory demand under Section 466(1)(a) of the Companies Act 2016 ("**Statutory Demand**") to Goodgloves Industries Sdn. Bhd. ("**GISB**").

EMESB's claim against GISB pertains to the alleged payment default in relation to the promise of GISB to pay EMESB the sum of RM647,280.00 for the supply of goods and services for a new glove manufacturing plant at Bandar Sri Sendayan, Negeri Sembilan to GISB. The outstanding amount of RM647,280.00 remains due and owing to EMESB since November 2021.

On 29 January 2024, EMESB served a Winding-Up Petition on GISB in the High Court of Malaya at Shah Alam via Companies Winding-Up Petition No. BA-28NCC-57-01/2024. The petition has been set for case management before the Deputy Registrar via online (*e-Review*) on 7 March 2024 and for hearing before the Judge on 29 May 2024.

(ii) Ecoscience Manufacturing & Engineering Sdn Bhd vs RDS Marketing Malaysia Sdn. Bhd.

The Company's wholly-owned subsidiary, EMESB, had on 5 January 2024 served a Writ of Summons and Statement of Claim to RDS Marketing Malaysia Sdn. Bhd. ("**RDS**") in the High Court of Malaya at Shah Alam ("**Court**") via Suit No. BA-22NCvC-6-01/2024 ("**Suit**").

EMESB's claim against the Defendant, RDS pertains to the alleged payment default in relation to the promise of RDS to pay EMESB the remaining sum of RM2,377,844.15 being the completion of project known as "Cadangan Membina Sebuah Kilang 1 Tingkat, Sebuah Gudang 1 Tingkat, Sebuah Pejabat 2 Tingkat, Sebuah Bangunan Tandas 1 Tingkat, 2 Unit Pencawang Elektrik, 1 Unit Kebuk Sampah dan 2 Unit Pondok Pengawal di atas Lot 46554 (PT12618), Persiaran Bandar Sri Sendayan, Kawasan Perindustrian Sendayan, Techvalley, Bandar Sri Sendayan, Negeri Sembilan Khusus untuk Tetuan GoodGloves Industries Sdn. Bhd." (the "**Project**"). The total contract sum for the Project was RM4,395,784.15 and the balance amount of RM2,377,844.15 remains due and owing to EMESB since May 2022. The above Suit has been fixed for case management via online (*e-Review*) on 7 February 2024.

On 7 February 2024, EMESB served a Notice of Application for Summary Judgment ("**Application**") to the RDS in the Court in respect of the Suit. The Application has been fixed for case management via online (*e-Review*) on 1 March 2024. The Court has allowed RDS's application for an extension of time to file and serve their defence on or before 23 February 2024 and EMESB was directed to file the reply to defence by 8 March 2024. The next case management via online (*e-Review*) has been scheduled on 1 March 2024 for the Defendant/RDS to update the Court on the status of the defence.

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B11 Loss Per Share

The loss per share for the current financial quarter and financial year are computed as follows:

		Individual Quarter		Cumulative Quarter	
		Unaudited 31.12.2023	Unaudited 31.12.2022	Unaudited 31.12.2023	Audited 31.12.2022
LAT attributable to owners of the Company	(RM'000)	(7,088)	(10,404)	(10,001)	(9,390)
Weighted average number of ordinary shares in issue during the financial period ⁽¹⁾	('000)	364,761	340,000	346,241	295,426
Effects of conversion of warrants	('000)	8,850	-	8,850	-
Weighted average number of Ordinary shares for diluted earnings per share computation	('000)	373,611	-	355,091	-
Basic Loss per share	(sen)	<u>(1.94)</u>	<u>(3.06)</u>	<u>(2.89)</u>	<u>(3.18)</u>
Diluted loss per share	(sen)	<u>(1.90)</u>	<u>(3.06)</u>	<u>(2.82)</u>	<u>(3.18)</u>

Note:

- (1) Based on the weighted average number of issued share capital of 257,830,500 ordinary shares after the completion of acquisition but prior to the IPO, 340,000,000 ordinary shares after the completion of the IPO and the private placement 374,000,000 ordinary shares after the completion of the private placement.

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B12 Notes to the Statement of Comprehensive Income

Loss/Profit before tax is arrived at after charging / (crediting):

	Individual Quarter		Cumulative Quarter	
	Unaudited 31.12.2023 RM'000	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Interest income	(417)	(241)	(600)	(360)
Interest expenses	987	754	3,216	2,376
Realised loss/(gain) on foreign exchange	1,050	61	874	(107)
Fair value loss on other investment	277	33	277	33
Fair value gain on short term investment	(318)	(43)	(436)	(43)
Unrealised foreign exchange loss	-	158	-	158
Depreciation of property, plant and equipment	341	390	1,395	1,182
Listing expenses	-	-	-	1,624
Gain/(Loss) on disposal of property, plant and equipment	145	-	(106)	-
Rental expenses				
- Hostel	92	31	326	113
Net of impairment on trade receivables	823	3,125	241	3,605
Impairment loss on inventories	1,586	-	1,586	-
Impairment loss on contract asset	70	-	70	-

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

B13 Proposed Dividends

The Board does not recommend any dividend for the current financial quarter under review.