



## **ECOSCIENCE INTERNATIONAL BERHAD**

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2023 <sup>(1)</sup>**

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Year Quarter 30.6.2023 RM'000	Preceding Year Quarter 30.6.2022 RM'000	Current Year-To-Date 30.6.2023 RM'000	Preceding Year-To-Date 30.6.2022 RM'000
Revenue	30,111	27,068	75,262	52,775
Cost of sales	(25,317)	(21,724)	(67,368)	(42,790)
<b>Gross profit</b>	4,794	5,344	7,894	9,985
Other income	150	78	283	138
Administrative expenses	(3,507)	(3,237)	(6,668)	(5,893)
Other operating income/(expenses)	784	(36)	1,456	(42)
Reversal of impairment losses on trade receivables	100	-	102	-
Finance costs	(1,336)	(654)	(2,307)	(1,114)
<b>Profit before tax</b>	985	1,495	760	3,074
Income tax expense	(469)	(838)	(557)	(1,243)
<b>Profit after tax ("PAT")</b>	516	657	203	1,831
Other comprehensive income/(expenses) <sup>(2)</sup>	601	(345)	940	(485)
<b>Total comprehensive income</b>	1,117	312	1,143	1,346
<b>PAT attributable to:</b>				
- Owners of the Company	516	657	203	1,831
	516	657	203	1,831
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	1,117	312	1,143	1,346
	1,117	312	1,143	1,346
<b>Attributable to equity holders of the company <sup>(3)</sup>:</b>				
- Basic earnings per share (sen)	0.15	0.25	0.06	0.71
- Diluted earnings per share (sen)	0.15	0.25	0.06	0.71

**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 PAT 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 SECOND QUARTER ENDED 30 JUNE 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023 <sup>(1)</sup>**

	(Unaudited) As at 30.6.2023 RM'000	(Audited) As at 31.12.2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	25,030	25,282
Other investments	3,897	2,037
	28,927	27,319
<b>Current assets</b>		
Inventories	8,039	18,170
Trade receivables	39,160	22,694
Other receivables, deposits and prepayments	15,775	12,451
Contract assets	49,784	57,679
Current tax assets	5,400	5,164
Short-term investment	5,757	5,916
Fixed deposits with licensed banks	20,339	17,195
Cash and bank balances	1,553	6,420
	145,807	145,689
<b>TOTAL ASSETS</b>	174,734	173,008
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	74,991	74,991
Foreign exchange translation reserve	478	(462)
Merger deficit	(45,209)	(45,209)
Retained profits	43,870	43,667
<b>TOTAL EQUITY</b>	74,130	72,987
<b>Non-current liabilities</b>		
Term loans	9,187	8,143
Hire purchase payables	682	969
Deferred tax liabilities	325	638
	10,194	9,750
<b>Current liabilities</b>		
Trade payables	30,265	29,682
Other payables and accruals	7,759	5,553
Provisions	810	810
Contract liabilities	4,308	8,616
Bank overdrafts	13,294	13,192
Hire purchase payables	346	491
Term loans	1,326	1,104
Short-term borrowings	31,424	30,816
Current tax liabilities	878	7
	90,410	90,271
<b>TOTAL LIABILITIES</b>	100,604	100,021
<b>TOTAL EQUITY AND LIABILITIES</b>	174,734	173,008
Number of ordinary shares ('000)	<b>340,000</b>	<b>340,000</b>
Net assets per ordinary share (RM) <sup>(2)</sup>	0.22	0.21

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

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**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 30 June 2023 of 340,000,000 shares (31 December 2022: 340,000,000 shares).

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2023 <sup>(1)</sup>**

<u>Unaudited</u>	Share Capital RM'000	<u>Non-Distributable</u>		<u>Distributable</u>	Total Equity RM'000
		Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	
As at 1 January 2022	51,566	(45,209)	(249)	53,057	59,165
Profit after tax for the financial period	-	-	-	1,831	1,831
Other comprehensive expenses for the financial period	-	-	(485)	-	(485)
Total comprehensive income for the financial period	-	-	(485)	1,831	1,346
<b>Balance as at 30 June 2022</b>	<b>51,566</b>	<b>(45,209)</b>	<b>(734)</b>	<b>54,888</b>	<b>60,511</b>

<u>Unaudited</u>	Share Capital RM'000	<u>Non-Distributable</u>		<u>Distributable</u>	Total Equity RM'000
		Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	
As at 1 January 2023	74,991	(45,209)	(462)	43,667	72,987
Profit after tax for the financial year	-	-	-	203	203
Other comprehensive income for the financial year	-	-	940	-	940
Total comprehensive expenses for the financial year	-	-	940	203	1,143
<b>Balance as at 30 June 2023</b>	<b>74,991</b>	<b>(45,209)</b>	<b>478</b>	<b>43,870</b>	<b>74,130</b>

**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 SECOND QUARTER ENDED 30 JUNE 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup>**

	(Unaudited) Current Year-To-Date 30.6.2023 RM'000	(Unaudited) Preceding Corresponding Year-To-Date 30.6.2022 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before tax	760	3,074
Adjustments for:		
Depreciation of property, plant and equipment	718	525
Reversal of impairment loss on trade receivables	(102)	-
Fair value gain on short term investment	(95)	-
Interest expenses	1,465	939
Interest income	(87)	(39)
Operating profit before working capital changes	2,659	4,499
Decrease/(Increase) in inventories	10,131	(2,243)
Increase in trade and other receivables	(19,688)	(12,755)
Decrease/(Increase) in contract assets	7,895	(4,091)
Increase/(Decrease) in trade and other payables	2,789	(91)
(Decrease)/Increase in contract liabilities	(4,308)	1,998
<b>CASH FLOWS FOR OPERATIONS</b>	(522)	(12,683)
Tax paid	(235)	(1,563)
Tax refunded	-	12
<b>NET CASH FLOWS FOR OPERATING ACTIVITIES</b>	(757)	(14,234)
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	87	39
Purchase of property, plant and equipment	(195)	(281)
Purchase of other investment	(1,860)	-
Decrease in short-term investment	254	-
Placement of fixed deposits pledged with licensed banks	(3,144)	(603)
<b>NET CASH FLOWS FOR INVESTING ACTIVITIES</b>	(4,858)	(845)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of short-term borrowings	52,117	44,484
Drawdown of term loans	1,725	673
Interest paid	(1,465)	(939)
Repayment of short-term borrowings	(51,509)	(30,525)
Repayment of term loans	(576)	(732)
Repayment of hire purchase obligation	(432)	(237)
<b>NET CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>	(140)	12,724
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,755)	(2,355)
EFFECT OF FOREIGN EXCHANGE TRANSLATION RESERVE	786	(357)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(6,772)	(5,251)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	(11,741)	(7,963)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

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**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 SECOND QUARTER ENDED 30 JUNE 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 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 SECOND QUARTER ENDED 30 JUNE 2023**

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**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.

<b>MFRSs (Including the Consequential Amendments)</b>	<b>Effective Date</b>
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

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 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 SECOND QUARTER ENDED 30 JUNE 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) 30.6.2023	(Unaudited) 30.6.2022	(Unaudited) 30.6.2023	(Unaudited) 30.6.2022
	RM'000	RM'000	RM'000	RM'000
Construction of Plants and Facilities	27,381	14,594	68,244	26,637
Fabrication of Equipment	1,059	2,103	3,020	12,929
Supply of Materials and Equipment	1,601	10,221	3,711	12,797
Other Activities	70	150	287	412
<b>Total</b>	<b>30,111</b>	<b>27,068</b>	<b>75,262</b>	<b>52,775</b>

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

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 30.6.2023	(Unaudited) 30.6.2022	(Unaudited) 30.6.2023	(Unaudited) 30.6.2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	25,674	8,253	63,040	21,875
Gabon	4,418	9,401	11,974	18,874
Indonesia	19	9,455	248	11,805
Liberia	-	(41)	-	221
<b>Total</b>	<b>30,111</b>	<b>27,068</b>	<b>75,262</b>	<b>52,775</b>

**A10 Valuation of Property, Plant and Equipment**

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

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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.

**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.

**A14 Contingent Liabilities**

	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>As at</b>	<b>As at</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Performance guarantees extended to third parties	7,231	7,596

**A15 Significant Related Party Transactions**

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**PART B – EXPLANATORY NOTES PERSUANT 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 30.6.2023 RM'000	Unaudited Preceding Year Quarter 30.6.2022 RM'000	RM'000	%
Revenue	30,111	27,068	3,043	11.24
Profit before tax	985	1,495	(510)	(34.11)

The Group's revenue increased by RM3.04 million or approximately 11.24% to RM30.11 million in the current financial quarter ended 30 June 2023 as compared to preceding year corresponding quarter mainly attributable to the increase in the revenue from the construction of plants and facilities (by RM12.79 million) due to the projects of construction of plants and facilities progressively claimed during the period. The increase in construction revenue was partly offset by the decrease in revenue from supply of material and equipment and fabrication of equipment (by RM8.62 million and RM1.04 million, respectively) mainly attributable to lower orders during the current financial quarter ended 30 June 2023.

Malaysia was the largest market which contributed approximately 85.26% to the Group's total revenue in the current financial quarter under review. Revenue from Malaysia increased by 211.09% to RM25.67 million for the financial quarter under review as compared to the preceding year corresponding quarter mainly attributable to the projects progressively claimed. During the financial quarter under review, revenue from Gabon decreased by RM4.98 million to RM4.42 million and revenue from Indonesia decreased by RM9.43 million to RM0.02 million following the completion of most contracts as compared to the preceding year corresponding quarter.

Despite higher revenue was recorded, the Group registered profit before tax of RM0.99 million for the current financial quarter under review, representing a decrease of RM0.51 million in the preceding year quarter which mainly attributed to the following:

- (i) finance costs increased mainly attributable to the drawdown of trade line facilities for working capital purpose; and
- (ii) cost of sales increased mainly attributable to the increase of raw material and subcontractor costs.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**B1 Performance Review (Cont'd)**

**(b) Results for Financial Year-To-Date**

	Cumulative Quarter		Changes	
	Unaudited Current Year-To-Date 30.6.2023 RM'000	Unaudited Preceding Year-To-Date 30.6.2022 RM'000	RM'000	%
Revenue	75,262	52,775	22,487	42.61
Profit before tax	760	3,074	(2,314)	(75.28)

The Group's revenue recorded an increase of RM22.49 million, approximately 42.61% to RM75.26 million as compared to the revenue of RM52.78 million in the preceding year-to-date. The increase in revenue was mainly attributed to the increase in revenue from the construction of plants and facilities (by RM41.61 million) due to the progressive billings from projects in Malaysia. However, the increase was partly offset by the decrease in revenue from the fabrication of equipment (by RM9.91 million) and the supply of materials and equipment (by RM9.09 million) mainly attributable to lower orders during the current financial year-to-date ended 30 June 2023.

The Group's profit before tax for the current financial year-to-date ended 30 June 2023 decreased to RM0.76 million from RM3.07 million representing a decrease of RM2.31 million in the preceding year-to-date ended 30 June 2022. The decrease in profit before tax mainly attributed to the following:

- (i) finance costs increased mainly attributable to the drawdown of trade line facilities for working capital purpose; and
- (ii) cost of sales increased mainly attributable to the increase of raw material and subcontractor costs.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**B2 Comparison with Immediate Preceding Quarter's Results**

	Individual Quarter		Changes	
	Unaudited Current Quarter 30.6.2023 RM'000	Unaudited Preceding Quarter 31.3.2023 RM'000	RM'000	%
Revenue	30,111	45,151	(15,040)	(33.31)
Profit/(Loss) before tax	985	(225)	1,210	(537.78)

The Group's revenue for the current financial quarter ended 30 June 2023 decreased by RM15.04 million, approximately 33.31% to RM30.11 million as compared to the revenue of RM45.15 million in the immediate preceding quarter. The decrease in revenue was mainly attributed to the lower progress claim during the current financial quarter.

The Group recorded a profit before tax of RM0.99 million for the current financial quarter under review as compared to a loss before tax of RM0.23 million in the immediate preceding quarter which was mainly due to higher gross profit recorded.

**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 expected to be secured for the following quarters and will continue to tender and secure new projects to sustain its order book.

**B4 Variance of Actual Profit from Forecast Profit**

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**B5 Tax Expense**

	Individual Quarter		Cumulative Quarter	
	Unaudited 30.6.2023 RM'000	Unaudited 30.6.2022 RM'000	Unaudited 30.6.2023 RM'000	Unaudited 30.6.2022 RM'000
Current tax expense:				
- Current financial year	684	1,043	871	1,375
- Provision in prior year	-	-	-	-
	<u>684</u>	<u>1,043</u>	<u>871</u>	<u>1,375</u>
Deferred tax income:				
- Relating to origination and reversal of temporary differences	(215)	(205)	(314)	(132)
- Underprovision in prior year	-	-	-	-
Total tax expense	<u>469</u>	<u>838</u>	<u>557</u>	<u>1,243</u>
Effective tax rate	<u>47.6%</u>	<u>56.1%</u>	<u>73.3%</u>	<u>40.4%</u>

The Group's effective tax rates for current second quarter ended 30 June 2023 is higher than the statutory tax rate of 24.0% mainly due to certain expenditures that were not tax deductible.

**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 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 third 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, representing 10.00% of the total number of issued Shares to third party investors to be identified ("**Proposed Private Placement**"); and
- (ii) free warrants issue of up to 187,000,000 free warrants in the Company 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 ("**Proposed Free Warrants Issue**").

On 23 August 2023, HLIB, has, on behalf of the Board submitted the listing application in relation to the Proposed Private Placement and Proposed Free Warrants Issue to Bursa Securities.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**B7 Utilisation of Proceeds Raised from the 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 30 June 2023 is as follows:

Details of Use of Proceeds		Proposed	%	Actual	Balance to be utilised	Estimated Timeframe for Utilisation Upon Listing <sup>(1)</sup>
		Utilisation		Utilisation		
		RM'000		RM'000	RM'000	
(1)	Business expansion	6,000	24.4	274	5,726	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
		<u>24,651</u>	<u>100.0</u>	<u>18,925</u>	<u>5,726</u>	

**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.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

**B8 Group's Borrowings and Debt Securities**

The Group's borrowings are as follows:

	(Unaudited) As At 30.6.2023 RM'000	(Audited) As At 31.12.2022 RM'000
<b>Non-current liabilities:</b>		
Hire purchase payables	682	969
Term loans	9,187	8,143
	9,869	9,112
<b>Current liabilities:</b>		
Short-term borrowings <sup>(1)</sup>	31,424	30,816
Hire purchase payables	346	491
Term loans	1,326	1,104
Bank overdraft	13,294	13,192
	46,390	45,603
<b>Total borrowings</b>	56,259	54,715

The borrowings are secured and denominated in Ringgit Malaysia, except for a term loan of RM2,461,324 (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.

**B10 Material Litigation**

There was no material litigation involving the Group as at the date of this interim financial report.

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**B11 Earnings Per Share**

The loss/earnings per share for the current financial quarter and financial year-to-date are computed as follows:

		<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>Unaudited 30.6.2023</u>	<u>Unaudited 30.6.2022</u>	<u>Unaudited 30.6.2023</u>	<u>Unaudited 30.6.2022</u>
PAT attributable to owners of the Company	(RM'000)	516	657	203	1,831
Weighted average number of ordinary shares in issue during the financial period <sup>(1)</sup>	('000)	340,000	257,831	340,000	257,831
Earnings per share	(sen)	<u>0.1518</u>	<u>0.2548</u>	<u>0.0597</u>	<u>0.7102</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 and 340,000,000 ordinary shares after the completion of the IPO.

The Company has no dilutive instruments as at the date of the statement of financial position. Diluted earnings per share is equivalent to basic earnings per share.

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**B12 Notes to the Statement of Comprehensive Income**

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

	Individual Quarter		Cumulative Quarter	
	Unaudited 30.6.2023 RM'000	Unaudited 30.6.2022 RM'000	Unaudited 30.6.2023 RM'000	Unaudited 30.6.2022 RM'000
Interest income	(53)	(31)	(87)	(39)
Interest expenses	584	524	1,465	939
Realised loss/(gain) on foreign exchange	101	(64)	61	(62)
Fair value gain on short term investment	(41)	-	(95)	-
Depreciation of property, plant and equipment	332	147	668	291
Depreciation of right-of-use assets	29	117	50	234
Listing expenses	-	451	-	630
Interest income received on short-term investment	(10)	-	(10)	-
Rental expenses				
- Hostel	77	22	142	53
Reversal of impairment losses on trade receivables	(100)	-	(102)	-

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.