



# **PROPEL GLOBAL BERHAD**

**(Registration No.: 202001023868 (1380188-P))  
(Incorporated in Malaysia)**

## **Quarterly Report 31 March 2023**

# PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER PERIOD ENDED 31 MARCH 2023

	Current quarter		Cumulative quarter	
	3 months period ended	3 months period ended	9 months period ended	9 months period ended
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	24,748	22,028	67,378	58,956
Cost of Sales	(18,871)	(17,657)	(48,899)	(49,832)
Gross Profit	5,877	4,371	18,479	9,124
Other Income	356	445	2,357	1,511
Operating Expenses	(5,001)	(3,141)	(12,892)	(7,210)
Profit from Operations	1,232	1,675	7,944	3,425
Finance Costs	(356)	(457)	(1,144)	(1,461)
Profit Before Tax	876	1,218	6,800	1,964
Income Tax Credit/(Expense)	73	(765)	(491)	(905)
Profit from Continuing Operations	949	453	6,309	1,059
<b>Discontinued Operations</b>				
Loss from Discontinued Operations, Net of Tax	-	(7,454)	-	(14,311)
Profit/(Loss) for the Period	949	(7,001)	6,309	(13,252)
Profit/(Loss) Attributable to :				
Owners of the Company				
- From continuing operations	831	600	6,191	1,196
- From discontinued operations	-	(7,459)	-	(14,313)
	831	(6,859)	6,191	(13,117)
Non-controlling Interests	118	(142)	118	(135)
	949	(7,001)	6,309	(13,252)
Earnings/(Loss) per share (sen)				
- Basic				
- From continuing operations	0.14	0.03	1.02	0.06
- From discontinued operations	-	(0.37)	-	(0.70)
	0.14	(0.34)	1.02	(0.64)
- Diluted				
- From continuing operations	0.14	0.03	1.02	0.06
- From discontinued operations	-	(0.37)	-	(0.70)
	0.14	(0.34)	1.02	(0.64)

### Note:

- These condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- The comparative figures in the consolidated statement of profit or loss are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note A1 Basis of Preparation.

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## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER PERIOD ENDED 31 MARCH 2023

	Current quarter		Cumulative quarter	
	3 months period ended	3 months period ended	9 months period ended	9 months period ended
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit/(Loss) for the Period	949	(7,001)	6,309	(13,252)
Other Comprehensive Income:				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences for foreign subsidiaries	-	(780)	-	(1,317)
Total Comprehensive Income/(Loss) for the Period, Net of Tax	949	(7,781)	6,309	(14,569)
Total Comprehensive Income/(Loss) for the Period Attributable to:				
Owners of the Company				
- From continuing operations	831	600	6,191	1,196
- From discontinued operations	-	(8,239)	-	(15,630)
Non-controlling Interests	118	(142)	118	(135)
	949	(7,781)	6,309	(14,569)

### Note:

- These condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- The comparative figures in the consolidated statement of profit or loss and other comprehensive income are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note A1 Basis of Preparation.

# PROPEL GLOBAL BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	31.3.2023 RM'000 Unaudited	30.06.2022 RM'000 Audited
<b>Non Current Assets</b>		
Property, plant and equipment	14,572	16,510
Right-of-use assets	3,174	2,348
Investment properties	12,427	12,410
Inventories	8,531	8,531
Intangible assets	622	27
Total Non Current Assets	<u>39,326</u>	<u>39,826</u>
<b>Current Assets</b>		
Inventories	8,774	8,813
Current tax assets	1,858	1,398
Trade receivables	25,126	27,440
Other receivables, deposits and prepayments	21,254	12,515
Contract assets	24,575	12,893
Other investments	7,750	3,141
Cash and bank balances and deposits	45,396	65,506
Assets classified as held for sale	4,504	-
Total Current Assets	<u>139,237</u>	<u>131,706</u>
<b>Current Liabilities</b>		
Loans and borrowings	10,676	11,367
Current tax liabilities	-	23
Trade payables	23,310	29,028
Provisions, other payables and accrued expenses	16,031	15,840
Contract liabilities	11,909	9,854
Total Current Liabilities	<u>61,926</u>	<u>66,112</u>
<b>Net Current Assets</b>	77,311	65,594
	<u>116,637</u>	<u>105,420</u>
<b>Financed by:</b>		
Share capital	120,868	120,868
Accumulated losses	(39,538)	(45,729)
	81,330	75,139
Non-controlling interests	7,035	-
Total Equity	<u>88,365</u>	<u>75,139</u>
<b>Non Current Liabilities</b>		
Loans and borrowings	24,640	26,002
Deferred tax liabilities	332	243
Trade payables	3,300	4,036
Total Non Current Liabilities	<u>28,272</u>	<u>30,281</u>
	<u>116,637</u>	<u>105,420</u>
<b>Net assets per share (sen)</b>	<u>14.62</u>	<u>12.43</u>

### Note:

- i) These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- ii) The comparative figures in the consolidated statement of financial position are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note A1 Basis of Preparation.

# PROPEL GLOBAL BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER PERIOD ENDED 31 MARCH 2023

	<-----Attributable to Equity Holders of the Company----->							
	<----- Non-Distributable ----->				Distributable			
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Capital Reorganisation Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
<b>9 months ended 31 March 2023</b>								
<b>At 1 JULY 2022</b>	120,868	-	-	-	(45,729)	75,139	-	75,139
Profit for the Period	-	-	-	-	6,191	6,191	118	6,309
Total Comprehensive Income for the Period	-	-	-	-	6,191	6,191	118	6,309
<b>Transactions with owners:</b>								
Non-controlling interests arising from acquisition of a new subsidiary	-	-	-	-	-	-	6,917	6,917
	-	-	-	-	-	-	6,917	6,917
<b>At 31 March 2023</b>	<u>120,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,538)</u>	<u>81,330</u>	<u>7,035</u>	<u>88,365</u>
<b>9 months ended 31 March 2022</b>								
<b>At 1 JULY 2021 (Note ii)</b>	4,086	(8,444)	261,014	870	(475,574)	(218,048)	16,981	(201,067)
Loss for the Period	-	-	-	-	(13,117)	(13,117)	(135)	(13,252)
Other Comprehensive loss for the Period	-	(1,317)	-	-	-	(1,317)	-	(1,317)
Total Comprehensive Loss for the Period	-	(1,317)	-	-	(13,117)	(14,434)	(135)	(14,569)
<b>At 31 March 2022</b>	<u>4,086</u>	<u>(9,761)</u>	<u>261,014</u>	<u>870</u>	<u>(488,691)</u>	<u>(232,482)</u>	<u>16,846</u>	<u>(215,636)</u>

Note:

- i) These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- ii) The comparative figures in the consolidated statement of changes in equity are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note A1 Basis of Preparation.

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER PERIOD ENDED 31 MARCH 2023

	Current period ended 31.3.2023 RM'000 Unaudited	Preceding period ended 31.3.2022 RM'000 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax		
- Continuing operations	6,800	1,964
- Discontinued operations	-	(14,249)
	<hr/> 6,800	<hr/> (12,285)
Adjustments for:		
Amortisation on intangible assets	26	53
Depreciation of:		
- property, plant and equipment	955	1,285
- right-of-use assets	189	98
Finance costs	1,144	6,887
Gain on disposal of investment properties	(60)	-
Gain on disposal of properties, plant and equipment	-	(254)
Impairment losses on:		
- Other receivables	232	-
- Trade receivables	13	-
Interest income	(734)	(408)
Loss on disposal of marketable securities	-	9
Net unrealised foreign exchange (gain)/loss	(278)	(581)
Reversal of impairment losses on:		
- Other receivables	(1)	-
- Trade receivables	(609)	-
Unwinding of discount of financial liabilities carried at amortised costs	144	-
Waiver of debts received	(3)	-
Operating profit/(loss) before working capital changes	<hr/> 7,818	<hr/> (5,196)
Changes in working capital:		
Inventories	40	459
Trade and other receivables	98	7,174
Contract assets	(8,410)	(2,903)
Trade and other payables	(12,568)	(7,242)
Contract liabilities	1,161	(1,383)
Cash Flows Used In Operations	<hr/> (11,861)	<hr/> (9,091)
Income tax paid	(968)	(1,370)
Interest paid	(23)	-
<b>Net Cash Used In Operating Activities</b>	<hr/> (12,852)	<hr/> (10,461)

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER PERIOD ENDED 31 MARCH 2023

	Current period ended 31.3.2023 RM'000 Unaudited	Preceding period ended 31.3.2022 RM'000 Unaudited
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash acquired	(5,041)	-
Decrease in pledged deposits placed with licensed banks	356	21,318
Interest received	733	408
Proceeds from disposal of investment properties	615	-
Proceeds from disposal of property, plant and equipment	-	255
Proceeds from disposal of marketable securities	-	52
Purchase of property, plant and equipment	(3,241)	(105)
Purchase of right-of-use assets	(97)	-
Purchase of intangible assets	-	(593)
Withdrawal of restricted cash	-	210
Placement in money market funds	(4,609)	-
<b>Net Cash (Used In)/From Investing Activities</b>	<b>(11,284)</b>	<b>21,545</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(831)	(1,291)
Repayment of loans and borrowings	(3,640)	(5,508)
Repayment of lease liabilities	(91)	(111)
<b>Net Cash Used In Financing Activities</b>	<b>(4,562)</b>	<b>(6,910)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(28,698)</b>	<b>4,174</b>
Effect of exchange rate fluctuation on cash and cash equivalents	60	219
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>58,732</b>	<b>18,052</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>30,094</b>	<b>22,445</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	13,547	18,101
Fixed deposits with licenced banks	31,849	7,881
Short term investments	-	3,061
Bank overdraft	(2,747)	(2,816)
	42,649	26,227
Less: Fixed deposits pledged with licensed banks	(12,555)	(3,782)
	30,094	22,445

Note:

- i) These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- ii) The comparative figures in the consolidated statement of cash flows are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note A1 Basis of Preparation.

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING**

**A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2022.

On 28 April 2022, the Company completed the share exchange of 2,042,945,854 ordinary shares in Daya Materials Berhad ("DMB") representing the entire issued share capital of DMB with 20,429,458 new ordinary shares in the Company on the basis of 1 new Company share for every 100 existing DMB shares held, by way of Scheme of Arrangement pursuant to Section 366 of the Companies Act 2016 in Malaysia. Accordingly, the Company assumed the listing status of DMB on the Main Market of Bursa Malaysia Securities Berhad.

The acquisition of the entire issued share capital of DMB by the Company on 28 April 2022 is an internal reorganisation and does not result in any change in economic substance of the Group. Accordingly, the consolidated financial statements of the Company are a continuation of DMB Group and the results of entities are presented as if the internal reorganisation occurred from the beginning of the earliest period presented in the financial statements.

**A2 Significant Accounting Policies**

In the preparation of this condensed consolidated interim financial statements, the accounting policies and the method of computation of the most recent annual financial statements were followed except as disclosed below:

**(a) Adoption of Standards, Amendments and Annual Improvements to Standards**

The Group adopted the following amendments to MFRSs as listed below:

**Amendments/improvements to MFRSs**

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture



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**A2 Significant Accounting Policies (Cont'd)**

**(b) Standards and Amendments in issue but not yet effective**

As at the date of authorisation of these condensed consolidated interim financial statements, the following MFRSs and amendments to MFRSs in issue but not yet effective and have not been early adopted by the Group and they are not expected to have any material financial impact on the financial statements of the Group.

<u>New MFRS</u>		<b>Effective for annual periods beginning on or after</b>
MFRS 17	Insurance Contracts	1 January 2023
<b><u>Amendments/improvements to MFRSs</u></b>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107	Statement of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>

*# Amendments as to the consequence of effective of MFRS 17 Insurance Contracts.*

**A3 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2022 was not subject to any qualification.

**A4 Seasonal or Cyclical Factors**

The business of the Group is not significantly affected by seasonal or cyclical factors.

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**A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

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

**A6 Changes in Significant Accounting Estimates and Judgements**

There were no significant changes in the estimates of the amount reported in the period under review.

**A7 Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

**A8 Dividends Paid**

No dividend has been declared or paid for the current financial period (2022: RM Nil).

**A9 Segment Information**

	Quarter ended 31.3.2023		Quarter ended 31.3.2022	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
Oil & Gas	12,108	2,689	8,234	1,558
Technical Services	12,585	1,087	13,742	(198)
Others	55	(2,900)	52	(142)
	24,748	876	22,028	1,218

**Discontinued Operations**

Non-core business	-	-	-	(7,394)
	-	-	-	(7,394)

	Financial period ended 31.3.2023		Financial period ended 31.3.2022	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
Oil & Gas	33,529	7,502	25,536	2,381
Technical Services	33,689	6,468	33,267	(87)
Others	160	(7,170)	153	(330)
	67,378	6,800	58,956	1,964

**Discontinued Operations**

Non-core business	-	-	-	(14,248)
	-	-	-	(14,248)

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**A9 Segment Information (Cont'd)**

The four reportable operating segments are as follows:

<u>Segments</u>	<u>Products and services</u>
Oil & Gas ("O&G")	Supply of specialty chemicals and catalysts, provision of heavy machineries and related manpower services, maintenance services for air-conditioning, ventilation system, and specialised oilfield services in pipe recovery, well intervention and diagnostic, sand management, production enhancement to the oil and gas industry, and providing engineering and technical works for the oil and gas industry
Technical services ("TS")	Provision of services in the industrial, commercial and residential construction and office maintenance.
Others	Investment holding.
Non-core business	Other non-core business and discontinued operations.

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

The Group does not adopt a revaluation policy on its property, plant and equipment.

**A11 Subsequent Events**

There were no material events subsequent to the current interim financial period up to the date of this report.

**A12 Changes in the Composition of the Group**

On 8 December 2022, the Company entered into a conditional share sale agreement ("SSA") with Azizi Bin Alias and Tan Siew Lee (collectively referred to as "SSA Vendors") for the proposed acquisition of 51% equity interest in Best Wide Engineering (M) Sdn Bhd ("BWE") for a cash consideration of RM7,820,000 ("Acquisition"). On 6 January 2023, the Company and the SSA Vendors mutually agreed to waive the condition precedent to obtain written consent from a financial institution. As a result of the said waiver, the SSA has become unconditional on even date, and the parties proceeded to complete the Acquisition on the same day in accordance with the terms of the SSA. BWE has effectively become a 51% owned subsidiary of the Company on 6 January 2023.

BWE was incorporated in Malaysia on 7 October 1994 as a private limited company. It is principally involved in the provision of engineering and technical works for the oil and gas industry. The services provided by BWE comprise mainly the following:

- (i) engineering, procurement, construction and commissioning ("EPCC") of new plants and plant modification works;
- (ii) design and supply of skidded process systems and engineered equipment for onshore plants and offshore platforms; and
- (iii) project management and engineering consultancy services.

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**A13 Contingent Assets and Contingent Liabilities**

As at 31 March 2023, the Company has provided corporate guarantee of RM17.9 million (30 June 2022: RM19.9 million) for banking facilities granted to certain subsidiaries.

Save as disclosed above and in Note B9 Material Litigation, there were no other material contingent assets and contingent liabilities as at the date of this report.

**A14 Capital Commitments**

There were no material commitments as of the date of this report.

**A15 Significant Related Party Transaction**

During the financial period, significant related party transactions undertaken between the Company with related parties, which are negotiated based on agreed terms and conditions, are as follows:

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>31.3.2023</b>	<b>31.3.2022</b>	<b>31.3.2023</b>	<b>31.3.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Transactions with related companies:</u>				
Management fee income	1,093	996	3,785	2,988
Dividend income	-	-	9,500	-
Interest income	51	-	74	-
Rental income	97	87	271	261
Rental expenses	<u>(168)</u>	<u>(150)</u>	<u>(468)</u>	<u>(450)</u>

**A16 Financial Instruments**

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or hire purchase arrangements at the reporting date.

**Financial Instruments that are measured at fair value on a recurring basis**

All assets for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) prices in an active market for identical assets or liabilities.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE MAIN MARKET**

**B1 Review of Performance**

**(a) Current Quarter Results ("Q3 FY2023") Vs Preceding Year's Corresponding Quarter Results ("Q3 FY2022")**

The Group recorded a revenue of RM24.7 million and a profit before tax ("PBT") of RM0.9 million for Q3 FY2023, in comparison to a revenue of RM22.0 million and a PBT of RM1.2 million reported in the preceding year corresponding quarter.

**(i) O&G Segment**

The segment recorded a revenue and a PBT of RM12.1 million and RM2.7 million respectively in Q3 FY2023, as compared to revenue and PBT of RM8.2 million and RM1.6 million reported in the preceding year corresponding quarter. The increased revenue for Q3 FY2023 was mainly attributable to the increase in its range of services, which now includes the provision of engineering and technical works for the oil and gas industry, a result of acquisition of a new subsidiary. The segment's PBT improved by RM1.1 million from RM1.6 million reported in Q3 FY2022 mainly due to higher margin contributed from the radial cutting torch services.

**(ii) TS Segment**

TS segment recorded a revenue and a PBT of RM12.6 million and RM1.1 million respectively in Q3 FY2023, as compared to revenue and LBT of RM13.7 million and RM0.2 million respectively in the preceding year corresponding quarter. The lower revenue reported in the current quarter was mainly due to lower progress billings as one of the main construction projects has come to its tail end.

The segment's PBT improved by RM1.3 million from LBT of RM0.2 million reported in Q3 FY2022 mainly due to margin contributed from an access road and bridge construction projects.

**(iii) Other segment**

Other segment reported a loss before tax ("LBT") of RM2.9 million in the Q3 FY2023 (Q3 FY2022: RM0.1 million), comprised mainly of corporate administrative expenses, such as professional charges and staff costs from continued operation.

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

**(b) Financial period for the nine months ended 31 March 2023 (“9M FY2023”) compared with nine months ended 31 March 2022 (“9M FY2022”)**

For the current financial year-to-date against corresponding period last year, the Group recorded a higher revenue and PBT of RM67.4 million and RM6.8 million respectively, as compared to a revenue of RM59.0 million and PBT of RM2.0 million respectively.

**(i) O&G Segment**

The segment recorded a revenue and a PBT of RM33.5 million and RM7.5 million respectively in 9M FY2023, as compared to revenue and PBT of RM25.5 million and RM2.4 million reported in the preceding year corresponding period. The increased sales for 9M FY2023 was mainly attributable to higher offtake of production chemicals and contribution from the new service provided, which involves providing engineering and technical works for the oil and gas industry. The segment’s PBT improved by RM5.1 million from RM2.4 million reported in 9M FY2022 mainly due to higher margin contributed from radial cutting torch services.

**(ii) TS Segment**

TS segment recorded a revenue of RM33.7 million in 9M FY2023, as compared to RM33.3 million reported in the preceding year corresponding period, representing a slight improvement of RM0.4 million.

TS segment reported a PBT of RM6.5 million in comparison to a LBT of RM0.1 million in the preceding year corresponding period. This improvement was mainly attributable to better profit margin contributed from the short-term construction and service projects.

**(iii) Other segment**

Other segment reported a LBT of RM7.2 million in the 9M FY2023 (9M FY2022: RM0.3 million), comprised mainly of corporate administrative expenses, such as professional charges and staff costs from continued operation.

**B2 Comparison of Profit Before Taxation with the Immediate Preceding Financial Quarter**

	<b>Quarter ended 31.3.2023 RM'000</b>	<b>Quarter ended 31.12.2022 RM'000</b>
Revenue	24,748	24,483
Profit before tax from continuing operations	876	2,591

The Group recorded a revenue of RM24.8 million in Q3 FY2023, as compared to RM24.5 million reported in the preceding quarter, representing a slight improvement of RM0.3 million.

The quarter reported a PBT of RM0.9 million in comparison to a PBT of RM2.6 million in the immediate preceding quarter, representing a reduction of RM1.7 million mainly due to one of the construction project delayed completion and cost overrun during the project extended period.

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**B3 Prospects**

The domestic economy is expected to grow 4.5% in 2023 after expanding 8.7% in 2022 driven by private consumption and investment amid external headwinds brought on by lower demand for key exports.

The Group expects the outlook for the O&G sector to remain stable, with the global Brent crude oil benchmark's forecast having been raised by US\$2/barrel by the Energy Information Administration ("EIA") of the US in its April 2023 Short-Term Energy Outlook to US\$85/barrel reflecting a drop in global crude production and a relatively unchanged outlook for global oil consumption.

Propel Global will continue to closely monitor the market and the broader economy given that the EIA also noted that recent banking sector volatility may impact economic growth and in turn affect demand for energy that could potentially lower crude oil prices. Given these challenges, the Group will remain focused on opportunities in which it can leverage on its expertise and strengths to achieve higher revenue growth.

The Group expects domestic upstream O&G activities to remain robust this year, with overall demand to remain healthy amid a positive growth in production of 2.2 million barrels per day premised on the assumption that there is no global recession. Propel Global believes that at current price levels, overall expectations for the O&G sector are positive.

The Board is working towards uplifting Propel Global's PN17 status and is optimistic that this will happen soon given that the Group has reported three consecutive quarters of positive financial performance in a row. The Group will continue to pursue and seek opportunities to achieve better financial performance for the remaining quarter of FY2023.

**B4 Variances from Profit Forecast and Profit Guarantee**

The disclosure requirements for explanatory notes for variances from profit forecast or profit guarantee are not applicable.

**B5 Income Tax Credit/(Expense)**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>31.3.2023</b>	<b>31.3.2022</b>	<b>31.3.2023</b>	<b>31.3.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of the current period:				
Current Income tax				
- Current year	33	(263)	(531)	(403)
- Prior year	40	(502)	40	(502)
	73	(765)	(491)	(905)

The Group's effective tax rate for the current quarter and current financial period were lower than the statutory tax rate is mainly due to utilisation of unabsorbed business losses brought forward.

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**B6 Sale of Unquoted Investments and Properties**

- i) On 17 October 2022, Daya Urusharta Sdn. Bhd., a wholly-owned subsidiary of the Group, had entered into five (5) Sale and Purchase Agreements to dispose of five (5) office units to SCM Property Management Sdn. Bhd. (“Purchaser”) for a total cash consideration of RM4.8 million (“Consideration Sum”).

Disposal has been completed on 18 April 2023 following the full settlement of the balance of the Consideration Sum by the Purchaser and delivery of vacant possession to the Purchaser in accordance with the terms of the various Sale and Purchase Agreements.

- ii) On 3 January 2023, Daya CMT Sdn Bhd, a wholly-owned subsidiary of the Group, had entered into a Sale and Purchase Agreement to dispose of an investment property for a total cash consideration of RM0.6 million (“Consideration Sum”). Disposal has been completed on 28 March 2023.

There were no disposal of unquoted investments for the quarter under review.

**B7 Status of Corporate Proposals**

The status of corporate proposals announced by the Company and not completed are summarised below:

The Company entered into agreement with DMB on the Proposed Regularisation Plan was implemented on 28 April 2022.

The uplift of the PGB Group from PN17 status is subject to the Group recording two consecutive quarters of profits.

Monthly updates on the status of its PN17 has been provided to Bursa Securities.

Save as disclosed in Note B6, there are no outstanding corporate proposals or new announcements made in the current quarter.

**B8 Utilisation of proceeds**

<b>Purpose</b>	<b>Proposed Utilisation After Reallocation</b>	<b>Actual Utilisation</b>	<b>Balance to Utilise</b>	<b>Expected Time Frame for Utilisation Upon Listing*</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Working capital	42,766	(14,972)	27,794	Within 24 months
Payment to the DCMT Trade Creditors	4,824	(4,824)	-	Within 1 month
Proposed Regularisation Plan expenses	2,410	(2,410)	-	Within 1 month
	<u>50,000</u>	<u>(22,206)</u>	<u>27,794</u>	

\* The Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 April 2022.



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**B8 Utilisation of proceeds (Cont'd)**

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the DMB's Circular on 27 December 2021.

**B9 Group's borrowings**

The Group's borrowings as at 31 March 2023 are as follows:

	<b>Short-term RM'000</b>	<b>Long-term RM'000</b>	<b>Total Outstanding RM'000</b>
<b><u>Secured borrowings</u></b>			
Bank overdrafts	2,747	-	2,747
Lease liabilities	555	701	1,256
Term loans	6,044	15,279	21,323
Trade financing facilities	1,330	8,660	9,990
	10,676	24,640	35,316

**B10 Material litigations**

**(a) Between Daya CMT Sdn. Bhd. and Chop Eng Heng Metal Industry**

***Penang High Court, Suit No. PA-22NCVC-100-06/2020, Soon Boon Chong & Anor vs Daya CMT Sdn. Bhd***

On 30 June 2020, a subsidiary of the Group, Daya CMT Sdn. Bhd. ("DCMT") had received a Writ of Summons and Statement of Claim dated 24 June 2020 from Chop Eng Heng Metal Industry's ("CEH") solicitors, Messrs Lim, Ho, Cheong & Lok, claiming for, amongst others, a principal sum of RM763,000.00 and a retention sum of RM831,000.00. DCMT duly filed its Statement of Defence.

The above claim is in relation to 4 construction projects whereby DCMT appointed CEH as a subcontractor for steel structure and light weight roof structure works.

CEH then filed an application for summary judgment (the said application being identified as Court's Enclosure No. 18). Subsequently, DCMT filed an application for striking out the CEH's suit (Enclosure 31) in view of the existence of the Order dated 19 March 2021 granted by the Shah Alam High Court in sanctioning the Scheme of Arrangement and Compromise ("Scheme of Arrangement") agreed to by the DCMT's creditors in a Court-Convened Meeting held on 23 October 2020.

On 16 July 2021, CEH filed 2 applications. The first one (Enclosure 80) was an application by CEH to expunge 2 affidavits of DCMT. The second application (Enclosure 82) was CEH's application for extension of time to file their written submission and written submission in reply as regards Enclosures 31 and 18 respectively which were filed and served late.

During the Case Management on 26.7.2022, the Court fixed 12 January 2023 for Hearing of Enclosures 18, 31, 80 and 82.

The Court via letter dated 15 December 2022 informed parties that the Hearing date for Enclosures 18, 31, 80 and 82 has been postponed to 12 October 2023.

**B10 Material litigations (Cont'd)**

**(b) Between Daya CMT Sdn. Bhd. and United Truss Sdn. Bhd.**

***Butterworth Sessions Court, Suit No. PB-A52NCC-7-01/2021, United Truss System Sdn. Bhd. vs Daya CMT Sdn. Bhd.***

***Penang High Court, Civil Appeal No. PA-12ANCC-16-08/2021, Daya CMT Sdn. Bhd. vs United Truss System Sdn. Bhd.***

United Truss System Sdn. Bhd. ("United Truss"), represented by Messrs Lim, Ho, Cheong & Lok, commenced the suit above stated at the Butterworth Sessions Court on 22 January 2021 against DCMT for the following relief, amongst others, a sum of RM79,189.48 and a declaration that DCMT holds the retention sum of RM127,090.06 as trustee of United Truss. DCMT filed its Statement of Defence accordingly.

DCMT pleaded in the Statement of Defence, amongst others, that United Truss ought to obtain leave from the Shah Alam High Court in Originating Summons No. BA-24NCC-42-06/2020 ("OS") to proceed with the suit as a Restraining Order dated 30 June 2020 ("RO") was granted by the Shah Alam High Court in the said OS, and that part of the retention sum was not payable yet. Further, as per the subcontracts entered into by both parties, United Truss ought to bring the disputes to an arbitration.

On 23 April 2021, after hearing brief oral submissions from both parties' counsels, the learned Judge directed both parties to file written submissions concerning DCMT's application upon questions of law, amongst others, whether the suit could proceed in view of the existence of the 19 March 2021 Order granted by the Shah Alam High Court in sanctioning the Scheme of Arrangement agreed to by the DCMT's creditors in a Court-Convened Meeting held on 23 October 2020.

On 12 August 2021, the learned Judge dismissed DCMT's said application above stated with costs of RM500.00 to be paid by DCMT to United Truss. DCMT lodged an appeal at the Penang High Court under Civil Appeal No. PA-12ANCC-16-08/2021 against the Sessions Court's decision dated 12 August 2021.

In the meantime, United Truss filed a summary judgment application (Enclosure 31) at the Sessions Court, and DCMT in turn on 8 September 2021 filed an application (Enclosure 39) for a stay of proceedings at the Sessions Court pending the final disposal of the appeal at the Penang High Court above mentioned.

The Butterworth Sessions Court fixed 16 February 2022 for Case Management for parties to file written submissions with respect to preliminary objections ("PO") raised by United Truss with regards to Enclosures 31 and 39.

On 16 March 2022, the Butterworth Sessions Court dismissed the PO raised by United Truss' counsels.

Further, on 20 May 2022, the Butterworth Sessions Court granted DCMT's application in Enclosure 39 for stay of the entire proceedings in the Sessions Court, including the United Truss' application in Enclosure 31, pending the disposal of DCMT's appeal at the Penang High Court. On 26 July 2022, DCMT filed an application in Enclosure 44 at the Penang High Court for adducing fresh evidence for the Hearing of the appeal. On 2 August 2022, the Penang High Court struck out DCMT's appeal and application in Enclosure 44 without hearing the merits of the appeal or application on the ground that the Butterworth Sessions Court's decision dated 12 August 2021 was not appealable. On 14 August 2022, DCMT filed an application in Enclosure 122 at the Sessions Court for striking out United Truss' suit.

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**B10 Material litigations (Cont'd)**

**(b) Between Daya CMT Sdn. Bhd. and United Truss Sdn. Bhd. (Cont'd)**

The Sessions Court has fixed the Hearing for United Truss' application for summary judgment in Enclosure 31 and DCMT's application for striking out United Truss' suit in Enclosure 122 on 14 February 2023. Subsequent to the Hearing, the learned Judge scheduled the Decisions for both Enclosures 31 and 122 for 6 March 2023.

On 6 March 2023, the Court dismissed United Truss' application for summary judgment and granted the application for striking out United Truss' suit. RM10,000 to be paid by United Truss to DCMT.

**B11 Proposed Dividends**

No dividend has been proposed or declared for the quarter under review.

**B12 Earnings/(Loss) per share**

**(a) Basic earnings/(loss) per share**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>31.3.2023</b>	<b>31.3.2022</b>	<b>31.3.2023</b>	<b>31.3.2022</b>
Net profit/(loss) for the period attributable to ordinary equity holders of the Company (RM'000)				
- From continuing operations	831	600	6,191	1,196
- From discontinued operations	-	(7,459)	-	(14,313)
	<u>831</u>	<u>(6,859)</u>	<u>6,191</u>	<u>(13,117)</u>
Weighted average number of shares in issue ('000)	604,340	2,042,946 <sup>^</sup>	604,340	2,042,946 <sup>^</sup>
Basic earnings/(loss) per share (sen)				
- From continuing operations	0.14	0.03	1.02	0.06
- From discontinued operations	-	(0.37)	-	(0.70)
	<u>0.14</u>	<u>(0.34)</u>	<u>1.02</u>	<u>(0.64)</u>

<sup>^</sup> Represent DMB's weighted average number of ordinary shares as at 30 June 2021.

**(b) Diluted earnings/(loss) per share**

The basic and diluted earnings/(loss) per ordinary shares is the same as the Company has no dilutive potential ordinary shares.

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**B13 Additional disclosure as per Appendix 9B, Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>31.3.2023</b>	<b>31.3.2022</b>	<b>31.3.2023</b>	<b>31.3.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
The following amounts have been included in arriving at profit before tax:				
Amortisation on intangible assets	4	23	26	53
Depreciation of:				
- property, plant and equipment	344	393	955	1,285
- right-of-use assets	108	27	189	98
Impairment loss on:				
- other receivables	-	-	232	-
- trade receivables	50	-	13	-
Interest expenses	356	2,179	1,144	6,887
Loss on disposal of marketable securities	-	-	-	9
Loss on foreign exchange				
- realised	141	-	60	-
- unrealised	-	-	-	-
Unwinding of discount of financial liabilities carried at amortised costs	69	-	144	-
and after crediting:				
Interest income	197	57	734	408
Gain on foreign exchange				
- realised	-	-	3	-
- unrealised	11	345	278	581
Gain on disposal of investment properties	60	-	60	-
Gain on disposal of property, plant and equipment	-	13	-	254
Rental income	173	52	501	153
Reversal of impairment loss on:				
- other receivables	-	-	1	-
- trade receivables	-	-	609	-
Waiver of debts received	-	-	3	-

By Order of the Board

Leong Oi Wah  
Secretary  
2 May 2023