



PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))

(Incorporated in Malaysia)

Quarterly Report 30 September 2023

PROPEL GLOBAL BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.9.2023 RM'000 Unaudited	30.9.2022 RM'000 Unaudited	30.9.2023 RM'000 Unaudited	30.9.2022 RM'000 Unaudited
Revenue	27,634	18,147	27,634	18,147
Cost of sales	(23,900)	(11,436)	(23,900)	(11,436)
Gross profit	3,734	6,711	3,734	6,711
Other income	4,517	940	4,517	940
Operating expenses	(7,043)	(3,858)	(7,043)	(3,858)
Profit from operations	1,208	3,793	1,208	3,793
Finance costs	(344)	(460)	(344)	(460)
Profit before tax	864	3,333	864	3,333
Income tax expense	(662)	(283)	(662)	(283)
Profit for the period, representing total comprehensive income for the financial period	202	3,050	202	3,050
Profit for the financial period attributable to :				
- Owners of the company	32	3,050	32	3,050
- Non-controlling interests	170	-	170	-
	202	3,050	202	3,050
Total comprehensive income for the period attributable to:				
- Owners of the company	32	3,050	32	3,050
- Non-controlling interests	170	-	170	-
	202	3,050	202	3,050
Earnings per share (sen)				
- Basic	0.01	0.50	0.01	0.50
- Diluted	0.01	0.50	0.01	0.50

Note:

- i) 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 2023 and accompanying explanatory notes attached to these interim financial statements.

PROPEL GLOBAL BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	30.9.2023 RM'000 Unaudited	30.06.2023 RM'000 Audited
Non Current Assets		
Property, plant and equipment	6,565	12,483
Right-of-use assets	6,750	8,784
Investment properties	6,230	6,230
Inventories	8,531	8,531
Intangible assets	600	600
Investment in unquoted shares	2,341	-
Investment in joint ventures	-	-
Other receivables	2,000	2,000
Total Non Current Assets	<u>33,017</u>	<u>38,628</u>
Current Assets		
Inventories	6,848	8,979
Trade receivables	34,110	40,228
Other receivables, deposits and prepayments	25,740	19,454
Contract assets	37,231	36,845
Current tax assets	668	1,604
Other investments	155	1,349
Cash and bank balances and deposits	42,913	38,042
Assets classified as held for sales	15,926	7,466
Total Current Assets	<u>163,591</u>	<u>153,967</u>
Current Liabilities		
Loans and borrowings	5,150	5,735
Lease liabilities	1,638	1,831
Trade payables	30,902	33,721
Provisions, other payables and accrued expenses	8,162	9,825
Contract liabilities	23,054	19,557
Current tax liabilities	593	301
Liabilities classified as held for sales	9,566	-
Total Current Liabilities	<u>79,065</u>	<u>70,970</u>
Net Current Assets	<u>84,526</u>	<u>82,997</u>
	<u>117,543</u>	<u>121,625</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	30.9.2023 RM'000 Unaudited	30.06.2023 RM'000 Audited
Financed by:		
Share capital	125,618	120,868
Accumulated losses	(37,982)	(38,014)
	<hr/> 87,636	<hr/> 82,854
Non-controlling interests	7,402	7,232
Total Equity	<hr/> 95,038	<hr/> 90,086
Non Current Liabilities		
Loans and borrowings	14,896	23,270
Lease liabilities	3,968	4,574
Deferred tax liabilities	594	648
Trade payables	3,047	3,047
Total Non Current Liabilities	<hr/> 22,505	<hr/> 31,539
	<hr/> 117,543	<hr/> 121,625
Net assets per share (sen)	<hr/> 15.73	<hr/> 14.91

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 2023 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

<-Attributable to owners of the Company->

Non-
Distributable

	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
3 months ended 30 September 2023					
At 1 JULY 2023	120,868	(38,014)	82,854	7,232	90,086
Profit for the period	-	32	32	170	202
Total comprehensive income for the period	-	32	32	170	202
Transactions with owners					
Issuance of shares pursuant to private placement exercise	4,750	-	4,750	-	4,750
Total transactions with owners	4,750	-	4,750	-	4,750
At 30 SEPTEMBER 2023	<u>125,618</u>	<u>(37,982)</u>	<u>87,636</u>	<u>7,402</u>	<u>95,038</u>
3 months ended 30 September 2022					
At 1 JULY 2022	120,868	(45,729)	75,139	-	75,139
Profit for the period	-	3,050	3,050	-	3,050
Total comprehensive income for the period	-	3,050	3,050	-	3,050
At 30 SEPTEMBER 2022	<u>120,868</u>	<u>(42,679)</u>	<u>78,189</u>	<u>-</u>	<u>78,189</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 2023 and accompanying explanatory notes attached to these interim financial statements.

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

	Current Period Ended 30.9.2023 RM'000 Unaudited	Preceding Period Ended 30.9.2022 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	864	3,333
Adjustments for:		
Amortisation on intangible assets	-	11
Bad debts written off	1	-
Depreciation of:		
- property, plant and equipment	339	325
- right-of-use assets	452	27
Fair value gain on marketable securities	-	-
Finance costs	344	460
Gain on disposal of assets classified as held for sale	(813)	-
Impairment losses on:		
- Other receivables and deposits	-	232
- Trade receivables	-	13
Interest income	(91)	(245)
Net unrealised foreign exchange gain	(311)	(387)
Reversal of impairment losses on:		
- Other receivables and deposits	(203)	-
- Trade receivables	(1,117)	-
Unwinding of discount of financial liabilities carried at amortised costs	(62)	75
Waiver of debts received	(1,534)	(3)
Operating (loss)/profit before working capital changes	(2,131)	3,841
Changes in working capital:		
Inventories	(30)	399
Trade and other receivables	(1,907)	5,943
Contract assets	(643)	(150)
Trade and other payables	(1,960)	(9,015)
Contract liabilities	3,496	64
Cash flows (used in)/from operations	(3,175)	1,082
Income tax paid	(49)	(245)
Interest paid	-	(11)
Net cash (used in)/from operating activities	(3,224)	826
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	91	238
Investment in unquoted shares	(2,341)	-
Proceeds from disposal of assets classified as held for sale	6,096	-
Purchase of property, plant and equipment	(248)	(183)
Purchase of right-of-use assets	-	(44)
Withdrawal of fixed deposits pledged with licensed bank	2,188	-
Withdrawal of fixed deposits with licensed banks with maturity more than 3 months	1,255	-
Withdrawal of money market funds	1,194	999
Net cash from investing activities	8,235	1,010

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2023

	Current Period Ended 30.9.2023 RM'000 Unaudited	Preceding Period Ended 30.9.2022 RM'000 Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(274)	(298)
Proceed from issuance of shares	4,750	-
Repayment of loans and borrowings	(747)	(1,250)
Repayment of lease liabilities	(452)	(16)
Net cash from/(used in) financing activities	3,277	(1,564)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,288	272
Effect of exchange rate fluctuation on cash and cash equivalents	18	213
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	22,595	58,732
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	30,901	59,217
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	24,313	27,808
Restricted cash	-*	-*
Fixed deposits with licenced banks	18,600	38,241
Bank overdraft	(2,759)	(2,750)
	40,154	63,299
Less: Fixed deposits pledged with licensed banks	(9,253)	(4,082)
Restricted cash	-*	-*
	30,901	59,217

* Represent amount less than RM1,000.

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 2023 and accompanying explanatory notes attached to these interim financial statements.

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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 2023.

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 2023.

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 have adopted the following amendments to MFRSs as listed below:

Amendments/improvements to MFRSs

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 17	Insurance Contracts
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

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

At the date of authorisation of these interim financial statements, the following MFRSs and amendments to MFRSs were issued but not yet effective and not early adopted by the Group and they are not expected to have material impact on the financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to MFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024

A2 Significant Accounting Policies (Cont'd)

(b) Standards and Amendments in issue but not yet effective (Cont'd)

At the date of authorisation of these interim financial statements, the following MFRSs and amendments to MFRSs were issued but not yet effective and not early adopted by the Group and they are not expected to have material impact on the financial statements of the Group.
(Cont'd)

	Effective for annual periods beginning on or after
Amendments to MFRS 101	Non-current Liabilities with Covenants 1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements 1 January 2024
Amendments to MFRS 121	Lack of Exchangeability 1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred until further notice

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 2023 was not subject to any qualification.

A4 Seasonal or Cyclical Factors

The business of the Group is not subject to any seasonal or cyclical fluctuation.

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

Save as disclosed in Note B8, 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 current financial period (2023: RM Nil).

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A9 Segment Information

	<u>Quarter ended</u> <u>30 September 2023</u>		<u>Quarter ended</u> <u>30 September 2022</u>	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
Oil & Gas	18,982	4,991	9,943	2,468
Technical Services	8,615	(114)	8,152	2,605
Others	37	(4,013)	52	(1,740)
	<u>27,634</u>	<u>864</u>	<u>18,147</u>	<u>3,333</u>

The four reportable operating segments are as follows:

Segments

Oil & Gas ("O&G")

Products and services

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.

A10 Valuation of Property, Plant and Equipment (PPE)

The valuation of PPE and investment properties have been brought forward without amendment from the financial statements for the financial year ended 30 June 2023.

A11 Subsequent Events

- i. On 13 October 2023, the Company's wholly-owned subsidiary, Propel CMT Sdn Bhd ("PCMT") had entered into a sale and purchase agreement with Aspen Vision City Sdn. Bhd. ("AVCSB") to purchase a two-storey terrace house in Daerah Seberang Perai Selatan, Negeri Pulau Pinang for a total consideration of RM1.7 million by way of set off against the amount due from AVCSB to PCMT.
- ii. On 17 October 2023, the Company's wholly-owned subsidiary, PGDSB had entered into sale and purchase agreements with Goldhill Deluxe Sdn Bhd to purchase 2 parcels of land in Kuala Kuantan, Pahang for a total purchase consideration of RM14.7 million.

A12 Changes in the Composition of the Group

- i. On 25 September 2023, the Company had incorporated a subsidiary with the name of Propel Global Development Sdn Bhd ("PGDSB") with the issued and paid-up share capital of RM1 comprising of one ordinary shares. Consequently, PGDSB become a wholly-owned subsidiary of the Company.

The principal activity of PGDSB is property development business.

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A12 Changes in the Composition of the Group (Cont'd)

- ii. On 1 November 2023, the Company had acquired the entire equity interests in Propel FMM Sdn Bhd ("PFMM") from its wholly-owned subsidiary, Propel CMT Sdn Bhd ("PCMT"), for a purchase consideration of RM1. Consequently, PFMM become a wholly-owned subsidiary of the Company.
- iii. On 14 September 2023, the Company and the other shareholders of Propel Chemicals Sdn Bhd ("PCSB") have entered into a term sheet ("Term Sheet") with Hextar Kimia Sdn. Bhd. ("HKSB") to set out the key commercial terms and conditions in respect of the proposed disposal of the entire equity interest in PCSB to HKSB for a disposal consideration of RM16.5 million, subject to certain adjustments as set out in the Term Sheet and as may be determined by both parties on a later date.

Subsequently on 27 October 2023, the Company and the other shareholders of PCSB had entered into a conditional Share Sale Agreement with HKSB for the disposal of the entire equity interest in PCSB for a disposal consideration of RM9.1 million and RM7.4 million respectively.

The Disposal has been completed on 3 November 2023 following the fulfilment of the Financier's Consent and the full settlement of the disposal consideration for the Sale Shares by the Purchaser.

- iv. On 15 November 2023, PGDSB had incorporated a subsidiary with the name of Propel Goldhill Development Sdn Bhd ("PGHDSB") with the issued and paid-up share capital of RM1 comprising of one ordinary shares. Consequently, PGHDSB become a wholly-owned subsidiary of the PGDSB.

The principal activity of PGHDSB is property development business.

A13 Contingent Assets and Contingent Liabilities

As at 30 September 2023, the Company has provided corporate guarantee of RM16.1 million (30 June 2023: RM16.8 million) for banking facilities granted to certain subsidiaries.

Save as disclosed above and in Note B11 Material Litigation, there were no other material contingent assets and contingent liabilities as at the date of this report.

A14 Capital Commitments

	As at 30.9.2023 RM'000
Authorised and contracted for:	
- Property, plant and equipment	694
- Acquisition of a subsidiary	5,500
	<u>6,194</u>

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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:

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with related companies:</u>				
Management fee income	996	1,598	996	1,598
Interest income	203	11	203	11
Rental income	48	87	48	87
Rental expenses	<u>(13)</u>	<u>(150)</u>	<u>(150)</u>	<u>(150)</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

Current Quarter Results (Q1 FY2024) Vs Preceding Year's Corresponding Quarter Results (Q1 FY2023)

The Group recorded revenue of RM27.6 million and profit before tax ("PBT") of RM0.9 million for Q1 FY2024, in comparison to revenue of RM18.1 million and PBT of RM3.3 million reported in the preceding year corresponding quarter.

The analysis of the performance of respective operating segments for Q1 FY2024 is as follows:

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM19.0 million and RM5.0 million respectively in Q1 FY2024, as compared to revenue and PBT of RM9.9 million and RM2.5 million reported in the preceding year corresponding quarter. The improvement in revenue for Q1 FY2024 is mainly due to the contributions from the new services provided, which involves 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 RM2.5 million from RM2.5 million reported in Q1 FY2023 mainly due to the reversal of impairment loss on receivables and waiver of debts received of RM1.3 million and RM1.5 million respectively.

ii. TS Segment

The TS Segment recorded revenue and loss before tax ("LBT") of RM8.6 million and RM0.1 million respectively in Q1 FY2024, as compared to revenue and PBT of RM8.2 million and RM2.6 million respectively in the preceding year corresponding quarter. Higher PBT was reported in Q1 FYE 2023 with margin contributed from the short-term projects, which was absent in the quarter under review.

iii. Other Segment

The Other Segment reported LBT of RM4.0 million in the Q1 FY2024 (Q1 FY2023: RM1.7 million), mainly comprising of corporate administrative expenses, such as professional charges and staff costs.

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

	Quarter ended 30.9.2023 RM'000	Quarter ended 30.6.2023 RM'000
Revenue	27,634	43,510
Profit before tax	864	3,159

The Group recorded revenue and PBT of RM27.6 million and RM0.9 million respectively in Q1 FY2024, as compared to revenue and PBT of RM43.5 million and RM3.2 million respectively in the preceding quarter. The decrease in revenue in Q1 FY2024 was attributed to lower revenue in the TS Segment with the completion of short-term projects in the preceding quarter. Consequently, the Group reported lower PBT in Q1 FY2024

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B3 Prospects

Propel Global Berhad ("PGB") is fully committed to optimising its business operations for peak performance. Reflecting this strategic intent, the Company recently divested its entire equity interest in Propel Chemicals Sdn Bhd. This disposal is a strategic move to streamline the Group's focus, discontinuing operations in segments with constrained growth prospects and reallocating resources towards more profitable and sustainable ventures.

Looking forward, PGB is strategically aligning with significant national initiatives, notably the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan (NIMP) 2030. Integral to the 12th Malaysia Plan (12MP), these initiatives offer fertile ground for PGB to expand its engagement in sustainable development and digital technology. This alignment is instrumental as the Group shifts towards a zero-carbon business model, underscoring our dedication to sustainable and responsible business practices.

The Group is well-positioned to capitalise opportunities within the dynamic Oil & Gas and construction sectors. These industries not only offer immediate growth opportunities but also resonate with our long-term strategic vision of integrating sustainability into our core business activities. PGB's involvement in these sectors demonstrates our adaptability and innovative capabilities in responding to the evolving market needs and environmental considerations.

The Board maintains a cautiously optimistic stance on the Group's future prospects and financial performance, balancing this optimism with prudence in the face of global economic uncertainties. Our strategic agility and established market presence place PGB in a strong position to navigate these challenges, leveraging opportunities for sustainable and profitable growth.

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 Expense

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Current Income tax				
- Current year	656	283	656	283
Real Property Gain Tax ("RPGT")	60	-	60	-
	<u>716</u>	<u>283</u>	<u>716</u>	<u>283</u>
Deferred tax				
- Current year	<u>(54)</u>	<u>-</u>	<u>(54)</u>	<u>-</u>
Total	<u>662</u>	<u>283</u>	<u>662</u>	<u>283</u>

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B5 Income Tax Expense (Cont'd)

The Group's effective tax rate for the current quarter and current financial year was higher than the statutory tax rate is mainly due to taxes on the waiver of debts received.

B6 Sale of Unquoted Investments and Properties

On 16 November 2023, Propel CMT Sdn Bhd, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement to dispose of an investment property for a total cash consideration of RM1.2 million. The disposal has yet to be completed as of the date of this report.

B7 Status of Corporate Proposals

On 23 August 2023, the Company proposed to undertake a proposed private placement of up to 60,433,994 new ordinary shares in the Company, representing up to approximately 10% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified, at an issue price to be determined at a later date.

Subsequently on 27 September 2023, 23 October 2023 and 25 October 2023 respectively, the Company had issued 30,643,000, 25,807,000 and 3,983,000 new ordinary shares respectively at issue price of RM0.1550 per share pursuant to this private placement.

On 26 October 2023, a cumulative total of 60,433,000 placement shares were issued pursuant to the private placement and were listed and quoted on the Main Market of Bursa Securities, thus marking the completion of the Private Placement.

B8 Other information

- i. On 31 October 2023, the Company proposed allocation of options under the employee share option scheme or award of new ordinary shares in Propel Global Berhad ("PGB") under the executive share grant scheme to Mohamad Reza Bin Abdul Mutalib, the Executive Chairman/Group Managing Director of PGB, under the Long Term Incentive Plan ("LTIP") of PGB.

The Proposed LTIP allocation is subject to the approval from its shareholders at an Extraordinary General Meeting to be convened on 8 December 2023.

- ii. On 6 November 2023, the Company announced that the Company has made the following award of share grant and offer of share options to the Directors and Selected Executives of the Company, the details of which are set out below:
- (a) the award of 33,238,700 new ordinary shares of the Company under the Executive Share Grant Scheme (ESGS) comprised in the LTIP ("Share Grant"); and
 - (b) the offer of 66,477,200 share options under the Employee Share Option Scheme comprised in the LTIP ("Share Option").

B9 Utilisation of proceeds

- i. As of the date of this report, the private placement proceeds of RM50 million from the implementation of Daya Materials Berhad's Regularisation Plan have been fully utilised.

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(Incorporated in Malaysia)

B9 Utilisation of proceeds (Cont'd)

- ii. On 26 October 2023, the Company completed a private placement exercise involving the issuance of a cumulative total of 60,433,000 new ordinary shares. The total fund raised from the private placement exercise is approximately RM9.4 million.

Purpose	Proposed Utilisation	Proceed Raised	Actual Utilisation	Balance to Utilise	Expected Time Frame for Utilisation
	RM'000	RM'000	RM'000	RM'000	
Business expansion plans	5,000	5,000	(5,000)	-	Within 6 months
Working capital for new projects and overheads	4,544	4,242	-	4,242	Within 12 months
Private placement expenses	125	125	(93)	32	Upon completion
	<u>9,669</u>	<u>9,367</u>	<u>(5,093)</u>	<u>4,274</u>	

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the announcement made by the Company dated 23 August 2023.

B10 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Short-term RM'000	Long-term RM'000	Total Outstanding RM'000
<u>Secured borrowings</u>			
Bank overdrafts	2,759	-	2,759
Term loans	1,661	14,591	16,252
Trade financing facilities	730	305	1,035
	<u>5,150</u>	<u>14,896</u>	<u>20,046</u>

B11 Material litigations

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.

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

B11 Material litigations (Cont'd)

Between Daya CMT Sdn. Bhd. and Chop Eng Heng Metal Industry (Cont'd)

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

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 July 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.

On 12 October 2023, the Plaintiffs discontinued the suit. After hearing oral submission in relation to costs, the Court duly struck out the suit with costs of RM27,000 to be paid by the Plaintiffs to the Defendant by 14 November 2023.

B12 Proposed Dividends

There was no dividend paid during the quarter under review and financial year-to-date.

B13 Earnings per share

(a) Basic earnings per share

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
Net profit for the period attributable to ordinary equity holders of the Company (RM'000)	32	3,050	32	3,050
Weighted average number of shares in issue ('000)	604,340	604,340	604,340	604,340
Basic earnings per share (sen)	<u>0.01</u>	<u>0.50</u>	<u>0.01</u>	<u>0.50</u>

(b) Diluted earnings per share

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

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

B14 Additional disclosure as per Appendix 9B, Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
The following amounts have been included in arriving at profit before tax:				
Amortisation on intangible assets	-	11	-	11
Bad debts written off	1	-	1	-
Depreciation of:				
- property, plant and equipment	339	325	339	325
- right-of-use assets	452	27	452	27
Impairment loss on:				
- other receivables	-	232	-	232
- trade receivables	-	13	-	13
Interest expenses	344	460	344	460
Loss on foreign exchange				
- realised	96	17	96	17
- unrealised	4	20	4	20
Unwinding of discount of financial liabilities carried at amortised costs	62	75	62	75
and after crediting:				
Interest income	91	245	91	245
Gain on disposal of assets classified as held for sale	813	-	813	-
Gain on foreign exchange				
- realised	266	103	266	103
- unrealised	315	407	315	407
Rental income	174	159	174	159
Reversal of impairment loss on:				
- other receivables	203	-	203	-
- trade receivables	1,117	-	1,117	-
Waiver of debts received	1,534	3	1,534	3

By Order of the Board

Leong Oi Wah
Secretary
27 November 2023