



PROPEL GLOBAL BERHAD

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

(Incorporated in Malaysia)

Quarterly Report 31 December 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 2ND QUARTER ENDED 31 DECEMBER 2023

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31.12.2023 RM'000 Unaudited	31.12.2022 RM'000 Unaudited	31.12.2023 RM'000 Unaudited	31.12.2022 RM'000 Unaudited
Revenue	35,074	24,483	62,708	42,630
Cost of sales	(31,038)	(18,592)	(54,938)	(30,028)
Gross profit	4,036	5,891	7,770	12,602
Other income	5,113	1,061	9,630	2,001
Operating expenses	(7,915)	(4,033)	(14,958)	(7,891)
Profit from operations	1,234	2,919	2,442	6,712
Finance costs	(299)	(328)	(643)	(788)
Profit before tax	935	2,591	1,799	5,924
Income tax expense	(154)	(281)	(816)	(564)
Profit for the period, representing total comprehensive income for the financial period	781	2,310	983	5,360
Profit for the financial period attributable to :				
- Owners of the company	676	2,310	708	5,360
- Non-controlling interests	105	-	275	-
	781	2,310	983	5,360
Total comprehensive income for the period attributable to:				
- Owners of the company	676	2,310	708	5,360
- Non-controlling interests	105	-	275	-
	781	2,310	983	5,360
Earnings per share (sen)				
- Basic	0.11	0.38	0.11	0.89
- Diluted	0.11	0.38	0.11	0.89

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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	31.12.2023 RM'000 Unaudited	30.06.2023 RM'000 Audited
Non Current Assets		
Property, plant and equipment	6,496	12,483
Right-of-use assets	6,813	8,784
Investment properties	2,530	6,230
Inventories	23,912	8,531
Intangible assets	18,977	600
Investment in unquoted shares	2,341	-
Investment in joint ventures	-	-
Other receivables	2,000	2,000
Total Non Current Assets	<u>63,069</u>	<u>38,628</u>
Current Assets		
Inventories	7,984	8,979
Trade receivables	35,427	40,228
Other receivables, deposits and prepayments	17,221	19,454
Contract assets	40,383	36,845
Current tax assets	710	1,604
Other investments	9,228	1,349
Cash and bank balances and deposits	25,876	38,042
Assets classified as held for sales	5,872	7,466
Total Current Assets	<u>142,701</u>	<u>153,967</u>
Current Liabilities		
Loans and borrowings	4,382	5,735
Lease liabilities	1,727	1,831
Trade payables	32,767	33,721
Provisions, other payables and accrued expenses	23,704	9,825
Contract liabilities	20,755	19,557
Current tax liabilities	219	301
Liabilities classified as held for sales	-	-
Total Current Liabilities	<u>83,554</u>	<u>70,970</u>
Net Current Assets	59,147	82,997
	<u>122,216</u>	<u>121,625</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	31.12.2023	30.06.2023
	RM'000	RM'000
	Unaudited	Audited
Financed by:		
Share capital	130,235	120,868
Accumulated losses	(37,306)	(38,014)
	<hr/>	<hr/>
Non-controlling interests	92,929	82,854
Total Equity	7,507	7,232
	<hr/>	<hr/>
	100,436	90,086
	<hr/>	<hr/>
Non Current Liabilities		
Loans and borrowings	14,245	23,270
Lease liabilities	3,886	4,574
Deferred tax liabilities	602	648
Trade payables	3,047	3,047
Total Non Current Liabilities	21,780	31,539
	<hr/>	<hr/>
	122,216	121,625
	<hr/>	<hr/>
Net assets per share (sen)	15.11	14.91
	<hr/>	<hr/>

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 2ND QUARTER ENDED 31 DECEMBER 2023

	-<Attributable to owners of the Company->				
	Non-Distributable			Non-controlling interests	
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	Total RM'000
<u>6 months ended 31 December 2023</u>					
At 1 JULY 2023	120,868	(38,014)	82,854	7,232	90,086
Profit for the period	-	708	708	275	983
Total comprehensive income for the period	-	708	708	275	983
Transactions with owners					
Issuance of shares pursuant to private placement exercise	9,367	-	9,367	-	9,367
Total transactions with owners	9,367	-	9,367	-	9,367
At 31 DECEMBER 2023	<u>130,235</u>	<u>(37,306)</u>	<u>92,929</u>	<u>7,507</u>	<u>100,436</u>
<u>6 months ended 31 December 2022</u>					
At 1 JULY 2022	120,868	(45,729)	75,139	-	75,139
Profit for the period	-	5,360	5,360	-	5,360
Total comprehensive income for the period	-	5,360	5,360	-	5,360
At 31 DECEMBER 2022	<u>120,868</u>	<u>(40,369)</u>	<u>80,499</u>	<u>-</u>	<u>80,499</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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2023

	Current Period Ended 31.12.2023 RM'000 Unaudited	Preceding Period Ended 31.12.2022 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,799	5,924
Adjustments for:		
Amortisation on intangible assets	-	22
Bad debts written off	1	-
Depreciation of:		
- property, plant and equipment	711	611
- right-of-use assets	798	81
Fair value gain on equity instruments	(54)	-
Finance costs	643	788
Gain on disposal of:		
- assets classified as held for sale	(951)	-
- investment in subsidiary	(4,178)	-
Impairment losses on:		
- other receivables and deposits	-	232
- trade receivables	-	88
Interest income	(198)	(537)
Net unrealised foreign exchange gain	(43)	(267)
Reversal of impairment losses on:		
- other receivables and deposits	(215)	(1)
- trade receivables	(1,601)	(734)
Unwinding of discount of financial liabilities carried at amortised costs	(121)	75
Waiver of debts received	(1,534)	(3)
Operating (loss)/profit before working capital changes	(4,943)	6,279
Changes in working capital:		
Inventories	(1,204)	949
Trade and other receivables	8,425	(6,459)
Contract assets	(3,769)	(1,681)
Trade and other payables	14,246	(6,016)
Contract liabilities	1,198	7
Cash flows from/(used in) operations	13,953	(6,921)
Income tax paid	(457)	(479)
Interest paid	-	(23)
Net cash from/(used in) operating activities	13,496	(7,423)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2023

	Current Period Ended 31.12.2023 RM'000 Unaudited	Preceding Period Ended 31.12.2022 RM'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	(19,280)	-
Interest received	198	530
Investment in unquoted shares	(2,341)	-
Placement of money market funds	(7,826)	(1,002)
Proceeds from disposal of assets classified as held for sale	7,844	-
Proceeds from disposal of a subsidiary, net of cash disposed	15,262	-
Purchase of property, plant and equipment	(381)	(901)
Purchase of right-of-use assets	-	(564)
Purchase of investment properties	(1,600)	-
Purchase of land held for property development	(15,381)	-
Withdrawal of fixed deposits pledged with licensed bank	2,021	-
Withdrawal of fixed deposits with licensed banks with maturity more than 3 months	1,255	-
Net cash used in investing activities	(20,229)	(1,937)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(471)	(546)
Proceed from issuance of shares	9,367	-
Repayment of loans and borrowings	(10,482)	(2,533)
Repayment of lease liabilities	(549)	(32)
Net cash used in financing activities	(2,135)	(3,111)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,868)	(12,471)
Effect of exchange rate fluctuation on cash and cash equivalents	15	50
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	22,595	58,732
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	13,742	46,311
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	15,643	12,112
Restricted cash	-*	-*
Fixed deposits with licenced banks	10,233	40,976
Bank overdraft	(2,715)	(2,694)
	23,161	50,394
Less: Fixed deposits pledged with licensed banks	(9,419)	(4,083)
Restricted cash	-*	-*
	13,742	46,311

* 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.

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

During the financial period ended 31 December 2023, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities.

A8 Dividends Paid

No dividend has been declared or paid for current financial period (2023: RM Nil).

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A9 Segment Information

Segments	Quarter ended 31 December 2023		Quarter ended 31 December 2022	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
O&G	18,484	1,557	11,478	2,345
TS	15,583	226	12,952	2,776
ICT	971	463	-	-
Others	36	(1,311)	53	(2,530)
	<u>35,074</u>	<u>935</u>	<u>24,483</u>	<u>2,591</u>

Segments	Financial period ended 31 December 2023		Financial period ended 31 December 2022	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
O&G	37,466	6,548	21,421	4,813
TS	24,198	112	21,104	5,381
ICT	971	463	-	-
Others	73	(5,324)	105	(4,270)
	<u>62,708</u>	<u>1,799</u>	<u>42,630</u>	<u>5,924</u>

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.
Information and Communications Technology ("ICT")	Provision of ICT services and related activities, as well as trading in ICT hardware, software and spare parts.
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.

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A11 Subsequent Events

On 31 January 2024, the Company had acquired 75% equity interests in MyROD Technology Sdn Bhd (“MTSB”) for a purchase consideration of RM2.1 million. Upon completion of the acquisition, MTSB will become a subsidiary of the Company.

MTSB was incorporated in Malaysia on 4 December 2023 with its principal activity expected to be the provision of an analytics software solutions, including but not limited to the development, implementation and maintenance of analytical software application and systems.

A12 Changes in the Composition of the Group

- i. 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.
- ii. 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 (“SSA”) 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.

- iii. 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.

- iv. On 14 June 2023, the Company had entered into a Head of Agreement (“HOA”) with Mr. Haw Tek Seng and Mr. Kok Tzyy Ching @ Kok Gee Kin (the “Vendors”) to acquire 45,000 ordinary shares in E-Maintenance Sdn. Bhd. (“EMSB”), representing 100% of the equity interest of EMSB.

Subsequently on 7 September 2023, the Company had entered into a conditional SSA with the Vendors for the acquisition for a total cash consideration of RM20 million. The SSA has become unconditional on 19 September 2023 following the fulfilment of the Conditions Precedent as set out in the SSA.

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

iv. Cont'd

the Acquisition has been completed on 17 November 2023 following full settlement by the Company of the Tranche 1 Payment to the Vendors and the registration of the Sale Shares under the Company. The Balance Purchase Consideration shall be payable by the Company within the specified period upon fulfilment of the Profit Guarantee.

EMSB was incorporated in Malaysia on 31 December 2007. It is principally involved in the provision of information and communications technology ("ICT") services and related activities, as well as trading in ICT hardware, software and spare parts.

A13 Contingent Assets and Contingent Liabilities

As at 31 December 2023, the Company has provided corporate guarantee of RM6.3 million (30 June 2023: RM16.8 million) for banking facilities granted to certain subsidiaries.

There are no other material contingent assets and contingent liabilities as at the date of this report.

A14 Capital Commitments

	As at 31.12.2023 RM'000
Authorised and contracted for:	
- Property, plant and equipment	694
- Acquisition of a subsidiary	2,100
	2,794

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		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with related companies:</u>				
Management fee income	830	1,094	1,826	2,692
Dividend income	4,000	-	4,000	-
Interest income	137	12	340	23
Rental income	39	87	87	174
Rental expenses	(16)	(150)	(29)	(300)
	(16)	(150)	(29)	(300)

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 ("Q2 FY2024") Vs Preceding Year's Corresponding Quarter Results ("Q2 FY2023")

The Group recorded revenue of RM35.01 million and profit before tax ("PBT") of RM0.9 million for Q2 FY2024, in comparison to revenue of RM24.5 million and PBT of RM2.6 million reported in the preceding year corresponding quarter.

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM18.5 million and RM1.6 million respectively in Q2 FY2024, as compared to revenue and PBT of RM11.5 million and RM2.3 million reported in the preceding year corresponding quarter.

The increase in revenue for Q2 FY2024 primarily stems from the addition of new services provided. These services entail engineering and technical works for the oil and gas industry, following the acquisition of a new subsidiary. The segment's PBT reduced by RM0.8 million from RM2.3 million reported in Q2 FY2023 mainly due to lower margin contributed from radial cutting torch services.

B1 Review of Performance (Cont'd)

(a) Current Quarter Results ("Q2 FY2024") Vs Preceding Year's Corresponding Quarter Results ("Q2 FY2023") (Cont'd)

ii. TS Segment

The TS Segment recorded revenue and PBT of RM15.6 million and RM0.2 million respectively in Q2 FY2024, as compared to revenue and PBT of RM13.0 million and RM2.8 million respectively in the preceding year corresponding quarter. The higher revenue reported in Q2 FY2024 was mainly contributed by the electronics factory project.

Higher PBT was reported in Q2 FY2023 mainly due to the reversal of Liquidated Ascertained Damages ("LAD") from a construction project and margins contributed from short-term projects, which were absent in the quarter under review.

iii. ICT Segment

The new segment in Q2 FY2024 recorded revenue and PBT of RM1.0 million and RM0.5 million respectively.

iv. Other Segment

The Other Segment reported loss before tax ("LBT") of RM1.3 million in the Q2 FY2024 (Q2 FY2023: RM2.5 million), mainly comprising of corporate administrative expenses, such as professional charges and staff costs.

(b) Financial period for the six months ended 31 December 2023 ("6M FY2024") compared with six months ended 31 December 2022 ("6M FY2023")

The Group recorded revenue of RM62.7 million and PBT of RM1.8 million for 6M FY2024, in comparison to revenue of RM42.6 million and PBT of RM5.9 million reported in the preceding year corresponding quarter.

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM37.5 million and RM6.5 million respectively in 6M FY2024, as compared to revenue and PBT of RM21.4 million and RM4.8 million reported in the preceding year corresponding quarter.

The increase in revenue for 6M FY2024 primarily stems from the addition of new services provided. These services entail engineering and technical works for the oil and gas industry, following the acquisition of a new subsidiary. The segment's PBT improved by RM1.7 million from RM4.8 million reported in Q2 FY2023 mainly due to the Group received waiver of debts of RM1.5 million in current financial period.

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B1 Review of Performance (Cont'd)

(b) Financial period for the six months ended 31 December 2023 ("6M FY2024") compared with six months ended 31 December 2022 ("6M FY2023") (Cont'd)

ii. TS Segment

The TS Segment recorded revenue and PBT of RM24.2 million and RM0.1 million respectively in 6M FY2024, as compared to revenue and PBT of RM21.1 million and RM5.4 million respectively in the preceding year corresponding quarter. The higher revenue reported in 6M FY2024 was mainly contributed by the electronics factory project.

Higher PBT was reported in 6M FY2023 mainly due to the reversal of LAD from a construction project and margins contributed from short-term projects, which were absent in the current financial period.

iii. ICT Segment

The new segment in 6M FY2024 recorded revenue and PBT of RM1.0 million and RM0.5 million respectively.

iv. Other Segment

The Other Segment reported LBT of RM5.3 million in the 6M FY2024 (6M FY2023: RM4.3 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 31.12.2023 RM'000	Quarter ended 30.9.2023 RM'000
Revenue	35,074	27,634
Profit before tax	935	864

The Group recorded a revenue of RM35.1 million in Q2 FY2024, as compared to RM27.6 million reported in the preceding financial quarter, representing an increase of RM7.5 million or 27%. The increase is attributed to higher revenue in TS Segment by RM7.0 million, mainly contributed by electronics factory project. Correspondingly, the PBT for the current financial quarter improved by 8% compared to the immediate preceding financial quarter.

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B3 Prospects

Propel Global Berhad (“PGB”) is fully committed to optimising its business operations for peak performance. In line with this strategic intent, PGB recently divested its entire equity interest in PCSB, aiming to streamline the Group's focus by discontinuing operations in segments with constrained growth and reallocating resources towards profitable and sustainable ventures.

Additionally, PGB has acquired EMSB. This acquisition enables the Group to cross-sell its service offerings to the existing customer base of E-Maintenance, driving revenue growth through a stable and profitable business with steady cash flow and long-term prospects.

Furthermore, PGB notes the initiatives and strategies announced by the government under the National Energy Transition Roadmap (“NETR”) and the New Industrial Masterplan 2030 (“NIMP2030”). PGB is keen to explore opportunities for venturing into sustainable development and digital technology as part of its longer-term plan to enter the renewable energy and electrification sectors.

Despite global economic uncertainties, the Board maintains a cautiously optimistic stance on the Group's future prospects and financial performance. Leveraging our strategic agility and established market presence, PGB is positioned to navigate these challenges and capitalise on 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		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Current Income tax				
- Current year	178	281	834	564
- Prior year	(24)	-	(24)	-
Real Property Gain Tax ("RPGT")	-	-	60	-
	<u>154</u>	<u>281</u>	<u>870</u>	<u>564</u>
Deferred tax				
- Current year	<u>-</u>	<u>-</u>	<u>(54)</u>	<u>-</u>
Total	<u>154</u>	<u>281</u>	<u>816</u>	<u>564</u>

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

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B6 Sale of Unquoted Investments and Properties

- i. On 16 November 2023, Propel CMT Sdn Bhd, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement ("SPA") 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.
- ii. On 22 January 2024, Propel Urusharta Sdn Bhd ("PUSB"), a wholly-owned subsidiary of the Group, entered into letter of offer and acceptance to dispose of three (3) shophouse units for a total cash consideration of RM3.0 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 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.
- iii. 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 was approved by its shareholders at an Extraordinary General Meeting convened on 8 December 2023.

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B8 Other information (Cont'd)

- iv. 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”).

11,079,400 units of new shares was issued under the ESGS on 8 January 2024.

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.
- 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	Reallocation	Balance to Utilise	Expected Time Frame for Utilisation
	RM'000	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	(2,000)	32	2,274	Within 12 months
Private placement expenses	125	125	(93)	(32)	-	Upon completion
	<u>9,669</u>	<u>9,367</u>	<u>(7,093)</u>	<u>-</u>	<u>2,274</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.

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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	2,715	-	2,715
Term loans	1,667	14,245	15,912
	4,382	14,245	18,627

B11 Material litigations

Between Propel 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, Propel CMT Sdn. Bhd. ("PCMT") 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 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.

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B13 Earnings per share

(a) Basic earnings per share

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Net profit for the period attributable to ordinary equity holders of the Company (RM'000)	676	2,310	708	5,360
Weighted average number of shares in issue ('000)	631,617	604,340	631,617	604,340
Basic earnings per share (sen)	<u>0.11</u>	<u>0.38</u>	<u>0.11</u>	<u>0.89</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.

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		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	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	-	22
Bad debts written off	-	-	1	-
Depreciation of:				
- property, plant and equipment	372	286	711	611
- right-of-use assets	346	54	798	81
Impairment loss on:				
- other receivables	-	-	-	232
- trade receivables	-	75	-	88
Interest expenses	308	328	652	788
Loss on foreign exchange				
- realised	31	2	127	12
- unrealised	268	120	126	-
Unwinding of discount of financial liabilities carried at amortised costs	59	-	121	-

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

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Bad debts recovery	19	-	19	-
Interest income	107	292	198	537
Gain on disposal		-		
- assets classified as held for sale	138	-	951	-
- investment in subsidiary	4,178	-	4,178	-
Gain on foreign exchange				
- realised	141	-	407	96
- unrealised	-	-	169	267
Fair value gain on equity instruments	54	-	54	-
Rental income	64	169	238	328
Reversal of impairment loss on:				
- other receivables	12	1	215	1
- trade receivables	484	734	1,601	734
Waiver of debts received	-	-	1,534	3

By Order of the Board

Leong Oi Wah
Secretary
26 February 2024