



PROPEL GLOBAL BERHAD

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

Quarterly Report 30 June 2024

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 4TH QUARTER ENDED
30 June 2024

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.2024 RM'000 Unaudited	30.06.2023 RM'000 Unaudited	30.06.2024 RM'000 Unaudited	30.06.2023 RM'000 Audited
Revenue	47,481	43,510	176,036	112,257
Cost of sales	(32,005)	(33,654)	(143,654)	(83,850)
Gross profit	15,476	9,856	32,382	28,407
Other income	3,797	604	14,380	2,930
Operating expenses	(11,350)	(6,841)	(38,307)	(19,679)
Profit from operations	7,923	3,619	8,455	11,658
Finance costs	(355)	(460)	(1,236)	(1,604)
Profit before tax	7,568	3,159	7,219	10,054
Income tax expense	161	(1,528)	(1,223)	(2,044)
Profit for the period/year, representing total comprehensive income for the financial period/year	7,729	1,631	5,996	8,010
Profit for the financial period/year attributable to :				
- Owners of the company	7,834	1,433	5,713	7,715
- Non-controlling interests	(105)	198	283	295
	7,729	1,631	5,996	8,010
Total comprehensive income for the period/year attributable to:				
- Owners of the company	7,834	1,433	5,713	7,715
- Non-controlling interests	(105)	198	283	295
	7,729	1,631	5,996	8,010
Earnings per share (sen)				
- Basic	1.20	0.24	0.87	1.28
- Diluted	1.20	0.24	0.87	1.28

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 30 JUNE 2024

	30.06.2024 RM'000 Unaudited	30.06.2023 RM'000 Audited
Non Current Assets		
Property, plant and equipment	5,691	12,483
Right-of-use assets	7,064	8,784
Investment properties	3,060	6,230
Inventories	24,325	8,531
Intangible assets	22,407	600
Investment in quoted shares	1,745	-
Investment in unquoted shares	2,341	-
Investment in joint ventures	-	-
Deferred tax assets	3	-
Other receivables	2,350	2,000
Total Non Current Assets	68,986	38,628
Current Assets		
Inventories	8,541	8,979
Trade receivables	45,809	40,228
Other receivables, deposits and prepayments	12,962	19,454
Contract assets	34,191	36,845
Current tax assets	1,256	1,604
Other investments	2,748	1,349
Cash and bank balances and deposits	29,400	38,042
Assets classified as held for sales	3,000	7,466
Total Current Assets	137,907	153,967
Current Liabilities		
Loans and borrowings	1,599	5,735
Lease liabilities	1,642	1,831
Trade payables	33,228	33,721
Provisions, other payables and accrued expenses	24,033	9,825
Contract liabilities	19,090	19,557
Current tax liabilities	587	301
Total Current Liabilities	80,179	70,970
Net Current Assets	57,728	82,997
	126,714	121,625

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	30.06.2024 RM'000 Unaudited	30.06.2023 RM'000 Audited
Financed by:		
Share capital	131,786	120,868
Accumulated losses	(32,301)	(38,014)
	<hr/>	<hr/>
	99,485	82,854
Non-controlling interests	7,515	7,232
	<hr/>	<hr/>
Total Equity	107,000	90,086
	<hr/>	<hr/>
Non Current Liabilities		
Loans and borrowings	13,638	23,270
Lease liabilities	3,865	4,574
Deferred tax liabilities	203	648
Trade payables	1,997	3,047
Contract liabilities	11	-
	<hr/>	<hr/>
Total Non Current Liabilities	19,714	31,539
	<hr/>	<hr/>
	126,714	121,625
	<hr/>	<hr/>
Net assets per share (sen)	15.83	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 4TH QUARTER ENDED 30 June 2024

<-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
12 months ended 30 June 2024					
At 1 July 2023	120,868	(38,014)	82,854	7,232	90,086
Profit for the financial year	-	5,713	5,713	283	5,996
Total comprehensive income for the financial year	-	5,713	5,713	283	5,996
Transactions with owners					
Issuance of shares pursuant to private placement exercise	9,367	-	9,367	-	9,367
Issuance of shares pursuant to Executive Share Grant Scheme	1,551	-	1,551	-	1,551
Non-controlling interests arising from acquisition of a new subsidiary	-	-	-	-*	-
Total transactions with owners	10,918	-	10,918	-	10,918
At 30 June 2024	<u>131,786</u>	<u>(32,301)</u>	<u>99,485</u>	<u>7,515</u>	<u>107,000</u>
12 months ended 30 June 2023					
At 1 July 2022	120,868	(45,729)	75,139	-	75,139
Profit for the financial year	-	7,715	7,715	295	8,010
Total comprehensive income for the financial year	-	7,715	7,715	295	8,010
Transactions with owners					
Non-controlling interests arising from acquisition of a new subsidiary	-	-	-	6,937	6,937
Total transactions with owners	-	-	-	6,937	6,937
At 30 June 2023	<u>120,868</u>	<u>(38,014)</u>	<u>82,854</u>	<u>7,232</u>	<u>90,086</u>

* Represent amount less than RM1,000.

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 4TH QUARTER ENDED 30 June 2024

	Current Year Ended 30.06.2024 RM'000 Unaudited	Preceding Year Ended 30.06.2023 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,219	10,054
Adjustments for:		
Amortisation on intangible assets	72	27
Bad debts written off	4	1
Depreciation of:		
- property, plant and equipment	1,117	1,252
- right-of-use assets	1,909	589
Equity settled share-based payments	1,551	-
Deposits written off	-	65
Dividend income from equity instrument	-	(20)
Fair value gain/(loss) on:		
- assets classified as held for sales	900	-
- investment properties	82	(10)
- equity instruments	(74)	(50)
- quoted shares	(545)	-
Finance costs	1,236	1,604
Gain on disposal of:		
- assets classified as held for sale	(801)	-
- equity instruments	(24)	(123)
- investment in subsidiary	(4,194)	-
- property, plant and equipment	-	94
- investment properties	-	(98)
Gain on lease modification	(1)	-
Impairment losses on:		
- other receivables and deposits	-	29
- trade receivables	1,944	1,486
- amount due from joint venture	-	203
Interest income	(507)	(934)
Inventories written down	2,156	12
Net unrealised foreign exchange loss/(gain)	512	(500)
Over provision of interest expense on trade payables	-	(212)
Property, plant and equipment written off	-	28
Reversal of impairment losses on:		
- other receivables and deposits	(215)	(529)
- trade receivables	(3,720)	(819)
- amount due from joint operation	-	(31)
Reversal of provision for defect liabilities costs	-	(184)
Net loss on financial liabilities carried at amortised costs	227	280
Waiver of debts received	(1,538)	(9)
Operating profit before working capital changes	7,310	12,205

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 4TH QUARTER ENDED 30 June 2024

	Current Year Ended 30.06.2024 RM'000 Unaudited	Preceding Year Ended 30.06.2023 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)		
Operating profit before working capital changes	7,310	12,205
Changes in working capital:		
Inventories	(3,945)	(178)
Trade and other receivables	1,736	(19,234)
Contract assets	2,422	-
Trade and other payables	13,445	(8,352)
Contract liabilities	(676)	(8,485)
Cash flows from/(used in) operations	20,292	(24,044)
Income tax paid	(2,056)	(1,635)
Net cash from/(used in) operating activities	18,236	(25,679)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	(21,334)	(4,201)
Acquisition of quoted shares	(1,200)	-
Acquisition of unquoted shares	(2,341)	-
Development costs	(380)	-
Interest received	351	934
Proceeds from disposal of:		
- assets classified as held for sale	9,094	-
- property, plant and equipment	-	6,360
- a subsidiary, net of cash disposed	15,262	-
Proceeds from lease liabilities for right-of-use asset purchased previously	-	199
Purchase of property, plant and equipment	(764)	(4,473)
Purchase of right-of-use assets	(118)	(152)
Purchase of investment properties	(1,640)	-
Purchase of land held for property development	(15,414)	-
Withdrawal/(Placement) of fixed deposits pledged with licensed bank	515	(106)
Withdrawal/(Placement) of fixed deposits with licensed banks with maturity more than 3 months	1,255	(513)
Placement of investment in money market funds	(1,248)	2,139
Net cash (used in)/from investing activities	(17,962)	187
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(859)	(1,320)
Proceed from issuance of shares	9,367	-
Repayment to joint ventures	-	(24)
Repayment of loans and borrowings	(11,297)	(8,569)
Repayment of lease liabilities	(1,593)	(663)
Net cash used in financing activities	(4,382)	(10,576)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,108)	(36,068)
Effect of exchange rate fluctuation on cash and cash equivalents	(12)	85
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	22,595	58,578
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18,475	22,595

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 4TH QUARTER ENDED 30 June 2024

	Current Year Ended 30.06.2024 RM'000 Unaudited	Preceding Year Ended 30.06.2023 RM'000 Audited
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	16,966	15,559
Restricted cash	-*	-*
Fixed deposits with licenced banks	12,434	22,483
Bank overdraft	-	(2,752)
	<hr/> 29,400	<hr/> 35,290
Less: Fixed deposits pledged with licensed banks	(10,925)	(11,440)
Fixed deposits with licensed banks with maturity more than 3 months	-	(1,255)
Restricted cash	-*	-*
	<hr/> 18,475	<hr/> 22,595
	<hr/> <hr/>	<hr/> <hr/>

* 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

For the quarter under review, the issued shares of the Company has increased from 664,772,945 ordinary shares to 675,852,345 ordinary shares through the issuance and allotment of 11,079,400 new ordinary shares at RM0.14 each arising from the Executive Share Grant Scheme ("ESGS").

For the current financial period, the issued shareof the Company has increased from 604,339,945 ordinary shares to 675,852,345 ordinary shares through the issuance and allotment of 60,433,000 new ordinary shares at RM0.155 each arising from the private placement exercise and 11,079,400 new ordinary shares at RM0.14 arising from the ESGS.

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A8 Dividends Paid

No dividend has been declared or paid for current financial year (2024: RM Nil).

A9 Segment Information

Segments	Quarter ended 30 June 2024		Quarter ended 30 June 2023	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
O&G	13,851	3,453	16,204	2,339
TS	31,514	7,979	27,263	4,304
ICT	2,080	844	-	-
Others	36	(4,708)	43	(3,484)
	<u>47,481</u>	<u>7,568</u>	<u>43,510</u>	<u>3,159</u>

Segments	Financial year ended 30 June 2024		Financial year ended 30 June 2023	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
O&G	81,460	13,289	49,733	9,869
TS	89,224	8,693	62,321	8,809
ICT	5,208	2,135	-	-
Others	144	(16,898)	203	(8,624)
	<u>176,036</u>	<u>7,219</u>	<u>112,257</u>	<u>10,054</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

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 up to 26 August 2024

- 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 became 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, Propel Global Development Sdn Bhd (“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 became 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.

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.

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A12 Changes in the Composition of the Group up to 26 August 2024 (Cont'd)

- v. 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.

- vi. On 4 March 2024, the Company increased its interests in Propel Builders Sdn Bhd (“PBSB”) from RM1 to RM1 million by acquiring 999,999 units of PBSB shares at the issue price of RM1.
- vii. The Company has undergone the following internal restructuring, and the control of the Company over the subsidiaries has not changed.
- i. On 29 February 2024, the Company has disposed of its entire investment in Propel Engineering Sdn Bhd (“PESB”), representing 50.1% equity interest in PESB, for a total consideration of RM50.10 to Propel Oilfield Services Sdn Bhd (“POSSB”). On the same date, the Company has disposed of 2% equity interest in POSSB for a total consideration of RM1 to Rancak Nikmat Sdn Bhd (“RNSB”).
- ii. On 7 May 2024, the Company has disposed of its entire investment in Best Wide Engineering (M) Sdn Bhd (“BWE”) representing 51% equity interest in BWE, for a total consideration of RM1 to POSSB.
- viii. On 3 June 2024, the Company acquired 100% equity interests in JCCW Capital Sdn Bhd (“JCCW”) for a purchase consideration of RM0.2 million. As of the date of this report, the acquisition has not yet been completed.

JCCW is carrying on the business of money lending.

A13 Contingent Assets and Contingent Liabilities

As at 30 June 2024, the Company has provided corporate guarantee of RM5.4 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

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

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A15 Significant Related Party Transaction

During the financial year, 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		12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with related companies:</u>				
Management fee income	747	996	3,320	4,781
Dividend income	-	-	4,000	9,500
Interest income	82	145	550	219
Rental income	35	30	157	301
Rental expenses	<u>(17)</u>	<u>(35)</u>	<u>(63)</u>	<u>(503)</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 ("Q4 FY2024") Vs Preceding Year's Corresponding Quarter Results ("Q4 FY2023")

The Group recorded revenue of RM47.5 million and profit before tax ("PBT") of RM7.6 million for Q4 FY2024, in comparison to revenue of RM43.5 million and PBT of RM3.2 million reported in the preceding year corresponding quarter.

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM13.9 million and RM3.5 million respectively in Q4 FY2024, as compared to revenue and PBT of RM16.2 million and RM2.3 million reported in the preceding year corresponding quarter.

The lower revenue reported in Q4 FY2024 was mainly due to the absence of revenue from a disposed subsidiary in the current financial quarter. The higher PBT for the current financial quarter was mainly due to the reversal of impairment losses on receivables, amounting to RM1.5 million.

ii. TS Segment

The TS Segment recorded revenue and PBT of RM31.5 million and RM8.0 million respectively in Q4 FY2024, as compared to revenue and PBT of RM27.3 million and RM4.3 million respectively in the preceding year corresponding quarter.

The higher revenue reported in Q4 FY2024 was mainly contributed by a construction project of an electronics factory in Chuping, Perlis, as well as the completion of several construction projects. Correspondingly, the PBT for the current financial quarter improved by 85% compared to the preceding year's corresponding quarter.

ii. ICT Segment

The new segment in Q4 FY2024 recorded revenue and PBT of RM2.1 million and RM0.8 million respectively.

iii. Other Segment

The Other Segment reported Loss Before Tax ("LBT") of RM4.7 million in the Q4 FY2024 (Q4 FY2023: RM3.5 million), mainly comprising of corporate administrative expenses, such as professional charges and staff costs.

B1 Review of Performance (Cont'd)

(b) Financial year 30 June 2024 (“FY2024”) vs financial year 30 June 2023 (“FY2023”)

The Group recorded revenue of RM176.0 million and PBT of RM7.2 million for FY2024, in comparison to revenue of RM112.3 million and PBT of RM10.1 million reported in the preceding year corresponding year.

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM81.5 million and RM13.3 million respectively in FY2024, as compared to revenue and PBT of RM49.7 million and RM9.9 million reported in the preceding year corresponding year.

The higher revenue reported in FY2024 was mainly contributed by the Engineering, Procurement, Construction & Commissioning (“EPCC”) projects and Marine Heating, Ventilation and Air-conditioning (“HVAC”) projects. As a result, the PBT for the current financial year improved, bolstered by a RM1.5 million debt waiver and reversal of impairment losses on receivables of RM2.4 million during the financial year.

ii. TS Segment

The TS Segment recorded revenue and PBT of RM89.2 million and RM8.7 million respectively in FY2024, as compared to revenue and PBT of RM62.3 million and RM8.8 million respectively in the preceding year corresponding quarter.

The higher revenue reported in FY2024 was mainly contributed by a construction project of an electronics factory in Chuping, Perlis, as well as the completion of several construction projects. The lower PBT reported in FY2024 was mainly due to the impairment losses on receivables of RM0.4 million. Without the aforementioned impairment losses, TS Segment would have recorded a PBT of RM9.1 million in FY2024.

iii. ICT Segment

The new segment in FY2024 recorded revenue and PBT of RM5.2 million and RM2.1 million respectively.

iv. Other Segment

The Other Segment reported LBT of RM16.9 million in the FY2024 (FY2023: RM8.6 million), mainly comprising of corporate administrative expenses, such as professional charges and staff costs. The expenses in FY2024 increased significantly, mainly due to additional professional charges and incurred staff costs, coupled with business expansion.

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B2 Comparison of Profit/(Loss) Before Taxation with the Immediate Preceding Financial Quarter

	Quarter ended 30.06.2024 RM'000	Quarter ended 31.03.2024 RM'000
Revenue	47,481	65,847
Profit/(Loss) before tax	7,568	(2,148)

The Group recorded a revenue of RM47.5 million in Q4 FY2024, as compared to RM65.8 million reported in the preceding financial quarter, representing a decrease of RM18.3 million or 28%. This decrease is mainly due to slower off takes from oil majors due to reduced requirements and lower progress claims from EPCC projects in the O&G Segment compared to the immediate preceding quarter. Additionally, there was also lower progress claims in construction work activities in the TS Segment compared to the immediate preceding quarter due to the completion of several construction projects.

The quarter under review reported a PBT of RM7.6 million compared to a LBT of RM2.1 million in the immediate preceding quarter, representing an increase of RM9.7 million. This improvement was mainly due to the reversal of impairment losses on receivables of RM2.1 million and the absence of charges for the share-based payment/share grant and the incentive bonus payment in this financial quarter.

B3 Prospects

The Group remains firmly committed to achieving sustained long-term growth for all stakeholders by continually optimising its business operations. To align with this strategic objective, PGB had divested its entire equity stake in Propel Chemicals Sdn Bhd (“PCSB”), a strategic move to sharpen the Group's focus by exiting segments with limited growth potential and reallocating resources to more lucrative and sustainable opportunities.

In tandem with this streamlined focus, PGB has successfully acquired E-Maintenance Sdn Bhd (“EMSB”). This acquisition enhances the Group's market presence by integrating EMSB's established customer base, thereby driving revenue growth through a stable and profitable business model that promises consistent cash flow and strong long-term prospects.

As part of this strategic realignment, PGB is well-positioned to capitalise on the anticipated growth in Malaysia's construction sector. The sector is set for significant expansion in the latter half of 2024, with the value of work done rising by 20.2% to RM38.9 billion in Q2 2024 (compared to 14.2% and RM36.8 billion in Q1 2024). This growth has been propelled by robust performances in the civil engineering (25.2%) and residential buildings (19.7%) subsectors, as well as substantial gains in specialised trade activities (44.9%) and improved outcomes in non-residential buildings (7.2%).¹

The construction sector's positive trajectory is further reinforced by the Malaysian government's Budget 2024, which allocates RM90 billion for development projects. Approximately 40% of these funds are expected to be deployed by mid-2024, focusing on key initiatives such as schools, hospitals, and roads. Furthermore, major infrastructure projects like the Penang LRT, Phase 1B of the Pan Borneo Sabah highway, and the Sabah-Sarawak Link Road are set to progress, enhancing the sector's momentum. With RM180 billion worth of projects in the pipeline, including contributions from the private sector, the outlook remains robust, although some delays in high-profile projects like the MRT3 Circle Line could pose challenges.²

¹ <https://mof.gov.my/portal/en/news/press-release/economic-growth-trumps-expectations-for-two-straight-quarters-in-2024>

² https://www.midf.com.my/sites/corporate/files/2024-06/construction-thematic-gearing_up_for_2hcy24-midf-130524.pdf

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B3 Prospects (Cont'd)

Similarly, Malaysia's oil and gas sector is on track for a resurgence, driven by Petronas' planned RM60 billion capital expenditure in 2024.³ This investment will primarily target the expansion of upstream activities and the advancement of renewable energy projects, aligning with global energy demands and sustainability objectives. The industry has already seen a substantial uptake in upstream services, particularly in topside maintenance, hook-up, and commissioning (HUC) services, as Petronas intensifies its brownfield operations to boost production capacity. Petronas' strategic focus on increasing production and exploring new fields is expected to generate numerous opportunities for service providers and contractors, positioning the oil and gas sector for considerable growth throughout the year.⁴

Nonetheless, the Group remains mindful of the challenging global economic environment, characterised by sluggish growth in major economies, rising geopolitical tensions, tightening financial markets, and higher costs due to interest rate increases. While PGB has implemented proactive measures to navigate these uncertainties, the unpredictable nature of market conditions remains a key concern. Hence, the Group will continue to adopt a prudent and cautious approach, staying agile and vigilant in its decision-making and strategy formulation to effectively adapt to an ever-changing and volatile business landscape.

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		12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
In respect of the current period/year:				
Current Income tax				
- Current year	(390)	(1,011)	(1,938)	(1,567)
- Prior year	(17)	(7)	153	33
Real Property Gain Tax ("RPGT")	44	(105)	(16)	(105)
	<u>(363)</u>	<u>(1,123)</u>	<u>(1,801)</u>	<u>(1,639)</u>
Deferred tax				
- Current year	174	(164)	228	(164)
- Prior year	350	(241)	350	(241)
	<u>524</u>	<u>(405)</u>	<u>578</u>	<u>(405)</u>
Total	<u>161</u>	<u>(1,528)</u>	<u>(1,223)</u>	<u>(2,044)</u>

The Group's effective tax rate for the current financial year was lower than the statutory tax rate is mainly due to utilisation of unabsorbed tax losses brought forward and overprovision of deferred tax in prior year.

³ <https://theedgemalaysia.com/node/704772>

⁴ <https://theedgemalaysia.com/node/717582>

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B6 Sale of Unquoted Investments and Properties

Other than as stated in Note A12,

- 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 been completed on 9 May 2024.
- 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

There were no uncompleted corporate proposals for the current financial year-to-date.

B8 Other information

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.

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.

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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 for new projects and overheads	4,544	4,242	(4,274)	32	-	Within 12 months
Private placement expenses	125	125	(93)	(32)	-	Upon completion
	<u>9,669</u>	<u>9,367</u>	<u>(9,367)</u>	<u>-</u>	<u>-</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:

<u>Secured borrowings</u>	Short-term RM'000	Long-term RM'000	Total Outstanding RM'000
Term loans	<u>1,599</u>	<u>13,638</u>	<u>15,237</u>

B11 Material litigations

There were no material litigations as at date of this report.

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B12 Proposed Dividends

There was no dividend paid during the quarter under review and financial year-to-date. The Company is not proposing any dividend for the financial year ended 30 June 2024.

B13 Earnings per share

(a) Basic earnings per share

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Net profit for the period/year attributable to ordinary equity holders of the Company (RM'000)	7,834	1,433	5,713	7,715
Weighted average number of shares in issue ('000)	653,402	604,340	653,402	604,340
Basic earnings per share (sen)	<u>1.20</u>	<u>0.24</u>	<u>0.87</u>	<u>1.28</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.

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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		12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
The following amounts have been included in arriving at profit before tax:				
Amortisation on intangible assets	72	-	72	27
Bad debts written off	3	1	4	1
Deposits written off	-	-	-	65
Depreciation of:				
- property, plant and equipment	118	393	1,117	1,252
- right-of-use assets	699	304	1,909	589
Equity settled share-based payments	-	-	1,551	-
Fair value loss on:				
- assets classified as held for sale	900	-	900	-
- investment properties	82	-	82	-
- quoted shares	55	-	-	-
Impairment loss on:				
- other receivables	-	-	-	29
- trade receivables	1,944	-	1,944	1,486
- amount due from joint ventures	-	203	-	203
Interest expenses	355	176	1,236	1,604
Inventories written down	2,156	12	2,156	12
Loss on disposal of:				
- assets classified as held for sale	150	-	-	-
- property, plant and equipment	-	94	-	94
Property, plant and equipment written off	-	29	-	28
Provision for defect liabilities	-	1,664	-	-
Loss on foreign exchange				
- realised	-	-	133	-
- unrealised	291	-	512	-
Loss on financial liabilities carried at amortised costs	51	-	227	280
Loss on lease modification	2	-	-	-

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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		12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Bad debts recovery	6	-	31	-
Dividend income from equity instruments	-	-	-	20
Interest income	5	177	507	934
Fair value gain on:				
- equity instruments	11	-	74	50
- quoted shares	-	-	545	-
Gain on disposal of:				
- assets classified as held for sale	-	-	801	-
- equity instruments	-	123	24	123
- investment in subsidiary	-	-	4,194	-
- investment properties	-	38	-	98
Gain on foreign exchange				
- realised	234	95	686	98
- unrealised	-	222	-	500
Over provision of interest expense on trade payables	169	-	-	212
Gain on lease modification	-	-	1	-
Rental income	9	174	255	675
Reversal of impairment loss on:				
- other receivables	-	-	215	529
- trade receivables	2,119	-	3,720	819
- amount due from joint operation	-	-	-	31
Reversal of provision for defect liabilities cost	-	184	-	184
Waiver of debts received	4	37	1,538	9

By Order of the Board

Leong Oi Wah
Secretary
27 August 2024