



MCLEAN TECHNOLOGIES BERHAD

(Company No: 201001009003 (893631-T))

(Incorporated in Malaysia)

Interim Financial Statements

31 March 2024

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2024**

	Note	3 months ended		Cumulative 3 months ended	
		31/03/24	31/03/23	31/03/24	31/03/23
		RM'000	RM'000	RM'000	RM'000
REVENUE		13,131	12,050	13,131	12,050
COST OF SALES		(9,579)	(9,870)	(9,579)	(9,870)
GROSS PROFIT		<u>3,552</u>	<u>2,180</u>	<u>3,552</u>	<u>2,180</u>
OTHER INCOME		212	198	212	198
ADMINISTRATIVE EXPENSES		(3,012)	(3,103)	(3,012)	(3,103)
SELLING AND DISTRIBUTION EXPENSES		(213)	(213)	(213)	(213)
OTHER EXPENSES		(52)	-	(52)	-
FINANCE COST		(132)	(129)	(132)	(129)
PROFIT/(LOSS) BEFORE TAX		<u>355</u>	<u>(1,067)</u>	<u>355</u>	<u>(1,067)</u>
TAX EXPENSE	24	-	-	-	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		<u>355</u>	<u>(1,067)</u>	<u>355</u>	<u>(1,067)</u>
OTHER COMPREHENSIVE LOSS					
Foreign currency translation difference		(50)	(18)	(50)	(18)
		<u>(50)</u>	<u>(18)</u>	<u>(50)</u>	<u>(18)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>305</u>	<u>(1,085)</u>	<u>305</u>	<u>(1,085)</u>
Profit/(Loss) attributable to:					
Owners of the Company		236	(877)	236	(877)
Non-controlling interests		119	(190)	119	(190)
		<u>355</u>	<u>(1,067)</u>	<u>355</u>	<u>(1,067)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Company		186	(895)	186	(895)
Non-controlling interests		119	(190)	119	(190)
		<u>305</u>	<u>(1,085)</u>	<u>305</u>	<u>(1,085)</u>
Earnings/(Loss) per share (sen)					
Basic	25	0.12	(0.44)	0.12	(0.44)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	(UNAUDITED)	(AUDITED)
		As at 31/03/2024	As at 31/12/2023
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		16,084	16,177
Right-of-use assets		2,350	3,255
Deferred tax assets		753	751
		<u>19,187</u>	<u>20,183</u>
Current assets			
Inventories		1,406	1,443
Trade receivables		14,133	13,458
Other receivables		3,638	3,231
Tax recoverable		90	63
Deposits with licensed banks		575	575
Cash and bank balances		3,653	3,972
		<u>23,495</u>	<u>22,742</u>
TOTAL ASSETS		<u>42,682</u>	<u>42,925</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		50,973	50,973
Accumulated losses		(21,576)	(21,812)
Reserves		(15,993)	(15,943)
		<u>13,404</u>	<u>13,218</u>
Non-controlling interests		7,636	7,517
TOTAL EQUITY		<u>21,040</u>	<u>20,735</u>
Non-current liabilities			
Borrowings	20	4,339	4,386
Lease liabilities		108	942
Deferred tax liabilities		57	57
		<u>4,504</u>	<u>5,385</u>
Current liabilities			
Trade payables		6,022	5,824
Other payables		5,713	5,543
Borrowings	20	2,942	2,927
Lease liabilities		2,461	2,511
		<u>17,138</u>	<u>16,805</u>
TOTAL LIABILITIES		<u>21,642</u>	<u>22,190</u>
TOTAL EQUITY AND LIABILITIES		<u>42,682</u>	<u>42,925</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.07</u>	<u>0.07</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2024**

Cumulative year ended 31 March 2024

	Non distributable					Distributable	TOTAL ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	CURRENCY FLUCTUATION RESERVE	OTHER RESERVE	ACCUMULATED LOSSES			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Balance as at 31.12.2023	50,973	-	(16,050)	4,054	(3,947)	(21,812)	13,218	7,517	20,735
Loss for the financial period	-	-	-	-	-	236	236	119	355
Other comprehensive loss for the financial period	-	-	-	(50)	-	-	(50)	-	(50)
Total comprehensive (loss)/income for the financial period	-	-	-	(50)	-	236	186	119	305
Balance as at 31.03.2024	50,973	-	(16,050)	4,004	(3,947)	(21,576)	13,404	7,636	21,040

Cumulative period ended 31 December 2023

	Non distributable					Distributable	TOTAL ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	CURRENCY FLUCTUATION RESERVE	OTHER RESERVE	ACCUMULATED LOSSES			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Balance as at 31.12.2022	50,973	-	(16,050)	3,842	(3,947)	(17,712)	17,106	8,299	25,405
Loss for the financial period	-	-	-	-	-	(877)	(877)	(190)	(1,067)
Other comprehensive loss for the financial period	-	-	-	(18)	-	-	(18)	-	(18)
Total comprehensive loss for the financial period	-	-	-	(18)	-	(877)	(895)	(190)	(1,085)
Balance as at 31.03.2023	50,973	-	(16,050)	3,824	(3,947)	(18,589)	16,211	8,109	24,320

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2024**

	Note	3 months ended	
		31/03/2024	31/03/2023
		RM'000	RM'000
OPERATING ACTIVITIES			
Loss before tax		355	(1,067)
Adjustments for:			
Allowance for impairment loss on property, plant and equipment		52	-
Depreciation of property, plant and equipment		411	440
Depreciation of right-of-use assets		835	789
Interest expenses		133	129
Unrealised gain on foreign exchange		(174)	(147)
Operating profit before working capital changes		<u>1,612</u>	<u>144</u>
Changes in working capital:-			
Inventories		33	(810)
Receivables		(977)	(2,575)
Payables		396	2,309
CASH GENERATED FROM OPERATIONS		<u>1,064</u>	<u>(932)</u>
Tax paid		(31)	(17)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		<u>1,033</u>	<u>(949)</u>
INVESTING ACTIVITY			
Purchase of property, plant and equipment		(372)	(368)
NET CASH USED IN INVESTING ACTIVITY		<u>(372)</u>	<u>(368)</u>
FINANCING ACTIVITIES			
Proceed from account receivables financing		-	1,436
Interest paid		(133)	(129)
Repayment of lease liabilities		(814)	(636)
Repayment of term loan		(22)	(21)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		<u>(969)</u>	<u>650</u>
CASH AND CASH EQUIVALENTS			
Net changes		(308)	(667)
Brought forward		3,972	3,012
Effects of exchange translation differences on cash and cash equivalents		(11)	(13)
Carried forward		<u>3,653</u>	<u>2,332</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial statements.)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2024

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2024

1. Basis of Preparation

The Condensed Interim Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) No 134: Interim Financial Reporting and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Statements also complied with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023. The explanatory notes attached to these condensed consolidated 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 31 December 2023.

2. Material Accounting Policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with those adopted for the financial year ended 31 December 2023, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2024.

- Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to MFRS 101 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
- Amendment to MFRS 107 Statement of Cashflows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Agreements

The adoption of the above standards, amendments and annual improvement did not have any material financial impacts to the Group.

Standards issued but not yet effective

- i) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025
 - Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability
- ii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
 - Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Audit Report of Preceding Annual Financial Statements

The preceding year annual audited financial statements were not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group's operations were not subject to any seasonal or cyclical changes.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There was no other item which is unusual because of its size or incidences that has affected the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter under review.

6. Material Changes in Estimates

There were no material changes in estimates for the quarter ended 31 March 2024.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

8. Dividend Paid

There were no dividends declared or paid by the Group for the current quarter under review.

9. Segmental Reporting

The segmental results of the Group for the current and previous financial period-to-date under review is set out below:

Geographical information

Revenue information based on the geographical location of customers are as follows:-

Location	<u>3 Months Ended</u>	<u>3 Months Ended</u>
	31.03.2024	31.03.2023
	RM'000	RM'000
People's Republic of China	-	85
Malaysia	3,852	3,916
Singapore	13,132	11,795
Others	36	115
Inter segment	(3,889)	(3,816)
	<u>13,131</u>	<u>12,050</u>

The business of the Group is generated from the business of surface treatment and precision cleaning related service mainly in HDD and consumer electrics industries and there is only one business segment identified by the management.

10. Valuation of Property, Plant and Equipment

The Group’s property, plant and equipment were stated at cost less accumulated depreciation.

11. Material Events Subsequent to the End of the Current Financial Quarter

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

13. Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

The Group has secured and unsecured bank guarantee given to the Royal Malaysian Customs Department and licensed bank for credit facilities granted to a subsidiary for RM300,000 and RM961,188 respectively.

(b) Contingent assets

There were no contingent assets as at the end of current financial quarter.

14. Capital Commitment

There were no capital commitments for the purchase of any property, plant and equipment or any other expenses that were not accounted for in the financial statements of the quarter under review.

15. Review of Performance

Comparison between Current Financial Quarter Ended 31 March 2024 and Previous Corresponding Quarter Ended 31 March 2023

A summary of the Group’s performance is set out below:-

	3 Months Ended		Increase/(Decrease)	
	31.03.2024	31.03.2023		
	Surface Treatment & Precision Cleaning RM’000	Surface Treatment & Precision Cleaning RM’000	RM’000	%
Revenue	13,131	12,050	1,081	8.97
Gross profit	3,552	2,180	1,372	62.94
Profit/(Loss) before tax	355	(1,067)	1,422	NA
Profit/(Loss) after tax	355	(1,067)	1,422	NA
Profit/(Loss) attributable to owners of the Company	236	(877)	1,113	NA

15. Review of Performance (continued)

Comparison between Current Financial Quarter Ended 31 March 2024 and Previous Corresponding Quarter Ended 31 March 2023 (continued)

Surface Treatment & Precision Cleaning Division

Revenue for the current financial quarter increased by 8.97% as compared to the previous corresponding quarter. The increase is mainly from surface treatment services. The overall gross profit margin increased from 18.09% to 27.05% in current financial quarter as compared to the previous corresponding quarter.

The Group’s administrative expenses decreased by RM91,000 as compared to the previous corresponding quarter mainly due to the decrease in indirect salaries and related costs.

Overall, the Group reported a profit before tax of RM0.355 million in the current financial quarter as compared to a loss before tax of RM1.067 million in the previous corresponding quarter.

16. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter		
	31.03.2024	31.12.2023		
	Surface Treatment & Precision Cleaning	Surface Treatment & Precision Cleaning	Increase/(Decrease)	
	RM’000	RM’000	RM’000	%
Revenue	13,131	12,742	389	3.05
Gross profit	3,552	2,625	927	35.31
Profit/(Loss) before tax	355	(1,069)	1,424	NA
Profit/(Loss) after tax	355	(621)	976	NA
Profit/(Loss) attributable to owners of the Company	236	(430)	666	NA

Surface Treatment & Precision Cleaning Division

Revenue for the current quarter increased by 3.05% as compared to the immediate preceding quarter. The increase is mainly from surface treatment services. As a result, the overall gross profit margin increased from 20.60% to 27.05% in current quarter as compared to the immediate preceding quarter.

The Group’s administrative expenses decreased by RM113,000 as compared to the immediate preceding quarter mainly due to the decrease in indirect salaries and related costs.

The Group’s other expenses decreased by RM422,000 as compared to the immediate preceding quarter mainly due to the higher loss on foreign exchange in the immediate preceding quarter.

The Group registered a profit before tax of RM0.355 million as compared to a loss before tax of RM1.069 million in the immediate preceding quarter.

17. Future Prospects

The current market outlook for 2024 is positive. The group expect Q2 2024 results to remain the same as Q1 2024.

We have implemented various cost reduction measures and we will continue to review and explore any further cost reduction opportunities. In the meantime, we are continuously exploring business diversification opportunities in international supply chain, trading and other business. If there are any significant developments, appropriate announcements will be made promptly.

18. Variance of Profit Forecast and Shortfall in Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter.

19. Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of this report.

20. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 March 2024 are as follows:-

	As at 1st quarter ended 2024					
	Long term		Short term		Total borrowings	
	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000
Secured						
Term loan	-	4,339	-	171	-	4,510
Factoring loan	-	-	794	2,771	794	2,771

	As at 1st quarter ended 2023					
	Long term		Short term		Total borrowings	
	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000	Foreign denomination SGD’000	RM denomination and RM equivalent RM’000
Secured						
Term loan	-	1,869	-	88	-	1,957
Factoring loan	-	-	994	3,294	994	3,294

The total borrowings denominated in foreign currency as at 31 March 2024 are: -

	RM’000
Foreign currency – SGD 793,913 @ RM3.4904/SGD	<u>2,771</u>

The factoring loan is charged at an effective interest rate of approximately 6.97% - 7.45% per annum. The term loan is charged at an effective interest rate of 4.45% per annum.

21. Off Balance Sheet Financial Instruments

As at 31 March 2024, the Group does not have any off balance sheet financial instrument.

22. Material Litigation

There was no pending material adverse litigation from 1 January 2024 up to the date of this quarterly announcement.

23. Dividend Payable

There was no dividend payable or proposed during the current quarter ended 31 March 2024.

24. Tax Income

Details of taxation are as follows: -

	3 Months Ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Current taxation	-	-
Effective tax rate	-	-
Statutory tax rate	24%	24%
Variance	-	-

25. Earning/(Loss) Per Share (“EPS/LPS”)

The calculation of the profit/(loss) per share is based on the net profit/(loss) divided by the weighted average number of ordinary shares.

	3 Months Ended		Cumulative 3 Months Ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Net profit/(loss) for the period attributable to owners of the Company (RM'000)	236	(877)	236	(877)
Weighted average number of ordinary shares in issue ('000)	197,213	197,213	197,213	197,213
Basic earning/(loss) per share (sen)	0.12	(0.44)	0.12	(0.44)

26. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

Loss before tax is arrived at after charging/(crediting) the following items:-

	3 Months Ended 31 March 2024 RM'000
(a) Interest income	-
(b) Other income including investment income	(212)
(c) Interest expenses	133
(d) Depreciation and amortisation	1,246
(e) Provision for and write off of receivables	-
(f) Provision for and write off of inventories	-
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-
(h) Impairment of assets	52
(i) Foreign exchange (gain) or loss	(191)
(j) Gain or loss on derivatives	-
(k) Exceptional items	-

- End -