



ECOSCIENCE INTERNATIONAL BERHAD

Registration No. 202001024633 (1380953-M)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Year Quarter 30.9.2022 RM'000	Preceding Year Quarter 30.9.2021 ⁽²⁾ RM'000	Current Year-To-Date 30.9.2022 RM'000	Preceding Year-To-Date 30.9.2021 ⁽²⁾ RM'000
Revenue	37,201	N/A	89,976	N/A
Cost of sales	(32,650)	N/A	(75,440)	N/A
Gross profit	4,551	N/A	14,536	N/A
Other income	124	N/A	262	N/A
Administrative expenses	(3,952)	N/A	(9,845)	N/A
Other operating expenses	3	N/A	(39)	N/A
Net impairment loss on financial assets	(480)	N/A	(480)	N/A
Finance costs	(885)	N/A	(1,999)	N/A
(Loss)/ Profit before tax	(639)	N/A	2,435	N/A
Income tax expense	(178)	N/A	(1,421)	N/A
(Loss)/ Profit after tax ("LAT")/("PAT")	(817)	N/A	1,014	N/A
Other comprehensive expense ⁽³⁾	(187)	N/A	(672)	N/A
Total comprehensive (expenses)/income	(1,004)	N/A	342	N/A
(LAT)/PAT attributable to:				
- Owners of the Company	(817)	N/A	1,014	N/A
- Non-controlling interest	-	N/A	-	N/A
	(817)	N/A	1,014	N/A
Total comprehensive (expenses)/income attributable to:				
- Owners of the Company	(1,004)	N/A	342	N/A
- Non-controlling interest	-	N/A	-	N/A
	(1,004)	N/A	342	N/A
Attributable to equity holders of the company⁽⁴⁾:				
- Basic (loss)/earnings per share (sen)	(0.25)	N/A	0.36	N/A
- Diluted (loss)/earnings per share (sen)	(0.25)	N/A	0.36	N/A

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 21 June 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report on the Company's unaudited condensed consolidated financial statements for the third quarter ended 30 September 2022 announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (3) Being the foreign currency translation differences which will be reclassified subsequently to the profit or loss.
- (4) (Loss)/Earnings per share is calculated based on the (LAT)/PAT attributable to owners of the Company for the financial period divided by the Company's weighted average number of ordinary shares in issue referred to in Note B11.

N/A – Not applicable

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 ⁽¹⁾

	(Unaudited) As at 30.9.2022 RM'000	(Audited) As at 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,265	24,864
Other investments	2,069	2,069
	26,334	26,933
Current assets		
Inventories	15,381	15,213
Trade receivables	28,708	12,600
Other receivables, deposits and prepayments	10,068	7,284
Contract assets	57,167	42,866
Current tax assets	4,230	3,491
Short-term investments	6,001	-
Fixed deposits with licensed banks	16,275	13,519
Cash and bank balances	1,742	6,507
	139,572	101,480
TOTAL ASSETS	165,906	128,413
EQUITY AND LIABILITIES		
EQUITY		
Share capital	74,991	51,566
Foreign exchange translation reserve	(921)	(249)
Merger deficit	(45,209)	(45,209)
Retained profits	54,071	53,057
TOTAL EQUITY	82,932	59,165
Non-current liabilities		
Term loans	8,433	8,688
Lease liabilities	277	485
Deferred tax liabilities	2,887	2,421
	11,597	11,594
Current liabilities		
Trade payables	16,491	16,103
Other payables and accruals	8,952	9,943
Provisions	810	810
Contract liabilities	2,204	- [^]
Bank overdrafts	12,650	11,758
Lease liabilities	305	443
Term loans	1,050	1,033
Short-term borrowings	28,432	16,674
Current tax liabilities	483	890
	71,377	57,654
TOTAL LIABILITIES	82,974	69,248
TOTAL EQUITY AND LIABILITIES	165,906	128,413
Number of ordinary shares ('000)	340,000	257,831
Net assets per ordinary share (RM) ⁽²⁾	0.24	0.23

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Notes:

^ - Amount is less than RM500

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 21 June 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on net assets divided by the Company's issued share capital as at 30 September 2022 of 340,000,000 shares (31 December 2021: 257,830,500 shares).

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

<u>Unaudited</u>	<u>Non-Distributable</u>			<u>Distributable</u>	
	Share Capital RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reverse RM'000	Retained Profits RM'000	Total Equity RM'000
As at 1 January 2022	51,566	(45,209)	(249)	53,057	59,165
Profit after tax for the financial period	-	-	-	1,014	1,014
Other comprehensive expenses for the financial period	-	-	(672)	-	(672)
Total comprehensive income for the financial period	-	-	(672)	1,014	342
Proceed from issue of new shares	24,651	-	-	-	24,651
Share issue expenses	(1,226)	-	-	-	(1,226)
Balance as at 30 September 2022	74,991	(45,209)	(921)	54,071	82,932

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 21 June 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	(Unaudited)	(Unaudited)
	Current	Preceding
	Year-To-Date	Corresponding
	30.9.2022	Year-To-Date
	RM'000	30.9.2021
		RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	2,435	N/A
Adjustments for:		
Depreciation of property, plant and equipment	792	N/A
Net impairment on trade receivables	480	N/A
Interest expenses	1,622	N/A
Interest income	(61)	N/A
Operating profit before working capital changes	5,268	N/A
Increase in inventories	(168)	N/A
Increase in trade and other receivables	(19,372)	N/A
Increase in contract assets	(14,301)	N/A
Decrease in trade and other payables	(603)	N/A
Increase in contract liabilities	2,204	N/A
CASH FLOWS FOR OPERATIONS	(26,972)	N/A
Tax paid	(2,136)	N/A
Tax refunded	12	N/A
NET CASH FOR OPERATING ACTIVITIES	(29,096)	N/A
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	61	N/A
Purchase of property, plant and equipment	(309)	N/A
Increase in short-term investment	(6,000)	N/A
Placement of fixed deposits pledged with licensed banks	(2,756)	N/A
NET CASH FOR INVESTING ACTIVITIES	(9,004)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from issuance of new shares	23,425	N/A
Drawdown of short-term borrowings	65,503	N/A
Drawdown of term loans	673	N/A
Interest paid	(1,622)	N/A
Repayment of short-term borrowings	(53,745)	N/A
Repayment of term loans	(1,030)	N/A
Repayment of lease liabilities	(347)	N/A
NET CASH FROM FINANCING ACTIVITIES	32,857	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,243)	N/A
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(414)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(5,251)	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(10,908)	N/A

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 21 June 2022 and the accompanying explanatory notes attached to this interim financial report.

N/A – Not applicable

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial report of Ecoscience International Berhad (“**EIB**” or the “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Securities (“**Listing Requirements**”).

This is the third interim financial report on the Company’s unaudited condensed consolidated financial results for the third quarter ended 30 September 2022 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding quarter.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 21 June 2022 and the accompanying explanatory notes attached to this interim financial report.

A2 Significant Accounting Policies

Save as disclosed below, the significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus of the Company dated 21 June 2022.

- i. During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018-2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

A2 Significant Accounting Policies (Cont'd)

- ii. The Group has not applied in advance any accounting standards and / or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the financial period ended 30 September 2022.

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3 Auditors' Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 31 December 2021 were not subject to any qualification.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

A4 Seasonal or Cyclical Factors

The nature of the Group's business was not subject to any significant seasonal and cyclical factors.

A5 Exceptional Items

There were no material exceptional items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A6 Material Changes in Accounting Estimates

There were no material changes in estimates during the current financial quarter under review.

A7 Debt and Equity Securities

On 18 July 2022, the Company was listed on the ACE Market of Bursa Securities with a public issue of 82,169,500 new ordinary shares and offer for sale of existing 30,000,000 ordinary shares at an initial public offering ("**IPO**") price of RM0.30 per ordinary share pursuant to the IPO exercise. The listing of and quotation for the Company's entire enlarged issued and paid-up share capital of 340,000,000 ordinary shares in the Company were completed on the same day.

Save as disclosed above and in Note B8, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8 Dividend Paid

There were no dividends paid during the current financial quarter under review.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

A9 Segmental Reporting

The Group's revenue is organised into the 3 main reportable segments as follows:-

- Construction of Plants and Facilities Segment
- Fabrication of Equipment Segment
- Supply of Materials and Equipment Segment
- Other Activities Segment

The segmental analysis of Group's revenue is set out as follows:

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 30.9.2022	(Unaudited) 30.9.2021 ⁽¹⁾	(Unaudited) 30.9.2022	(Unaudited) 30.9.2021 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Construction of Plants and Facilities	29,415	N/A	56,052	N/A
Fabrication of Equipment	2,520	N/A	15,449	N/A
Supply of Materials and Equipment	5,014	N/A	17,811	N/A
Other Activities	252	N/A	664	N/A
Total	37,201	N/A	89,976	N/A

The Group's revenue by geographical location which the customers are located is set out as follows:

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 30.9.2022	(Unaudited) 30.9.2021 ⁽¹⁾	(Unaudited) 30.9.2022	(Unaudited) 30.9.2021 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Malaysia	21,052	N/A	42,927	N/A
Gabon	11,109	N/A	29,983	N/A
Indonesia	5,035	N/A	16,840	N/A
Liberia	5	N/A	226	N/A
Total	37,201	N/A	89,976	N/A

Note:

- (1) This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the third quarter ended 30 September 2022 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

A10 Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment in the current financial quarter under review.

A11 Capital Commitments

Outstanding capital commitments at financial position date not provided for at the end of each reporting period are as follows:

	(Unaudited) As at 30.9.2022 RM'000	(Audited) As at 31.12.2021 RM'000
Purchase of property, plant and equipment	1,107	225

A12 Material Subsequent Event

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

A13 Changes in the Composition of the Group

There were no other material changes in the composition of the Group for the current financial quarter under review.

A14 Contingent Liabilities

	(Unaudited) As at 30.9.2022 RM'000	(Audited) As at 31.12.2021 RM'000
Performance guarantees extended to third parties	14,954	3,830

A15 Significant Related Party Transactions

There were no related party transactions in the current financial quarter under review.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – EXPLANATORY NOTES PERSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Performance Review

(a) Results for Current Quarter

	Individual Quarter		Changes	
	Unaudited Current Year Quarter 30.9.2022 RM'000	Unaudited Preceding Year Quarter 30.9.2021 ⁽¹⁾ RM'000	Unaudited RM'000	Unaudited %
Revenue	37,201	N/A	N/A	N/A
Loss before tax	(639)	N/A	N/A	N/A

The Group recorded a revenue of RM37.2 million and loss before tax of RM0.6 million for the current financial quarter ended 30 September 2022.

The Group's revenue was mainly derived from the construction of plants and facilities segment (RM29.4 million) and supply of materials and equipment segment (RM5.0 million), which jointly represented 92.5% of the Group's total revenue. Malaysia and Gabon were the largest markets contributed approximately 56.6% and 29.9% respectively to the Group's total revenue for the current financial quarter under review.

The Group had incurred one-off listing expenses of approximately RM0.9 million for the current financial quarter under review.

(b) Results for Financial Year-To-Date

	Cumulative Quarter		Changes	
	Unaudited Current Year-To-Date 30.9.2022 RM'000	Unaudited Preceding Year-To-Date 30.9.2021 ⁽¹⁾ RM'000	Unaudited RM'000	Unaudited %
Revenue	89,976	N/A	N/A	N/A
Profit before tax	2,435	N/A	N/A	N/A

The Group recorded a revenue of RM90.0 million and profit before tax of RM2.4 million for the financial year-to-date ended 30 September 2022.

The Group's revenue was mainly derived from the construction of plants and facilities segment (RM56.1 million) which represented 62.3% of the Group's total revenue. Whereas, fabrication of equipment segment (RM15.4 million) and supply of materials and equipment segment (RM17.8 million), represented 17.1% and 19.8% of the Group's total revenue respectively. Malaysia and Gabon were the largest markets contributed approximately 47.7% and 33.3% respectively to the Group's total revenue for the financial-year-to-date.

The Group had incurred one-off listing expenses of approximately RM1.6 million for the financial year-to-date ended 30 September 2022.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Note:

- (1) There are no comparative figures for the preceding year's corresponding quarter and year-to-date as this is the third interim financial report being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

N/A – Not applicable

B2 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter		Changes	
	Current Quarter 30.9.2022 RM'000	Preceding Quarter 30.6.2022 RM'000	RM'000	%
Revenue	37,201	27,068	10,133	37.4
(Loss)/Profit before tax	(639)	1,495	(2,134)	(142.7)

The Group's revenue for the current financial quarter under review has increased by 37.4% to RM37.2 million as compared to the revenue of RM27.1 million in the preceding quarter.

The increase in revenue was mainly attributed to higher recognition of revenue from the construction of plants and facilities segment by RM14.8 million mainly due to higher level of construction activities. However, such increase was partly offset by the decrease in revenue from the supply of materials and equipment segment by RM5.2 million following the completion of projects.

The Group recorded loss before tax of RM0.6 million for the current financial quarter under review, representing a decrease of RM2.1 million from RM1.5 million profit before tax in the immediate preceding quarter which was mainly due to lower gross profit, higher listing expenses, travelling expenses, finance cost and net impairment loss on financial assets.

B3 Prospects and Outlook for the Current Financial Year

According to Bank Negara Malaysia, Malaysia's economy is projected to expand with real gross domestic product between 5.3% and 6.3% in 2022. Economic growth will be underpinned by firm domestic demand as external demand is expected to moderate, weighed by headwinds to global growth, improving labour market conditions and recovery in tourism-related sectors, following the reopening of international borders. The recovery of Malaysia's economy will be supported by eight economic stimulus packages provided by the Malaysian government with a total allocation of RM530 billion.

The development in the Indonesia economy, moving forward, including the agriculture industry will be dependent on the effectiveness of the management of the COVID-19 pandemic, as well as monetary and fiscal policies including the National Economic Recovery Programme introduced by the government of Indonesia with a total allocation of Rp744.75 trillion as at the end of 2020 to support the Indonesia economy during the COVID-19 pandemic. According to the World Bank, Indonesian's economy is projected to accelerate at 5.1% in 2022 and 5.3 % in 2023 due to the release of pent-up demand, improved consumer confidence, and improved terms of trade.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

The Group will continue to focus on its core competencies in the construction of palm oil mills and supporting facilities, and fabrication of equipment as well as to explore business opportunities with prospective new customers to grow its customer base, including covering new geographical markets.

In addition, the Group will implement the following business strategies and plans:

- (a) to establish new fabrication facility and office in Indonesia; and
- (b) to expand its environmental and energy efficiency business.

In light of the above, the Group remains cautiously optimistic of its performance driven by its existing on-going projects as well as new projects expected to be secured for the following quarters and will continue to tender and secure new projects to sustain its order book.

B4 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5 Tax Expense

	Individual Quarter		Cumulative Quarter	
	Unaudited 30.9.2022 RM'000	Unaudited 30.9.2021 ⁽¹⁾ RM'000	Unaudited 30.9.2022 RM'000	Unaudited 30.9.2021 ⁽¹⁾ RM'000
Current tax expense:				
- Current financial period	275	N/A	1,650	N/A
- Overprovision in prior year	(269)	N/A	(269)	N/A
	6	N/A	1,381	N/A
Deferred tax expense:				
- Relating to origination and reversal of temporary differences	172	N/A	40	N/A
- Underprovision in prior year	-	N/A	-	N/A
Total tax expense	178	N/A	1,421	N/A
Effective tax rate ⁽²⁾	27.9%	N/A	58.4%	N/A

Notes:

- (1) This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the third quarter ended 30 September 2022 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (2) The Group's effective tax rate for current third quarter ended 30 September 2022 is higher than the statutory tax rate of 24.0% mainly due to certain expenditure that were not tax deductible, including among others, depreciation of property, plant and equipment, entertainment fees, legal and professional fees, bank charges, interest restriction and net impairment loss on financial assets.

N/A – Not applicable

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

B6 Status of Corporate Proposals

There were no other corporate proposals announced but not implemented as at the date of this interim financial report.

B7 Utilisation of Proceeds Raised from the IPO

The gross proceeds from the IPO which was completed on 18 July 2022 amounting to approximately RM24.7 million and the status of utilisation of proceeds as at 30 September 2022 is as follows:

Details of Use of Proceeds		Proposed	%	Actual	Balance	Estimated Timeframe for Utilisation Upon Listing ⁽¹⁾
		Utilisation		Utilisation	to be utilised	
		RM'000		RM'000	RM'000	
(1)	Business expansion	6,000	24.4	-	6,000	Within 24 months
(2)	Working capital	7,851	31.8	7,851	-	Within 12 months
(3)	Repayment of bank borrowings	7,000	28.4	7,000	-	Within 12 months
(4)	Estimated listing expenses	3,800	15.4	3,800	-	Within 1 month
		<u>24,651</u>	<u>100.0</u>	<u>18,651</u>	<u>6,000</u>	

Note:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 21 June 2022.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

B8 Group's Borrowings and Debt Securities

The Group's borrowings are as follows:

	(Unaudited) As At 30.9.2022 RM'000	(Audited) As At 31.12.2021 RM'000
Non-current liabilities:		
Lease liabilities	277	485
Term loans	8,433	8,688
	8,710	9,173
Current liabilities:		
Short-term borrowings ⁽¹⁾	28,432	16,674
Lease liabilities	305	443
Term loans	1,050	1,033
Bank overdraft	12,650	11,758
	42,437	29,908
Total borrowings	51,147	39,081

The borrowings are secured and denominated in Ringgit Malaysia, except for a term loan of RM2,260,220 (31 December 2021: RM 2,573,846) which is denominated in Singapore Dollar.

Note:

(1) Short-term borrowings consist of bankers' acceptances, revolving credits, and invoice financing.

B9 Financial Instruments – Derivatives

There were no derivative financial instruments involving the Group as at the date of this interim financial report.

B10 Material Litigation

There was no material litigation involving the Group as at the date of this interim financial report.

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B11 Earnings Per Share

The loss/earnings per share for the current financial quarter and financial year-to-date are computed as follows:

		Individual Quarter		Cumulative Quarter	
		Unaudited 30.9.2022	Unaudited 30.9.2021 ⁽¹⁾	Unaudited 30.9.2022	Unaudited 30.9.2021 ⁽¹⁾
(LAT)/PAT attributable to owners of the Company	(RM'000)	(817)	N/A	1,014	N/A
Weighted average number of ordinary shares in issue during the financial period ⁽²⁾	('000)	324,817	N/A	280,405	N/A
(Loss)/Earnings per share	(sen)	(0.2515)	N/A	0.3616	N/A

Notes:

- (1) This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the third quarter ended 30 September 2022 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (2) Based on the weighted average number of issued share capital of 257,830,500 ordinary shares after the completion of acquisition but prior to the IPO and 340,000,000 ordinary shares after the completion of the IPO.

The Company has no dilutive instruments as at the date of the statement of financial position. Diluted loss/earnings per share is equivalent to basic loss/earnings per share.

N/A – Not applicable

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B12 Notes to the Statement of Comprehensive Income

Loss/profit before tax is arrived at after charging / (crediting):

	Individual Quarter		Cumulative Quarter	
	Unaudited 30.9.2022 RM'000	Unaudited 30.9.2021 ⁽¹⁾ RM'000	Unaudited 30.9.2022 RM'000	Unaudited 30.9.2021 ⁽¹⁾ RM'000
Impairment loss on trade receivables	480	N/A	480	N/A
Interest income	(22)	N/A	(61)	N/A
Interest expenses	683	N/A	1,622	N/A
Realised loss/(gain) on foreign exchange	9	N/A	(53)	N/A
Depreciation of property, plant and equipment	150	N/A	441	N/A
Depreciation of right-of-use assets	117	N/A	351	N/A
Listing expenses	941	N/A	1,571	N/A
Rental expenses				
- Hostel	29	N/A	82	N/A

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

Note:

(1) This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the third quarter ended 30 September 2022 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

B13 Proposed Dividends

The Board of Directors does not recommend any dividend for the current financial quarter under review.