



ECOSCIENCE INTERNATIONAL BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 ⁽²⁾ RM'000	Current Year-To-Date 31.12.2022 RM'000	Preceding Year-To-Date 31.12.2021 ⁽³⁾ RM'000
Revenue	4,412	N/A	94,388	153,163
Cost of sales	(10,527)	N/A	(85,967)	(125,939)
Gross (loss)/ profit	(6,115)	N/A	8,421	27,224
Other income	331	N/A	593	579
Administrative expenses	(4,237)	N/A	(14,082)	(14,285)
Other operating expenses	427	N/A	388	(328)
(Net impairment loss)/Net reversal of impairment loss on financial assets	(3,125)	N/A	(3,605)	655
Finance costs	(675)	N/A	(2,674)	(2,770)
(Loss)/Profit before tax	(13,394)	N/A	(10,959)	11,075
Income tax (expense)/ income	2,990	N/A	1,569	(3,005)
(Loss)/Profit after tax ("LAT")/("PAT")	(10,404)	N/A	(9,390)	8,070
Other comprehensive expense ⁽⁴⁾	560	N/A	(112)	(917)
Total comprehensive (expenses)/income	(9,844)	N/A	(9,502)	7,153
(LAT)/PAT attributable to:				
- Owners of the Company	(10,404)	N/A	(9,390)	8,070
- Non-controlling interest	-	N/A	-	-
	(10,404)	N/A	(9,390)	8,070
Total comprehensive (expenses)/income attributable to:				
- Owners of the Company	(9,844)	N/A	(9,502)	7,153
- Non-controlling interest	-	N/A	-	-
	(9,844)	N/A	(9,502)	7,153
Attributable to equity holders of the company⁽⁵⁾:				
- Basic (loss)/earnings per share (sen)	(3.06)	N/A	(3.18)	3.13
- Diluted (loss)/earnings per share (sen)	(3.06)	N/A	(3.18)	3.13

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 fourth interim financial report on the Company's unaudited condensed consolidated financial statements for the fourth quarter ended 31 December 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) The financial information for the financial year ended ("**FYE**") 31 December 2021 was extracted from the Accountants' Report as disclosed in the Prospectus dated 21 June 2022.
- (4) Being the foreign currency translation differences which will be reclassified subsequently to the profit or loss.
- (5) (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 FOURTH QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 ⁽¹⁾

	(Unaudited) As at 31.12.2022 RM'000	(Audited) As at 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,282	24,864
Other investments	2,037	2,069
	27,319	26,933
Current assets		
Inventories	18,170	15,213
Trade receivables	27,616	12,600
Other receivables, deposits and prepayments	20,456	7,284
Contract assets	43,782	42,866
Current tax assets	5,165	3,491
Short-term investments	5,916	-
Fixed deposits with licensed banks	17,196	13,519
Cash and bank balances	6,420	6,507
	144,721	101,480
TOTAL ASSETS	172,040	128,413
EQUITY AND LIABILITIES		
EQUITY		
Share capital	74,991	51,566
Foreign exchange translation reserve	(361)	(249)
Merger deficit	(45,209)	(45,209)
Retained profits	43,667	53,057
TOTAL EQUITY	73,088	59,165
Non-current liabilities		
Term loans	7,910	8,688
Lease liabilities	969	485
Deferred tax liabilities	639	2,421
	9,518	11,594
Current liabilities		
Trade payables	28,634	16,103
Other payables and accruals	5,531	9,943
Provisions	810	810
Contract liabilities	8,616	- [^]
Bank overdrafts	13,192	11,758
Lease liabilities	491	443
Term loans	1,337	1,033
Short-term borrowings	30,816	16,674
Current tax liabilities	7	890
	89,434	57,654
TOTAL LIABILITIES	98,952	69,248
TOTAL EQUITY AND LIABILITIES	172,040	128,413
Number of ordinary shares ('000)	340,000	257,831
Net assets per ordinary share (RM) ⁽²⁾	0.21	0.23

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 2022 of 340,000,000 shares (31 December 2021: 257,830,500 shares).

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022 ⁽¹⁾

<u>Audited</u>	Share Capital RM'000	Invested Equity RM'000	Merger Deficit RM'000	<u>Non-Distributable</u>	<u>Distributable</u>	Total Equity RM'000
				Foreign Exchange Translation Reverse RM'000	Retained Profits RM'000	
As at 1 January 2021	*	6,357	-	668	44,987	52,012
Profit after tax for the financial year	-	-	-	-	8,070	8,070
Other comprehensive expenses for the financial year	-	-	-	(917)	-	(917)
Total comprehensive income for the financial year	-	-	-	(917)	8,070	7,153
Proceed from issue of new shares	51,566	(6,357)	(45,209)	-	-	-
Balance as at 31 December 2021	51,566	-	(45,209)	(249)	53,057	59,165

<u>Unaudited</u>	Share Capital RM'000	Merger Deficit RM'000	<u>Non-Distributable</u>	<u>Distributable</u>	Total Equity RM'000
			Foreign Exchange Translation Reverse RM'000	Retained Profits RM'000	
As at 1 January 2022	51,566	(45,209)	(249)	53,057	59,165
Loss after tax for the financial year	-	-	-	(9,390)	(9,390)
Other comprehensive expenses for the financial year	-	-	(112)	-	(112)
Total comprehensive income for the financial year	-	-	(112)	(9,390)	(9,502)
Proceed from issue of new shares	24,651	-	-	-	24,651
Share issue expenses	(1,226)	-	-	-	(1,226)
Balance as at 31 December 2022	74,991	(45,209)	(361)	43,667	73,088

Notes:

* Represents RM2

(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 FOURTH QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	(Unaudited)	(Audited)
	Current	Preceding
	Year-To-Date	Corresponding
	31.12.2022	Year-To-Date
	RM'000	31.12.2021 ⁽²⁾
		RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before tax	(10,959)	11,075
Adjustments for:		
Depreciation of property, plant and equipment	1,182	1,259
Net impairment on trade receivables	3,676	106
Bad debts written off	-	16
Reversal of impairment loss on trade receivables	(71)	(777)
Fair value loss/ (gain) on other investment	33	(117)
Fair value gain on short term investment	(43)	-
Interest expenses	2,376	2,078
Interest income	(302)	(194)
Unrealised foreign exchange loss	158	-
Realisation of provision for onerous contract	-	(372)
Provision for liquidated ascertained damages	-	215
Gain on disposal of property, plant and equipment	-	(60)
Operating (loss)/profit before working capital changes	(3,950)	13,229
Increase in inventories	(2,957)	(6,565)
(Increase)/Decrease in trade and other receivables	(31,793)	14,384
Decrease in contract cost assets	-	2,676
(Increase)/Decrease in contract assets	(916)	630
Increase/(Decrease) in trade and other payables	8,119	(16,270)
Increase/(Decrease) in contract liabilities	8,616	(1,906)
CASH FLOWS (FOR)/FROM OPERATIONS	(22,881)	6,178
Tax paid	(2,801)	(4,332)
Tax refunded	47	7
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(25,635)	1,853
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	302	194
Proceeds from disposal of property, plant and equipment	-	60
Purchase of property, plant and equipment	(607)	(468)
Purchase of other investment	(1)	-
Increase in short-term investment	(5,873)	-
(Placement)/Withdrawal of fixed deposits pledged with licensed banks	(3,677)	256
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(9,856)	42

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

	(Unaudited)	(Audited)
	Current Year-To-Date 31.12.2022	Preceding Corresponding Year-To-Date 31.12.2021 ⁽²⁾
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to directors	-	(100)
Repayment to shareholder	-	(120)
Net proceed from issuance of new shares	23,425	-
Drawdown of short-term borrowings	88,464	73,091
Drawdown of term loans	673	-
Interest paid	(2,376)	(2,078)
Repayment of short-term borrowings	(74,322)	(76,009)
Repayment of term loans	(1,286)	(1,004)
Repayment of lease liabilities	(484)	(486)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	<u>34,094</u>	<u>(6,706)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,397)	(4,811)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(124)	(760)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(5,251)	320
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>(6,772)</u>	<u>(5,251)</u>

Notes:

- (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.
- (2) The financial information for FYE 31 December 2021 was extracted from the Accountants' Report as disclosed in the Prospectus dated 21 June 2022.

N/A – Not applicable

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 fourth interim financial report on the Company’s unaudited condensed consolidated financial results for the fourth quarter ended 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 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 FYE 31 December 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 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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 FYE 31 December 2021 were not subject to any qualification.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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.

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 FOURTH QUARTER ENDED 31 DECEMBER 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)	(Unaudited)	(Unaudited)	(Audited)
	31.12.2022	31.12.2021 ⁽¹⁾	31.12.2022	31.12.2021 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Construction of Plants and Facilities	(11,717)	N/A	44,335	86,113
Fabrication of Equipment	6,036	N/A	21,485	33,060
Supply of Materials and Equipment	9,790	N/A	27,601	32,233
Other Activities	303	N/A	967	1,757
Total	4,412	N/A	94,388	153,163

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

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	31.12.2022	31.12.2021 ⁽¹⁾	31.12.2022	31.12.2021 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Malaysia	23,574	N/A	66,501	41,849
Gabon	(20,533)	N/A	9,450	69,504
Indonesia	1,373	N/A	18,213	41,359
Liberia	(2)	N/A	224	451
Total	4,412	N/A	94,388	153,163

Notes:

- (1) This is the fourth interim financial report on the Company's unaudited condensed consolidated financial results for the fourth quarter ended 31 December 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 financial information for FYE 31 December 2021 was extracted from the Accountants' Report as disclosed in the Prospectus dated 21 June 2022.

N/A – Not applicable

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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

There are no capital commitments to the end of the current financial quarter under review that have not been reflected in this interim financial report.

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)	(Audited)
	As at	As at
	31.12.2022	31.12.2021
	RM'000	RM'000
Performance guarantees extended to third parties	7,180	3,830

A15 Significant Related Party Transactions

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

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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 31.12.2022 RM'000	Unaudited Preceding Year Quarter 31.12.2021 ⁽¹⁾ RM'000	Unaudited RM'000	Unaudited %
Revenue	4,412	N/A	N/A	N/A
Loss before tax	(13,394)	N/A	N/A	N/A

The Group's revenue of RM4.4 million for the current financial quarter ended 31 December 2022 was mainly derived from the supply of materials and equipment segment (RM9.8 million) and fabrication of equipment segment (RM6.0 million), and offset by the negative revenue recorded from the construction of plants and facilities segment (-RM11.7 million) mainly due to the reversal of revenue amounting to RM19.3 million which had been recognised during the previous financial quarters in the FYE 31 December 2022 owing to the delay in certification of the completion of project milestone by a customer. The Group is in discussion with the said customer on additional variation order to be raised. As at the date of this report, the additional variation order is pending the approval by the customer.

Malaysia was the largest markets contributed to the Group's total revenue for the current financial quarter under review.

The Group recorded loss before tax of RM13.4 million for the current financial quarter ended 31 December 2022 mainly attributed to the following:

- (i) gross loss of RM6.1 million mainly due to the reversal of revenue which had been recognised during previous financial quarters in the FYE 31 December 2022 as explained above; and
- (ii) net impairment loss on financial assets of RM3.1 million on amount due from two customers in relation to a project that were past due for more than 12 months despite several attempts by the Group to collect the amount owing.

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(b) Results for Financial Year-To-Date

	Cumulative Quarter		Changes	
	Unaudited	Audited	Unaudited	Unaudited
	Current Year-To-Date 31.12.2022 RM'000	Preceding Year-To-Date 31.12.2021 ⁽²⁾ RM'000	RM'000	%
Revenue	94,388	153,163	(58,775)	(38.4)
(Loss)/Profit before tax	(10,959)	11,075	(22,034)	(199.0)

The Group recorded a revenue of RM94.4 million for the FYE 31 December 2022, which represents a decrease of 38.4% or RM58.8 million as compared to the Group's revenue of RM153.2 million recorded in the FYE 31 December 2021. The decrease was mainly attributed to the following:

- (i) decrease in revenue from the construction of plants and facilities segment by RM41.8 million mainly due to the reversal of revenue which had been recognised during previous financial quarters in the FYE 31 December 2022 as explained in Note B1(a) and most of the construction projects were completed in the FYE 31 December 2021; and
- (ii) decrease in revenue from the fabrication of equipment segment by RM11.6 million as most of the fabrication projects were completed in the FYE 31 December 2021.

The Group recorded a loss before tax of RM11.0 million for the FYE 31 December 2022 as compared to a profit before tax of RM11.1 million recorded in the FYE 31 December 2021 mainly attributed to the following:

- (i) decrease in revenue as explained above;
- (ii) net impairment loss on financial assets of RM3.6million recorded in the FYE 31 December 2022; and
- (iii) listing expenses of RM1.6 million which have been expensed off to the profit and loss in the FYE 31 December 2022.

Notes:

- (1) There are no comparative figures for the preceding year's corresponding quarter and year-to-date as this is the fourth interim financial report being announced by the Company in compliance with the Listing Requirements of Bursa Securities.
- (2) The financial information for FYE 31 December 2021 was extracted from the Accountants' Report as disclosed in the Prospectus dated 21 June 2022.

N/A – Not applicable

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B2 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter		Changes	
	Current Quarter 31.12.2022 RM'000	Preceding Quarter 30.9.2022 RM'000	RM'000	%
Revenue	4,412	37,201	(32,789)	(88.1)
Loss before tax	(13,394)	(639)	(12,755)	(1,996.1)

The Group's revenue for the current financial quarter under review has decreased by 88.1% to RM4.4 million as compared to the revenue of RM37.2 million in the preceding quarter.

The decrease in revenue was mainly attributed to the decrease in revenue from the construction of plants and facilities segment by RM41.1 million following the reversal of revenue which had been recognised during previous financial quarters in the FYE 31 December 2022 as explained in Note B1(a) and completion of most projects in previous year. The decrease was partially offset by higher recognition of revenue from the fabrication of equipment segment by RM3.5 million and supply of materials and equipment of RM4.8 million mainly due to higher supply of construction materials.

The Group recorded loss before tax of RM13.4 million for the current financial quarter under review as compared to a profit before tax of RM0.6 million in the immediate preceding quarter which was mainly due to recognition of gross loss, higher staff cost and higher net impairment loss on financial assets.

B3 Prospects and Outlook for the Current Financial Year

According to the Ministry of Finance Malaysia, Malaysia's economy recorded a strong growth of 8.7% in 2022 and the nation's gross domestic product is forecast to grow approximately 4.5% in 2023. This projection is supported by stable domestic demand, mainly from household spending in line with the labour market recovery. Looking ahead, efforts will be intensified to position Malaysia as a major investment destination. Various measures will be implemented to uplift and enhance economic potential for Malaysia to become more competitive, sustainable and inclusive. Furthermore, the Government will continue to provide counter-cyclical policy support as well as expedite structural reforms to strengthen the country's growth prospects and resilience.

According to Bank Indonesia, domestic economic growth in Indonesia was recorded at 5.31% in 2022 (year-on-year), improving significantly from 3.70% (year-on-year) in 2021. Looking ahead, robust economic growth in 2023 is projected in the 4.5-5.3% range on the back of increasing domestic demand in the form of household consumption and investment. The latest projection is in line with increasing public mobility after the Indonesian Government fully repealed community activity restrictions, a promising business outlook, increasing foreign direct investment inflows, as well as the ongoing completion of national strategic projects.

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.

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B3 Prospects and Outlook for the Current Financial Year (Cont'd)

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 31.12.2022 RM'000	Unaudited 31.12.2021 ⁽¹⁾ RM'000	Unaudited 31.12.2022 RM'000	Audited 31.12.2021 ⁽¹⁾ RM'000
Current tax (income)/ expense:				
- Current financial year	(1,305)	N/A	345	2,234
- Under/(Over)provision in prior year	137	N/A	(132)	(45)
	<u>(1,168)</u>	<u>N/A</u>	<u>213</u>	<u>2,189</u>
Deferred tax (income)/ expense:				
- Relating to origination and reversal of temporary differences	(1,697)	N/A	(1,657)	788
- Underprovision in prior year	(125)	N/A	(125)	28
Total tax (income)/ expense	<u>(2,990)</u>	<u>N/A</u>	<u>(1,569)</u>	<u>3,005</u>

Note:

- (1) This is the fourth interim financial report on the Company's unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2022 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

The Group's effective tax rates for current fourth quarter ended 31 December 2022 and the FYE 31 December 2022 are lower than the statutory tax rate of 24.0% mainly due to loss before taxation recorded during the respective period.

N/A – Not applicable

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B6 Status of Corporate Proposals

Save as disclosed below, there were no other corporate proposals announced but not implemented as at the date of this interim financial report.

On 28 February 2023, Hong Leong Investment Bank Berhad has on behalf of the Board of Directors of the Company, announced that the Company proposes to undertake a free warrants issue on the basis of 1 warrant for every 2 existing ordinary shares in the Company held by the entitled shareholders of the Company on an entitlement date to be determined and announced later.

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 31 December 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	130	5,870	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
		24,651	100.0	18,781	5,870	

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.

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B8 Group's Borrowings and Debt Securities

The Group's borrowings are as follows:

	(Unaudited) As At 31.12.2022 RM'000	(Audited) As At 31.12.2021 RM'000
Non-current liabilities:		
Lease liabilities	969	485
Term loans	7,910	8,688
	8,879	9,173
Current liabilities:		
Short-term borrowings ⁽¹⁾	30,816	16,674
Lease liabilities	491	443
Term loans	1,337	1,033
Bank overdraft	13,192	11,758
	45,836	29,908
Total borrowings	54,715	39,081

The borrowings are secured and denominated in Ringgit Malaysia, except for a term loan of RM2,379,491 (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 31.12.2022	Unaudited 31.12.2021 ⁽¹⁾	Unaudited 31.12.2022	Audited 31.12.2021 ⁽²⁾
(LAT)/PAT attributable to owners of the Company	(RM'000)	(10,404)	N/A	(9,390)	8,070
Weighted average number of ordinary shares in issue during the financial period ⁽³⁾	('000)	340,000	N/A	295,426	257,831
(Loss)/Earnings per share	(sen)	(3.0600)	N/A	(3.1785)	3.1300

Notes:

- (1) This is the fourth interim financial report on the Company's unaudited condensed consolidated financial results for the fourth quarter ended 31 December 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 financial information for FYE 31 December 2021 was extracted from the Accountants' Report as disclosed in the Prospectus dated 21 June 2022.
- (3) 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 31.12.2022 RM'000	Unaudited 31.12.2021 ⁽¹⁾ RM'000	Unaudited 31.12.2022 RM'000	Audited 31.12.2021 ⁽²⁾ RM'000
Impairment loss on trade receivables	3,196	N/A	3,676	106
Interest income	(241)	N/A	(302)	(194)
Interest expenses	754	N/A	2,376	2,078
Realised loss on foreign exchange	61	N/A	8	328
Bad debts written off	-	N/A	-	16
Fair value loss/ (gain) on other investment	33	N/A	33	(117)
Fair value gain on short term investment	(43)	N/A	(43)	-
Unrealised foreign exchange loss	158	N/A	158	-
Realisation of provision for onerous contract	-	N/A	-	(372)
Provision for liquidated ascertained damages	-	N/A	-	215
Gain on disposal of property, plant and equipment	-	N/A	-	(60)
Depreciation of property, plant and equipment	656	N/A	1,097	733
Depreciation of right-of-use assets	(266)	N/A	85	526
Listing expenses	-	N/A	1,571	654
Rental expenses				
- Hostel	31	N/A	113	79
Reversal of impairment losses on trade receivables	(71)	N/A	(71)	(777)

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

Note:

- (1) This is the fourth interim financial report on the Company's unaudited condensed consolidated financial results for the fourth quarter ended 31 December 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 financial information for FYE 31 December 2021 was extracted from the Accountants' Report as disclosed in the Prospectus dated 21 June 2022.

N/A – Not applicable

B13 Proposed Dividends

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