



ECOSCIENCE INTERNATIONAL BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2024 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Year Quarter 31.3.2024 RM'000	Preceding Year Quarter 31.03.2023 RM'000	Current Year-To-Date 31.3.2024 RM'000	Preceding Year-To-Date 31.03.2023 RM'000
Revenue	45,471	45,151	45,471	45,151
Cost of sales	(45,349)	(42,051)	(45,349)	(42,051)
Gross profit	122	3,100	122	3,100
Other income	80	133	80	133
Administrative expenses	(3,721)	(3,161)	(3,721)	(3,161)
Other operating income	46	672	46	672
Reversal of impairment losses on trade receivables	-	2	-	2
Finance costs	(843)	(971)	(843)	(971)
Loss before tax	(4,316)	(225)	(4,316)	(225)
Tax income/(expense)	1,066	(88)	1,066	(88)
Loss after tax ("LAT")	(3,250)	(313)	(3,250)	(313)
Other comprehensive income ⁽²⁾	23	339	23	339
Total comprehensive (expenses)/ income	(3,227)	26	(3,227)	26
LAT attributable to:				
- Owners of the Company	(3,250)	(313)	(3,250)	(313)
	(3,250)	(313)	(3,250)	(313)
Total comprehensive (expenses)/ income attributable to:				
- Owners of the Company	(3,227)	26	(3,227)	26
	(3,227)	26	(3,227)	26
Attributable to equity holders of the company ⁽³⁾:				
- Basic loss per share (sen)	(0.87)	(0.09)	(0.87)	(0.09)
- Diluted loss per share (sen)	(0.87)	(0.09)	(0.87)	(0.09)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Being the foreign currency translation differences which will be reclassified subsequently to the profit or loss.
- (3) Earnings per share is calculated based on the LAT 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 ⁽¹⁾

	(Unaudited) As at 31.3.2024 RM'000	(Audited) As at 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,708	22,708
Other investments	3,620	3,620
	26,328	26,328
Current assets		
Inventories	19,173	24,043
Trade receivables	27,853	29,183
Other receivables, deposits and prepayments	2,726	8,454
Contract assets	60,018	47,009
Current tax assets	4,779	4,227
Short-term investment	5,197	5,141
Fixed deposits with licensed banks	20,681	23,672
Cash and bank balances	572	2,652
	140,999	144,381
TOTAL ASSETS	167,327	170,709
EQUITY AND LIABILITIES		
EQUITY		
Share capital	87,231	87,231
Foreign exchange translation reserve	579	556
Merger deficit	(45,209)	(45,209)
Retained profits	30,599	33,849
TOTAL EQUITY	73,200	76,427
Non-current liabilities		
Hire purchase payables	588	628
Term loans	6,616	7,135
Deferred tax liabilities	270	1,205
	7,474	8,968
Current liabilities		
Trade payables	33,599	21,530
Other payables and accruals	4,296	4,602
Provisions	810	810
Contract liabilities	3,370	9,569
Hire purchase payables	229	251
Term loans	1,459	1,279
Short-term borrowings	30,233	35,867
Bank overdrafts	12,512	11,398
Current tax liabilities	145	8
	86,653	85,314
TOTAL LIABILITIES	94,127	94,282
TOTAL EQUITY AND LIABILITIES	167,327	170,709
Number of ordinary shares ('000)	374,000	374,000
Net assets per ordinary share (RM) ⁽²⁾	0.20	0.20

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 March 2024 of 374,000,000 shares (31 December 2023: 374,000,000 shares).

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2024 ⁽¹⁾

<u>Unaudited</u>	<u>Non-Distributable</u>			<u>Distributable</u>	<u>Total Equity</u> <u>RM'000</u>
	<u>Share Capital</u> <u>RM'000</u>	<u>Merger Deficit</u> <u>RM'000</u>	<u>Foreign Exchange Translation Reserve</u> <u>RM'000</u>	<u>Retained Profits</u> <u>RM'000</u>	
As at 1 January 2023	74,991	(45,209)	(462)	43,667	72,987
Loss after tax for the financial period	-	-	-	(313)	(313)
Other comprehensive income for the financial period	-	-	339	-	339
Total comprehensive income/(expenses) for the financial period	-	-	339	(313)	26
Balance as at 31 March 2023	74,991	(45,209)	(123)	43,354	73,013

<u>Unaudited</u>	<u>Non-Distributable</u>			<u>Distributable</u>	<u>Total Equity</u> <u>RM'000</u>
	<u>Share Capital</u> <u>RM'000</u>	<u>Merger Deficit</u> <u>RM'000</u>	<u>Foreign Exchange Translation Reserve</u> <u>RM'000</u>	<u>Retained Profits</u> <u>RM'000</u>	
As at 1 January 2024	87,231	(45,209)	556	33,849	76,427
Loss after tax for the financial period	-	-	-	(3,250)	(3,250)
Other comprehensive income for the financial period	-	-	23	-	23
Total comprehensive income/(expenses) for the financial period	-	-	23	(3,250)	(3,227)
Balance as at 31 March 2024	87,231	(45,209)	579	30,599	73,200

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 Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	(Unaudited) Current Year-To-Date 31.3.2024 RM'000	(Unaudited) Preceding Corresponding Year-To-Date 31.3.2023 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before tax	(4,316)	(225)
Adjustments for:		
Depreciation of property, plant and equipment	307	357
Reversal of impairment loss on trade receivables	-	(2)
Fair value gain on short term investment	(5)	(54)
Interest expenses	782	881
Interest income	(15)	(34)
Unrealised loss on foreign exchange	614	-
Operating (loss)/profit before working capital changes	(2,633)	923
Decrease in inventories	4,870	11,465
Decrease/(Increase) in trade and other receivables	6,444	(4,379)
Increase in contract assets	(13,009)	(10,181)
Increase in trade and other payables	11,763	1,332
Decrease in contract liabilities	(6,199)	(5,434)
CASH FLOWS FROM/(FOR) OPERATIONS	1,236	(6,274)
Tax paid	(284)	(189)
Tax refunded	-	-
NET CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES	952	(6,463)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	15	34
Purchase of property, plant and equipment	(299)	(20)
(Increase)/Decrease in short-term investment	(51)	155
Withdrawal of fixed deposits pledged with licensed banks	2,991	35
NET CASH FLOWS FROM INVESTING ACTIVITIES	2,656	204
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Drawdown of short-term borrowings	24,065	32,216
Drawdown of term loans	-	25
Interest paid	(782)	(881)
Repayment of short-term borrowings	(29,699)	(28,849)
Repayment of term loans	(349)	(279)
Repayment of hire purchase obligation	(62)	(145)
NET CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES	(6,827)	2,087
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,219)	(4,172)
EFFECT OF FOREIGN EXCHANGE TRANSLATION RESERVE	25	286
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE FINANCIAL PERIOD	(8,746)	(6,772)
CASH AND CASH EQUIVALENTS		
AT END OF THE FINANCIAL PERIOD	(11,940)	(10,658)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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 Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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 (“**Ecoscience**” 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 Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

This interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 in the Group’s audited consolidated financial statements for the financial year ended 31 December 2023.

- 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)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendment to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendment to MFRS 107 and MFRS 7: Supplier Finance Arrangements

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.

- 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 current financial period.

MFRSs (Including the Consequential Amendments)

Effective Date

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of
Assets between an Investor and its Associate or Joint Venture

Deferred

Amendments to MFRS 121: Lack of Exchangeability

1 January 2025

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

A3 Auditors' Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended ("FYE") 31 December 2023 were not subject to any qualification.

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

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review, except as disclosed in Notes B8 and B9.

A8 Dividend Paid

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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) 31.3.2024	(Unaudited) 31.3.2023	(Unaudited) 31.3.2024	(Unaudited) 31.3.2023
	RM'000	RM'000	RM'000	RM'000
Construction of Plants and Facilities	44,112	40,863	44,112	40,863
Fabrication of Equipment	1,265	1,961	1,265	1,961
Supply of Materials and Equipment	-	2,110	-	2,110
Other Activities	94	217	94	217
Total	45,471	45,151	45,471	45,151

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

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 31.3.2024	(Unaudited) 31.3.2023	(Unaudited) 31.3.2024	(Unaudited) 31.3.2023
	RM'000	RM'000	RM'000	RM'000
Malaysia	19,373	37,366	19,373	37,366
Gabon	8,834	7,556	8,834	7,556
Indonesia	17,264	229	17,264	229
Total	45,471	45,151	45,471	45,151

A10 Valuation of Property, Plant and Equipment

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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)	(Unaudited)
	As at	As at
	31.3.2024	31.3.2023
	RM'000	RM'000
Performance guarantees extended to third parties	3,782	6,379

A15 Significant Related Party Transactions

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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 31.3.2024 RM'000	Unaudited Preceding Year Quarter 31.3.2023 RM'000	RM'000	%
Revenue	45,471	45,151	320	0.71
Loss before tax	(4,316)	(225)	(4,091)	1818.22

The Group's revenue increased by RM0.32 million or approximately 0.71% to RM45.47 million in the current financial quarter ended 31 March 2024 as compared to the preceding year corresponding quarter mainly attributable to the increase in the revenue from the construction of plants and facilities (by RM3.25 million) due to the projects of construction of plants and facilities progressively claimed and recognised during the period. The increase in construction revenue was partly offset by the absence of revenue from the supply of materials and equipment in the current financial quarter ended 31 March 2024 following full delivery of orders in the preceding year (financial quarter ended 31 March 2023: RM2.11 million), and decrease in revenue from the fabrication of equipment (by RM0.70 million) mainly attributable to lower orders during the current financial quarter ended 31 March 2024.

The increase in the Group's revenue in the current financial quarter ended 31 March 2024 was mainly attributable to the increase in revenue from Indonesia and Gabon (by RM17.04 million and RM1.28 million) due to the progressive recognition of revenue following certification of the completion of project milestone by a customer. However, the increase was partly offset by the decrease in revenue from Malaysia by RM17.99 million following the completion of most contracts during the current financial quarter ended 31 March 2024.

The Group's loss before tax increased by RM4.09 million to RM4.32 million for the current financial quarter under review as compared to the preceding year corresponding quarter mainly attributed to the following:

- (i) gross profit decreased by RM2.98 million mainly due to the increase in cost of sales mainly attributable to the increase of raw material, labour and subcontractor costs during the current quarter; and
- (ii) increase in administrative expenses mainly attributable to the appointment of the marketing agent for business expansion, renewal of permit and salary cost.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

B2 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter		Changes	
	Unaudited Current Quarter 31.3.2024 RM'000	Unaudited Preceding Quarter 31.12.2023 RM'000	RM'000	%
Revenue	45,471	33,594	11,877	35.35
Loss before tax	(4,316)	(5,825)	1,509	(25.91)

The Group's revenue for the current financial quarter ended 31 March 2024 increased by RM11.88 million, approximately 35.35% to RM45.47 million as compared to the revenue of RM33.59 million in the immediate preceding quarter. The increase in revenue was mainly attributed to the higher progress claim and recognised during the current financial quarter.

The Group's loss before tax for the current financial quarter under review reduced to RM4.32 million as compared to a loss before tax of RM5.83 million in the immediate preceding quarter, which was mainly due to the absence of impairment charges during the current financial quarter. The reduction in loss before tax was partly offset by the increase in marketing costs and staff costs during the current financial quarter under review.

B3 Prospects and Outlook for the Current Financial Year

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 a physical presence 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 which are expected to be secured for the following quarters. The Group will continue to tender and secure new projects to sustain its order book.

As of to date, the new military leadership is governing Gabon until the next election which is expected to be held in August 2025. The management is confident that the Group's business in Gabon has gradually returned to normality and it is not expected to have any major disruption to the Group's activities in Gabon.

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

B5 Tax (Income)/Expense

	Individual Quarter		Cumulative Quarter	
	Unaudited 31.3.2024 RM'000	Unaudited 31.3.2023 RM'000	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
Current tax expense/ (income):				
- Current financial period	(138)	187	(138)	187
- Under provision in prior period	-	-	-	-
	<u>(138)</u>	<u>187</u>	<u>(138)</u>	<u>187</u>
Deferred tax expenses/ (income):				
- Relating to origination and reversal of temporary differences	(928)	(99)	(928)	(99)
- Under/(Over) provision in prior period	-	-	-	-
Total tax expense/ (income)	<u>(1,066)</u>	<u>88</u>	<u>(1,066)</u>	<u>88</u>

The Group's effective tax rates for the current first quarter ended 31 March 2024 is lower than the statutory tax rate of 24% mainly due to loss before taxation recorded during the respective period.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

B6 Status of Corporate Proposals

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

B7 Utilisation of Proceeds

Initial Public Offering (“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 March 2024 is as follows:

Details of Use of Proceeds		Proposed	%	Actual	Balance to be utilised	Estimated Timeframe for Utilisation Upon Listing ⁽¹⁾
		Utilisation		Utilisation		
		RM'000		RM'000	RM'000	
(1)	Business expansion	6,000	24.4	801	5,199	Within 48 months ⁽²⁾
(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>19,452</u>	<u>5,199</u>	

Notes:

- (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 and the announcement for the extension of the timeframe for the utilisation of IPO proceeds dated 17 May 2024.
- (2) On 17 May 2024, the Company announced the extension of timeframe for the utilisation of IPO proceeds allocated for business expansion from within 24 months to within 48 months.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

B8 Group's Borrowings

The Group's borrowings are as follows:

	(Unaudited) As At 31.3.2024 RM'000	(Audited) As At 31.12.2023 RM'000
Non-current liabilities:		
Hire purchase payables	588	628
Term loans	6,616	7,135
	<u>7,204</u>	<u>7,763</u>
Current liabilities:		
Short-term borrowings ⁽¹⁾	30,233	35,867
Hire purchase payables	229	251
Term loans	1,459	1,279
Bank overdraft	12,512	11,398
	<u>44,433</u>	<u>48,795</u>
Total borrowings	<u>51,637</u>	<u>56,558</u>

The borrowings are secured and denominated in Ringgit Malaysia, except for a term loan of RM2,449,953 (31 December 2023: RM2,466,248) 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

B10 Material Litigation

Save as disclosed below, the Group is not involved in any material litigation as at the date of this report.

(i) Ecoscience Manufacturing & Engineering Sdn Bhd vs Goodgloves Industries Sdn. Bhd.

The Company's wholly-owned subsidiary, Ecoscience Manufacturing & Engineering Sdn Bhd ("**EMESB**"), had, on 22 December 2023 served the statutory demand under Section 466(1)(a) of the Companies Act 2016 ("**Statutory Demand**") to Goodgloves Industries Sdn. Bhd. ("**GISB**").

EMESB's claim against GISB pertains to the alleged payment default in relation to the promise of GISB to pay EMESB the sum of RM647,280.00 for the supply of goods and services for a new glove manufacturing plant at Bandar Sri Sendayan, Negeri Sembilan to GISB. The outstanding amount of RM647,280.00 remains due and owing to EMESB since November 2021.

On 29 January 2024, EMESB served a Winding-Up Petition on GISB in the High Court of Malaya at Shah Alam ("**Court**") via Companies Winding-Up Petition No. BA-28NCC-57-01/2024. The petition was set for case management before the Deputy Registrar via online (*e-Review*) on 7 March 2024 and for hearing before the Judge on 29 May 2024.

On 14 March 2024, the Court responded to the Case Management held via *e-Review* on 7 March 2024 that the Deputy Registrar approved the Registrar Certificate certifying compliance with all provisions of the winding up rules. The hearing date which was fixed on 29 May 2024 was maintained.

On 13 May 2024, GISB served the Summons in Chambers (Application to strike out the Petition), the Affidavit in Support, the Notice of Intention to Appear on the Hearing and the Notice of Intention to Use Affidavit in respect of the Petition.

On 17 May 2024, EMESB filed and served the Affidavit in Reply and the Notice of Intention to Use Affidavit in response to the Respondent's Affidavit opposing the Petition and the Striking Out Application. Copies of the Affidavit in Reply and the Notice of Intention to Use Affidavit have been served upon the Respondent's solicitor in respect of the Petition.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

(ii) Ecoscience Manufacturing & Engineering Sdn Bhd vs RDS Marketing Malaysia Sdn. Bhd.

The Company's wholly-owned subsidiary, EMESB, had on 5 January 2024 served a Writ of Summons and Statement of Claim to RDS Marketing Malaysia Sdn. Bhd. ("**RDS**") in the Court via Suit No. BA-22NCvC-6-01/2024 ("**Suit**").

EMESB's claim against the RDS pertains to the alleged payment default in relation to the promise of RDS to pay EMESB the remaining sum of RM2,377,844.15 being the completion of project known as "Cadangan Membina Sebuah Kilang 1 Tingkat, Sebuah Gudang 1 Tingkat, Sebuah Pejabat 2 Tingkat, Sebuah Bangunan Tandas 1 Tingkat, 2 Unit Pencawang Elektrik, 1 Unit Kebuk Sampah dan 2 Unit Pondok Pengawal di atas Lot 46554 (PT12618), Persiaran Bandar Sri Sendayan, Kawasan Perindustrian Sendayan, Techvalley, Bandar Sri Sendayan, Negeri Sembilan Khusus untuk Tetuan GoodGloves Industries Sdn. Bhd." (the "**Project**"). The total contract sum for the Project was RM4,395,784.15 and the balance amount of RM2,377,844.15 remains due and owing to EMESB since May 2022. The above Suit was fixed for case management via online (*e-Review*) on 7 February 2024.

On 7 February 2024, EMESB served a Notice of Application for Summary Judgment ("**Application**") to RDS in the Court in respect of the Suit. The Application was fixed for case management via online (*e-Review*) on 1 March 2024. The Court allowed RDS's application for an extension of time to file and serve their defence on or before 23 February 2024 and EMESB was directed to file the reply to defence by 8 March 2024. The next case management via online (*e-Review*) was scheduled on 1 March 2024 for the RDS to update the Court on the status of the defence.

On 26 February 2024, EMESB served the Statement of Defence & Counterclaim and Affidavit in Reply in respect of the Application. RDS denied some of EMESB's claims and counterclaimed against EMESB for the following:

(a) EMESB to pay RDS in the sum of RM397,660.99 as summarised below:

No.	Particulars of Services at the request of EMESB	Amount (RM)
1	Supply of surveyor services	44,250.00
2	Supply of crusher run	86,407.49
3	Supply of Covid-19 RTK Antigens Test	5,170.00
4	Installation of Fencing and Single Leaf Swing Gate at the project site	261,833.50
Total (RM)		397,660.99

- (b) Interest at the rate of 5% per annum on the judgement sum or such sums awarded by the Court from the date of Counterclaim to the date of realisation of the judgment;
- (c) Costs; and
- (d) Such further or other relief that the Court deems fit, just and proper in the circumstances be granted.

On 1 March 2024 in respect of the EMESB's claim against RDS for the Writ and Summary Judgment in respect of the Suit, the Court allowed EMESB's application for an extension of time to file the Reply and Defence to Counterclaim and Affidavit in Reply for Summary Judgment until 18 March 2024.

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On 15 March 2024, EMESB served the Reply and Defence to Counterclaim to RDS.

On 18 March 2024, EMESB served the Affidavit in Reply and Additional Affidavit in Reply in relation to the Summary Judgment to RDS in the Court in respect of the Suit.

On 25 March 2024 in relation to the Writ and Summary Judgment, RDS requested for leave to file a further Affidavit in Reply, which the Court allowed and RDS was required to file and serve the Affidavit in Reply by 5 April 2024. EMESB had also been given leave to file a final Affidavit in Reply thereto within 2 weeks from the receipt of RDS's Affidavit in Reply. The Court scheduled the next case management via online (e-Review) on 19 April 2024 for EMESB and RDS to update the Court on the status of the Affidavits in Reply.

On 5 April 2024, RDS served a further Affidavit in Reply in respect of the Summary Judgment. On 19 April 2024, EMESB served the Affidavit in Reply in relation to the Summary Judgment to RDS in respect of the Suit. In respect of the application to enter Summary Judgment against RDS, the Court directed EMESB and RDS to file their Written Submissions simultaneously on or before 14 May 2024 and the Submission in Reply simultaneously on or before 28 May 2024, since the filing of Affidavit in respect of the Application was exhausted. The Application was fixed for Hearing before the High Court Judge via Zoom on 4 June 2024.

On 25 April 2024, the Court rescheduled the Hearing date for the Summary Judgement Application before the High Court Judge on 20 June 2024. The said Hearing will be conducted via Zoom. The directions in respect of the filing of written submissions were maintained.

On 14 May 2024, EMESB served a copy of the Written Submissions dated 14 May 2024 and the Bundle of Authorities in respect of the Summary Judgment Application to RDS's solicitor. The Case Management in respect of the said application is scheduled on 20 June 2024.

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B11 Loss Per Share

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

		Individual Quarter		Cumulative Quarter	
		Unaudited 31.3.2024	Unaudited 31.3.2023	Unaudited 31.3.2024	Audited 31.3.2023
LAT attributable to owners of the Company	(RM'000)	(3,250)	(313)	(3,250)	(313)
Weighted average number of ordinary shares in issue during the financial period ⁽¹⁾	('000)	374,000	340,000	374,000	340,000
Effects of conversion of warrants	('000)	-	-	-	-
Weighted average number of Ordinary shares for diluted earnings per share computation	('000)	-	-	-	-
Basic Loss per share	(sen)	<u>(0.87)</u>	<u>(0.09)</u>	<u>(0.87)</u>	<u>(0.09)</u>
Diluted loss per share	(sen)	<u><u>(0.87)</u></u>	<u><u>(0.09)</u></u>	<u><u>(0.87)</u></u>	<u><u>(0.09)</u></u>

Note:

(1) Based on the 340,000,000 ordinary shares after the completion of the IPO and the private placement 374,000,000 ordinary shares after the completion of the private placement.

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B12 Notes to the Statement of Comprehensive Income

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

	Individual Quarter		Cumulative Quarter	
	Unaudited 31.3.2024 RM'000	Unaudited 31.3.2023 RM'000	Unaudited 31.3.2024 RM'000	Audited 31.3.2023 RM'000
Interest income	(15)	(34)	(15)	(34)
Interest expenses	782	881	782	881
Realised gain on foreign exchange	(327)	(40)	(327)	(40)
Fair value gain on short term investment	(5)	(54)	(5)	(54)
Unrealised foreign exchange loss	614	-	614	-
Depreciation of property, plant and equipment	307	357	307	357
Rental expenses				
- Hostel	125	65	125	65
Reversal of impairment loss on trade receivables	-	(2)	-	(2)

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

B13 Proposed Dividends

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