



MINOX INTERNATIONAL GROUP BERHAD

(202201025834 (1471531-H))

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2023**

MINOX INTERNATIONAL GROUP BERHAD

Registration No.: 202201025834 (1471531-H)
(Incorporated in Malaysia)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

	Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended		
	Current Year Quarter 31.12.2023	Preceding Year Quarter 31.12.2022	Current Year Quarter 31.12.2023	Preceding Year Quarter 31.12.2022	
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	
Revenue	9,582	N/A	49,217	N/A	
Cost of sales	(4,226)	N/A	(21,796)	N/A	
Gross profit	5,356	N/A	27,421	N/A	
Other income	875	N/A	1,811	N/A	
Selling and marketing expense	(810)	N/A	(2,802)	N/A	
Administrative expenses	(6,648)	N/A	(17,775)	N/A	
Profit from operations	(1,227)	N/A	8,655	N/A	
Finance income	158	N/A	236	N/A	
Finance costs	(97)	N/A	(1,275)	N/A	
(Loss)/ Profit before tax	(1,166)	N/A	7,616	N/A	
Tax expense	(900)	N/A	(3,277)	N/A	
(Loss)/ Profit after tax	(2,066)	N/A	4,339	N/A	
Other comprehensive (loss)/ income	(48)	N/A	1,485	N/A	
Total comprehensive (loss)/ income for the financial year	(2,114)	N/A	5,824	N/A	
(Loss)/ Profit for the year attributable to:					
- Owners of the Company	(2,121)	N/A	4,099	N/A	
- Non-controlling interest	55	N/A	240	N/A	
	(2,066)	N/A	4,339	N/A	
Total comprehensive (loss)/ income for the year attributable to:					
- Owners of the Company	(2,309)	N/A	5,416	N/A	
- Non-controlling interest	195	N/A	408	N/A	
	(2,114)	N/A	5,824	N/A	
(Loss)/ Earnings per share ("EPS")					
- Basic/Diluted (sen) ⁽³⁾	B11	(0.6)	N/A	1.4	N/A

Notes:

(1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company in relation to its initial public offering ("IPO") dated 20 September 2023 and the accompanying explanatory notes attached to this interim financial report.

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- (2) This is the third interim financial report announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial year concerned.
- (3) Basic/Diluted EPS is calculated based on profit after tax attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue during the financial year under review. The diluted EPS is equivalent to the basic EPS as the Company does not have any convertible options as at end of the current quarter and financial year under review.

N/A Not Applicable.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 31 DECEMBER 2023**

	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,563	10,667
Right-of-use assets	8,566	8,117
Investment properties	10,100	9,500
Other investments	1,201	958
Deferred tax assets	1,910	1,637
Total non-current assets	44,340	30,879
Current assets		
Inventories	27,023	23,624
Trade receivables	7,190	9,026
Other receivables	1,338	3,638
Short-term deposits with licensed institutions	18,029	-
Tax recoverable	1,554	33
Cash and bank balances	13,969	12,541
Total current assets	69,103	48,862
TOTAL ASSETS	113,443	79,741
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	68,096	5,891
Legal reserve	12	12
Exchange reserve	1,079	(253)
Merger deficit	(40,516)	-
Retained earnings	44,956	40,872
	73,627	46,522
Non-controlling interest	3,312	2,904
TOTAL EQUITY	76,939	49,426
Non-current liabilities		
Employee benefits obligation	176	103
Deferred tax liabilities	306	282
Borrowings	20,072	17,669
Lease liabilities	931	799
Total non-current liabilities	21,485	18,853
Current liabilities		
Trade payables	3,620	2,756
Other payables	838	1,492
Borrowings	9,189	4,515
Lease liabilities	766	633
Tax payable	606	2,066
Total current liabilities	15,019	11,462
TOTAL LIABILITIES	36,504	30,315
TOTAL EQUITY AND LIABILITIES	113,443	79,741

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 31 DECEMBER 2023**

	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾	<u>0.21</u>	<u>0.18</u>

Notes:

(1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 20 September 2023 and the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per ordinary share is calculated based on the Company's share capital of 360,000,000 ordinary shares after the IPO of the Company.

N/A Not Applicable.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾ FOR THE YEAR ENDED 31 DECEMBER 2023

	← Non-distributable →				Distributable		Non-Controlling Interest	Total
	Share Capital	Legal Reserve	Exchange Reserve	Merger deficit	Retained Earnings	Sub-Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2023 (Audited)	5,891	12	(253)	-	40,872	46,522	2,904	49,426
Profit for the year	-	-	-	-	4,099	4,099	240	4,339
Other comprehensive income for the year	-	-	1,332	-	(15)	1,317	168	1,485
Total comprehensive income for the year	5,891	12	1,079	-	44,956	51,938	3,312	55,250
Transactions with owners								
Issuance of shares	22,500	-	-	-	-	22,500	-	22,500
Shares issue expenses	(811)	-	-	-	-	(811)	-	(811)
Share issue for acquisition of subsidiaries	46,407	-	-	-	-	46,407	-	46,407
Merger deficit	-	-	-	(40,516)	-	(40,516)	-	(40,516)
Invested equity	(5,891)	-	-	-	-	(5,891)	-	(5,891)
	62,205	-	-	(40,516)	-	21,689	-	21,689
At 31 December 2023 (Unaudited)	68,096	12	1,079	(40,516)	44,956	73,627	3,312	76,939

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company in relation to the IPO dated 20 September 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial year concerned.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾⁽²⁾
FOR THE YEAR ENDED 31 DECEMBER 2023**

	CURRENT YEAR-TO-DATE 31.12.2023 RM'000	PRECEDING YEAR-TO- DATE 31.12.2022⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,616	N/A
Adjustments for:		
Bad debts written off	8	N/A
Depreciation of plant and equipment	1,036	N/A
Depreciation of right-of-use assets	1,227	N/A
Employee benefits obligation	51	N/A
Finance cost	1,275	N/A
Finance income	(237)	N/A
Fair value gain on investment property	(600)	N/A
Gain on disposal of property plant and equipment	(1)	N/A
Gain on disposal of right-of-use assets	(135)	N/A
Inventories written down	180	N/A
Impairment loss on trade receivables	3	N/A
Reversal of inventories written down	(239)	N/A
Unrealised gain on foreign exchange	99	N/A
Operating profit before changes in working capital	10,283	N/A
Changes in working capital:		
Trade and other receivables	4,151	N/A
Trade and other payables	(15)	N/A
Inventories	(2,497)	N/A
Net cash generated from operations	11,922	N/A
Income tax paid	(6,536)	N/A
Interest paid	(212)	N/A
Net cash from operating activities	5,174	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property plant and equipment	2	N/A
Proceeds from disposal of right-of-use assets	219	N/A
Purchase of plant and equipment	(12,823)	N/A
Purchase of right-of-use assets	(179)	N/A
Net cash used in investing activities	(12,781)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	21,689	N/A
Drawdown of term loan	8,500	N/A
Repayment of term loan	(2,648)	N/A
Payment of lease liabilities	(910)	N/A
Interest paid	(1,063)	N/A
Interest received	237	N/A
Net cash from financing activities	25,805	N/A

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾⁽²⁾
FOR THE YEAR ENDED 31 DECEMBER 2023(CONTINUED)**

	CURRENT YEAR-TO- DATE 31.12.2023 RM'000	PRECEDING YEAR-TO- DATE 31.12.2022⁽²⁾ RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	18,198	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,594	N/A
EFFECT OF FOREIGN EXCHANGE CHANGES	345	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>29,137</u>	<u>N/A</u>
Represented by:		
Cash and bank balances	13,969	N/A
Short-term deposits with licensed institutions	18,029	N/A
Less: Bank overdraft	<u>(2,861)</u>	<u>N/A</u>
	<u>29,137</u>	<u>N/A</u>

Notes:

- (1) The above Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company in relation to the IPO dated 20 September 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial year concerned.

N/A Not Applicable.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 and Appendix 9B of Listing Requirements.

This is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding year.

This interim financial report should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company in relation to the IPO dated 20 September 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Accountants' Report as disclosed in the Prospectus dated 20 September 2023 except for the adoption of the following new MFRSs and amendments to MFRSs which are effective for annual period beginning on or after 1 January 2023:

Effective for annual period beginning on or after 1 January 2023

MFRS 17 and Amendments to MFRS 17* Insurance Contracts*

Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 – Comparative Information*

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112 Income Taxes: International Tax Reform: Pillar Two Model Rules

The adoption of the above new MFRSs and amendments to MFRSs did not have any material financial impact to the financial statements of the Group except for Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies.

The new MFRSs and amendments to MFRSs that are issued, but not yet effective, up to the date of issuance of the this interim financial report are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

Effective for annual period beginning on or after 1 January 2024

Amendments to MFRS 16 Lease – Lease liability in a Sales and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements: Non-current Liabilities with Covenants

Amendments to MFRS 101 Presentation of Financial Statement: Classification of Liabilities as Current or Non-current

Amendments to MFRS 107 and MFRS 7 Statement of Cash Flows and Financial Instruments: Disclosures – Supplier Finance Agreements

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

Effective for annual period beginning on or after 1 January 2025

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

*Not applicable to the Group

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

A3. Auditors' Report on Preceding Annual Financial Statements

There were no qualifications on the audited financial statements of the Group for the financial year ended 31 December 2022.

A4. Seasonal or Cyclical Factors

The Group's operation was not significantly affected by any unusual seasonal or cyclical factors in the current quarter and financial year-to-date.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the current quarter and financial year-to-date.

A6. Material Changes in Estimates

There were no material changes in estimates in the current quarter and financial year-to-date.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter and financial year-to-date.

A8. Dividend Paid

There was no dividend paid during the current financial quarter and financial year-to-date.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A9. Segmental Information

The Group's revenue is segmented as follows:

Revenue by geographical markets

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023	31.12.2022⁽¹⁾	31.12.2023	31.12.2022⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,505	N/A	14,078	N/A
Overseas market:				
Singapore	1,349	N/A	8,575	N/A
Thailand	1,172	N/A	4,641	N/A
Indonesia	2,819	N/A	18,696	N/A
Others	737	N/A	3,227	N/A
Total	9,582	N/A	49,217	N/A

Revenue by industries

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023	31.12.2022⁽¹⁾	31.12.2023	31.12.2022⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Food & Beverage	8,649	N/A	45,543	N/A
Pharmaceutical	592	N/A	2,266	N/A
Semiconductor	341	N/A	1,408	N/A
Total	9,582	N/A	49,217	N/A

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial year concerned.

N/A Not Applicable.

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**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)****A10. Material events subsequent to the end of the reporting period**

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

A11. Changes in the composition of the Group

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

A12. Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets in the Group as at the end of the current financial quarter under review.

A13. Related Party Transactions Disclosures

There were no related party transactions during the current quarter and financial year-to-date under review.

A14. Capital Commitments

	31.12.2023	31.12.2022
	Unaudited	Audited
	RM'000	RM'000
<u>Approved and contracted for:</u>		
- Purchase of a land earmarked for construction of a new warehouse located at Puchong, Selangor ("Warehouse 4")	-	10,230
- Lease rental of a new warehouse in Singapore for 3 years	1,903	-
	<hr/> <hr/>	<hr/> <hr/>

Save as disclosed above, there were no other material capital commitments as at 31 December 2023.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Financial Performance

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023	31.12.2022⁽¹⁾	31.12.2023	31.12.2022⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	9,582	N/A	49,217	N/A
(Loss)/ Profit before tax	(1,166)	N/A	7,616	N/A

Notes:

- (1) As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.

N/A Not Applicable.

a. Results for current quarter

The Group recorded revenue of RM9.58 million for the current financial quarter under review mainly contributed from the food and beverage ("F&B") industry which accounted for RM8.65 million, representing 90.3% of the Group's total revenue for the current financial quarter under review.

The Group reported a loss before tax of RM1.17 million for current financial quarter under review after deducting administrative expenses, selling & marketing expenses and finance cost of RM7.56 million. The adjusted normalised profit before tax for financial quarter would be RM1.07 million excluding non-recurring listing expenses of RM2.24 million. The administrative expenses mainly consist of staff cost, depreciation of right-of-use assets and depreciation of plant and equipment.

b. Results for financial year-to-date

The Group recorded revenue of RM49.22 million for the current financial year-to-date under review mainly contributed from the F&B industry which accounted for RM45.54 million, representing 92.5% of the Group's total revenue for the current financial year-to-date under review.

The Group recognised profit before tax of RM7.62 million for current financial year-to-date under review after deducting administrative expenses, selling & marketing expenses and finance cost of RM21.85 million. However, the adjusted normalised profit before tax for financial year would be RM10.36 million excluding non-recurring listing expenses of RM2.74 million. The administrative expenses mainly consist of staff cost, depreciation of right-of-use assets and depreciation of plant and equipment.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B2. Comparison with Immediate Preceding Quarter's Results

	<u>Current</u> <u>Quarter</u> 31.12.2023 <u>Unaudited</u> RM'000	<u>Preceding</u> <u>Quarter</u> 30.09.2023 <u>Unaudited</u> RM'000	<u>Variance</u>	
			RM'000	%
Revenue	9,582	13,553	(3,971)	(29.3)
(Loss)/ Profit before tax	(1,166)	3,659	(4,825)	(131.9)

The Group's revenue for the current quarter decreased by RM3.98 million or 29.4% to RM9.58 million as compared with the immediate preceding quarter of RM13.56 million. The decrease was mainly driven by lower revenue contributions from the F&B industry following the completion of production line installations for our industrial end customers' F&B plant in the preceding quarter. The Group also experienced softer demand from F&B customers across the regions, particularly in Indonesia where customers delayed new projects and capital expenditures in the short term in view of the presidential election in February 2024 which may give rise to market uncertainties. Elsewhere, customers are taking longer time to evaluate their investment decisions given the weakened consumer sentiments brought about by high inflationary rates and geopolitical tensions.

In line with the above and with the inclusion of non-recurring listing expenses of RM2.24 million in the current quarter, the Group's profit before tax for the current quarter decreased by RM4.83 million or 132.0% to a loss of RM1.17 million as compared with the immediate preceding quarter of RM3.66 million.

B3. Prospects of the Group

The outlook of the sanitary valves and fittings industry remains positive. Based on the independent market researcher report by Protégé Associates Sdn Bhd, the Asia Pacific sanitary valves and fittings industry is poised for significant growth driven by the expansion of emerging economies such as China and India, particularly within their pharmaceutical and F&B sectors. This growth is fueled by heightened hygiene awareness and increasing demand for water treatment solutions across the region. Projections indicate a compound annual growth rate ("**CAGR**") of 6.1% for the sanitary valves and fittings industry, leading to a market value of USD825.6 million by 2027.

In Malaysia, the sanitary valves and fittings industry is supported by the growth in the F&B manufacturing sector, improved pharmaceutical demand, as well as technological progress that stimulates semiconductor demand. Besides, the increased affluence among Malaysians has also led to higher consumer spending on products like food, pharmaceuticals, and electronics, all of which are favourable indicators for our business.

Nonetheless, the Group remains cognisant of the challenging business environment marked by ongoing geopolitical tension and economic slowdown. Post listing, Minox is focused on implementing its expansion strategies, which include broadening our product portfolio and enhancing our storage capabilities to accommodate increasing business volume.

Barring unforeseen circumstances, the Group remains upbeat on its prospects and expects to deliver a satisfactory set of financial performance in the next financial year.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B4. Variance of actual profits from profit forecast

The Group did not issue any profit forecast or profit guarantee during the current quarter and financial year-to-date under review.

B5. Tax expense

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023	31.12.2022⁽¹⁾	31.12.2023	31.12.2022⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Tax expense	900	N/A	3,277	N/A
Statutory tax rate (%) ⁽²⁾	24.0	N/A	24.0	N/A
Effective tax rate (%) ⁽³⁾	N/A	N/A	44.9	N/A

Notes:

⁽¹⁾ As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.

⁽²⁾ The Group was qualified for a preferential tax rate of 15.0% on the first chargeable income of RM0.15 million and 17.0% on the next chargeable income of RM0.45 million for the current financial quarter and year under review, as its share capital was below RM2.50 million. For chargeable income in excess of RM0.60 million, the statutory income tax rate of 24.0%, is still applicable.

⁽³⁾ Our effective tax rate for the quarter and year-to-date ended 31 December 2023 was higher than the statutory tax rate due to non-deductible expenses such as depreciation charges on non-qualifying assets and professional fees associated with listing, as well as prior year tax expense.

N/A Not Applicable.

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**B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)****B6. Status of Corporate Proposals**

On 17 October 2023, the Company had admitted to the Official List of Bursa Securities and the Company's entire enlarged share capital of 360,000,000 shares was listed and quoted on the ACE Market of Bursa Securities.

Save as disclosed above, there were no other corporate proposals pending completion as at the date of this interim financial report.

B7. Utilisation of proceeds

The gross proceeds of RM22.50 million from the IPO is intended to be utilised in the following manner:

Details of utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation upon Listing⁽¹⁾
Product development and deployment	4,000	225	3,775	Within 24 months
Construction of Warehouse 4	4,000	5	3,995	Within 24 months
Setting up a new warehouse in Singapore	5,010	337	4,673	Within 36 months
Repayment of bank borrowings	4,500	-	4,500	Within 6 months
Working capital	1,590	-	1,590	Within 12 months
Estimated listing expenses	3,400	3,400	-	Within 1 month
	22,500	3,967	18,533	

Note:

(1) From the date of Listing of the Company.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B8. Group borrowings and debts securities

	31.12.2023	31.12.2022
	Unaudited	Audited
	RM'000	RM'000
Non-current:		
Lease liabilities	931	799
Terms loan	20,072	17,669
	21,003	18,468
Current:		
Lease liabilities	766	633
Terms loan	6,328	2,568
Bank overdraft	2,861	1,947
	9,955	5,148
Total borrowings and debts securities	30,958	23,616

B9. Material Litigation

There was no material litigation by or against the Group as at 31 December 2023.

B10. Dividends

No dividend has been declared or proposed for payment by the Board during the current quarter and financial year-to-date under review.

B11. Loss/Earnings Per Share

The basic LPS/EPS for the current financial quarter and year-to-date are computed as follows:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022⁽¹⁾	31.12.2023	31.12.2022⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
(Loss)/ Profit attributable to owners of the Company	(2,121)	N/A	4,099	N/A
Weighted average number of ordinary shares in issue ('000)	344,348	N/A	288,740	N/A
Basic/Diluted LPS/EPS (sen) ⁽²⁾	(0.6)	N/A	1.4	N/A

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial year concerned.

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**B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)**

- (2) Basic/Diluted LPS/EPS is calculated based on profit after tax attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue during the financial period under review. The diluted LPS/EPS is equivalent to the basic LPS/EPS as the Company does not have any convertible options as at end of the current quarter and financial year under review.

N/A Not Applicable.

B12. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following items have been charged/(credited) in arriving at the profit before tax for the current quarter and financial year-to-date:

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023	31.12.2022⁽¹⁾	31.12.2023	31.12.2022⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Depreciation of plant and equipment	281	N/A	1,036	N/A
Depreciation of right-of-use assets	313	N/A	1,227	N/A
Finance costs	97	N/A	1,275	N/A
Finance income	(158)	N/A	(236)	N/A
Net realised (gain)/loss on foreign exchange	(50)	N/A	(118)	N/A
Net unrealised loss/(gain) on foreign exchange	155	N/A	99	N/A

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial year concerned.

N/A Not Applicable.

B13. Authorisation for Issue

This interim financial report was authorised for issue by the Board on 27 February 2024.