

# **WENTEL ENGINEERING HOLDINGS BERHAD**

Registration No. 202301007290 (1501211-T)

(Incorporated in Malaysia)

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

**WENTEL ENGINEERING HOLDINGS BERHAD**

Registration No. 202301007290 (1501211-T)

(Incorporated in Malaysia under the Companies Act 2016)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Fourth Quarter Ended 31 December 2023<sup>(1)</sup>**

	Note	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
		Unaudited Current Quarter 31.12.2023 RM'000	Unaudited Preceding Year Corresponding Quarter <sup>(3)</sup> 31.12.2022 RM'000	Unaudited Current Year-to- date 31.12.2023 RM'000	Audited Preceding Year Corresponding Year-to- date 31.12.2022 RM'000
Revenue		26,623	N/A	98,752	117,540
Cost of Sales		(20,061)	N/A	(73,912)	(86,349)
Gross Profit ("GP")		6,562	N/A	24,840	31,191
Other income		298	N/A	2,062	1,953
Selling and distribution expenses		(112)	N/A	(238)	(117)
Administrative expenses		(2,208)	N/A	(7,443)	(7,015)
Finance costs (Impairment losses)/ Reversal of impairment on financial assets, net		(57) (132)	N/A N/A	(267) (132)	(386) 67
Profit before tax ("PBT")	B12	4,351	N/A	18,822	25,693
Tax expense	B5	(1,251)	N/A	(4,721)	(5,213)
Profit after tax ("PAT")		3,100	N/A	14,101	20,480
<b>Other comprehensive income</b>					
<b>Items that Will be Reclassified</b>					
<b>Subsequently to Profit or Loss</b>					
Foreign currency translation differences		32	N/A	129	(173)
Total comprehensive income		3,132	N/A	14,230	20,307
PAT attributable to:-					
Owners of the Company		3,100	N/A	14,101	20,480
Non-controlling interests		-	N/A	-	-
		3,100	N/A	14,101	20,480
Total comprehensive income attributable to:-					
Owners of the Company		3,132	N/A	14,230	20,307
Non-controlling interests		-	N/A	-	-
		3,132	N/A	14,230	20,307
Earnings per share					
- Basic/diluted (sen) <sup>(2)</sup>	B11	0.27	N/A	1.23	1.78

**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 Section 13 of the prospectus of Wentel Engineering Holdings Berhad ("Wentel" or the "Company") dated 15 January 2024 ("Prospectus") and the accompanying explanatory notes attached to this report.
- (2) The basic earnings per share is calculated based on the Company's enlarged share capital of 1,150,000,000 ordinary shares after its initial public offering ("IPO") which involved the issuance of 273,200,000 new ordinary shares in conjunction with its listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 6 February 2024 ("Listing"). The diluted earnings per share is equivalent to the basic earnings per share as there were no potential dilutive securities in issue during the financial quarter under review.
- (3) This is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements"), hence there are no comparative figures for the preceding year's corresponding quarter.
- (4) N/A denotes not applicable.

# WENTEL ENGINEERING HOLDINGS BERHAD

Registration No. 202301007290 (1501211-T)

(Incorporated in Malaysia under the Companies Act 2016)

## Unaudited Condensed Consolidated Statement of Financial Position As at 31 December 2023<sup>(1)</sup>

	Note	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		42,783	26,929
Right-of-use assets		1,535	2,723
Intangible assets		(2) <sub>-</sub>	(2) <sub>-</sub>
		<u>44,318</u>	<u>29,652</u>
<b>Current assets</b>			
Inventories		15,532	14,812
Trade receivables		20,815	22,811
Other receivables, deposits and prepayments		3,843	3,471
Current tax assets		1,295	-
Fixed deposits with a licensed bank		13,165	3,151
Cash and bank balances		18,649	33,654
		<u>73,299</u>	<u>77,899</u>
<b>TOTAL ASSETS</b>		<b><u>117,617</u></b>	<b><u>107,551</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		87,680	1,237
Merger deficit		(86,443)	-
Foreign exchange translation reserve		573	444
Retained profits		100,119	86,018
<b>Total equity / Net assets</b>		<b><u>101,929</u></b>	<b><u>87,699</u></b>
<b>Non-current liabilities</b>			
Lease liabilities		172	1,048
Term loan	B8	1,422	2,948
Deferred tax liabilities		-	-
		<u>1,594</u>	<u>3,996</u>
<b>Current liabilities</b>			
Trade payables		6,612	7,027
Other payables and accruals		4,548	5,576
Lease liabilities		1,425	1,759
Term loan	B8	1,509	1,447
Current tax liabilities		-	47
		<u>14,094</u>	<u>15,856</u>
<b>Total liabilities</b>		<b><u>15,688</u></b>	<b><u>19,852</u></b>
<b>Total equity and liabilities</b>		<b><u>117,617</u></b>	<b><u>107,551</u></b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)<sup>(3)</sup></b>			
		0.12	0.10

## **WENTEL ENGINEERING HOLDINGS BERHAD**

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### **Unaudited Condensed Consolidated Statement of Financial Position As at 31 December 2023<sup>(1)</sup> (Cont'd)**

#### **NOTES:**

- (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 Section 13 of the Prospectus and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000.
- (3) Net assets per ordinary share as at 31 December 2022 and 2023 are calculated based on the Company's share capital of 876,800,000 ordinary shares as at 31 December 2023, which is prior to the Company's IPO involving the issuance of 273,200,000 new ordinary shares in conjunction with its Listing.

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# WENTEL ENGINEERING HOLDINGS BERHAD

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(Incorporated in Malaysia under the Companies Act 2016)

## Unaudited Condensed Consolidated Statement of Changes in Equity For The Fourth Quarter Ended 31 December 2023<sup>(1)</sup>

	Share Capital RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Earnings RM'000	Attributable to the Owners of the Company RM'000	Total Equity RM'000
<b>Balance at 1.1.2023</b>	1,237	-	444	86,018	87,699	87,699
Issuance of shares pursuant to acquisition of subsidiary companies	87,680	-	-	-	87,680	87,680
Issuance of new shares for cash	(2)	-	-	-	(2)	(2)
Adjustment on acquisition of subsidiaries	(1,237)	(86,443)	-	-	(87,680)	(87,680)
Profit after taxation for the financial period	-	-	-	14,101	14,101	14,101
Other comprehensive income for the financial period:						
- Foreign currency translations difference	-	-	129	-	129	129
Total comprehensive income for the financial period	86,443	(86,443)	129	14,101	14,230	14,230
<b>Balance at 31.12.2023</b>	<b>87,680</b>	<b>(86,443)</b>	<b>573</b>	<b>100,119</b>	<b>101,929</b>	<b>101,929</b>
<b>Balance at 1.1.2022</b>	1,237	-	617	65,538	67,392	67,392
Profit after taxation for the financial period	-	-	-	20,480	20,480	20,480
Other comprehensive income for the financial period:						
- Foreign currency translations difference	-	-	(173)	-	(173)	(173)
Total comprehensive income for the financial period	-	-	(173)	20,480	20,307	20,307
<b>Balance at 31.12.2022</b>	<b>1,237</b>	<b>-</b>	<b>444</b>	<b>86,018</b>	<b>87,699</b>	<b>87,699</b>

### NOTES:

- (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 Section 13 of the Prospectus and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000

# WENTEL ENGINEERING HOLDINGS BERHAD

Registration No. 202301007290 (1501211-T)

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## Unaudited Condensed Consolidated Statement of Cash Flows For the Fourth Quarter Ended 31 December 2023<sup>(1)</sup>

	Unaudited Current Year-to-date 31.12.2023 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	18,822	25,693
<u>Adjustments for:</u> -		
Depreciation of property, plant and equipment	3,295	4,950
Depreciation of right-of-use assets	1,950	1,953
Interest expenses on lease liabilities	113	187
Interest expenses on term loan	155	199
Interest income	(438)	(105)
Loss/(Gain) on disposal of property, plant and equipment	(118)	(107)
Property, plant and equipment written off	7	(1) <sub>2</sub>
(Reversal of)/ impairment losses on financial assets	132	(67)
Unrealised loss/(gain) on foreign exchange	(331)	(429)
<b>Operating profit before changes in working capital</b>	<b>23,587</b>	<b>32,274</b>
Increase in inventories	(720)	(1,153)
Decrease/(Increase) in trade and other receivables	1,876	(627)
(Decrease)/Increase in trade and other payables	(1,496)	723
<b>Cash from operations</b>	<b>23,247</b>	<b>31,217</b>
Income tax paid	(6,070)	(5,141)
<b>Net cash from operating activities</b>	<b>17,177</b>	<b>26,076</b>
<b>Cash flows (for)/from investing activities</b>		
Additions of fixed deposits with tenure of more than 3 months	(4,111)	(17)
Advances from/(repayment to) corporate shareholder	-	(75)
Interest income received	438	105
Proceeds from disposal of property, plant and equipment	118	175
Purchase of intangible assets	-	(2) <sub>2</sub>
Purchase of property, plant and equipment	(19,154)	(3,504)
<b>Net cash for investing activities</b>	<b>(22,709)</b>	<b>(3,316)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(268)	(386)
Proceeds from issuance of ordinary shares	(2) <sub>2</sub>	-
Repayment of lease liabilities	(1,971)	(1,901)
Repayment of term loans	(1,463)	(3,519)
<b>Net cash for financing activities</b>	<b>(3,702)</b>	<b>(5,806)</b>
Net increase/(decrease) in cash and cash equivalents	(9,234)	16,954
Effect of exchange rate translation	133	700
Cash and cash equivalents at beginning of financial period	35,762	18,108
<b>Cash and cash equivalents at end of financial year/period<sup>(3)</sup></b>	<b>26,661</b>	<b>35,762</b>

## WENTEL ENGINEERING HOLDINGS BERHAD

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### Unaudited Condensed Consolidated Statement of Cash Flows For The Fourth Quarter Ended 31 December 2023<sup>(1)</sup> (Cont'd)

#### 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 Section 13 of the Prospectus and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000.
- (3) Cash and cash equivalents at the end of the financial periods consist of:

	<b>Unaudited Current Year-to-date 31.12.2023 RM'000</b>	<b>Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000</b>
Cash and bank balances	18,649	33,654
Fixed deposits with financial institutions	13,165	3,151
	<hr/>	<hr/>
	31,814	36,805
Less: Fixed deposit pledged to licensed banks	(5,153)	(1,043)
	<hr/>	<hr/>
	26,661	35,762

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# WENTEL ENGINEERING HOLDINGS BERHAD

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## PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

### A1. BASIS OF PREPARATION

The interim financial report of Wentel and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board, Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the first interim financial report for the Fourth Quarter ended 31 December 2023 announced by the Company in compliance with the Listing Requirements. As such, there are no comparative figures for the preceding year’s corresponding quarter.

The interim financial report should be read in conjunction with the Accountants’ Report as disclosed in Section 13 of the Prospectus and the accompanying explanatory notes attached to this report.

### A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted for this interim financial report are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus.

The new and amended standards and interpretations that are issued, but not yet effective and have not been adopted by the Group are as follows:

MFRS (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 10 and 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments 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 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The Group intends to adopt these amendments to MFRSs, if applicable, when they become effective in the following financial year.

The initial application of the abovementioned amendments to MFRSs, where applicable, is not expected to have any material impact on the financial statements of the Group.

### A3. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

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

### A4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the preceding financial year ended 31 December 2022 were issued without any qualifications.



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### **PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)**

#### **A5. SEASONAL OR CYCLICAL FACTORS**

The Group's performance has not been materially affected by any seasonal and cyclical factors during the current financial quarter and financial year-to-date under review.

#### **A6. ITEMS OR INCIDENTS OF AN UNUSUAL NATURE**

There were no material and unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date under review.

#### **A7. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

Save as disclosed below, 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.

In conjunction with the Company's Listing, the Company issued 273,200,000 new shares at an issue price of RM0.26 per share via public issue ("IPO Shares") that were allocated in the following manner:

- (i) 57,500,000 IPO Shares were issued to the Malaysian public;
- (ii) 33,000,000 IPO Shares were issued to our eligible directors and employees, and other persons who have contributed to success of the Group;
- (iii) 38,950,000 IPO Shares were issued by way of private placement to selected investors; and
- (iv) 143,750,000 IPO Shares were issued by way of private placement to Bumiputra investors approved by the Ministry of Investment, Trade and Industry ("MITI").

Pursuant thereto, the Company was admitted to the Official List of Bursa Securities and the Company's entire enlarged issued share capital of 1,150,000,000 shares were listed and quoted on the ACE Market of Bursa Securities on 6 February 2024.

#### **A8. DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review. The Company issued 273,200,000 IPO Shares as part of its IPO and Listing, which was completed on 6 February 2024.

#### **A9. DIVIDEND PAID**

There was no dividend paid during the current financial quarter under review.

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### PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

#### A10. SEGMENTAL INFORMATION

The Group is principally involved in the following businesses:

<u>Operating segments</u>	<u>Nature</u>
(a) Fabrication of semi-finished metal products	Products such as machine bodies and modules that are not finished products
(b) Fabrication of metal parts	Other products such as components and parts
(c) Assembly of finished products	Products that are complete, finished and ready to use

#### (a) Revenue by business activities

The table below sets out the breakdown of the Group's revenue by business activities for the financial quarter under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	<b>Unaudited Current Quarter 31.12.2023 RM'000</b>	<b>Unaudited Preceding Year Corresponding Quarter <sup>(1)</sup>31.12.2022 RM'000</b>	<b>Unaudited Current Year-to-date 31.12.2023 RM'000</b>	<b>Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000</b>
Fabrication of semi-finished metal products	20,866	N/A	75,365	79,435
Fabrication of metal parts	4,054	N/A	16,073	26,488
Assembly of finished products	1,703	N/A	7,314	11,617
	<u>26,623</u>	<u>N/A</u>	<u>98,752</u>	<u>117,540</u>

Fabrication of semi-finished metal products was the major revenue contributor during the financial quarter under review. The key factor affecting our major revenue contributor is the demand from customers for the specific type of products within the respective product segments.

#### NOTES:

(1) This is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding year's corresponding quarter.

(2) N/A denotes not applicable.

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### PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

#### A10. SEGMENTAL INFORMATION (CONT'D)

##### (b) Revenue by geographical region of customers

The table below sets out the breakdown of the Group's revenue by geographical region of customers for the financial quarter under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	<b>Unaudited Current Quarter 31.12.2023 RM'000</b>	<b>Unaudited Preceding Year Corresponding Quarter <sup>(1)</sup>31.12.2022 RM'000</b>	<b>Unaudited Current Year-to-date 31.12.2023 RM'000</b>	<b>Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000</b>
Malaysia	19,948	N/A	69,729	75,629
Singapore	6,542	N/A	28,530	39,906
United States	133	N/A	493	2,005
	<u>26,623</u>	<u>N/A</u>	<u>98,752</u>	<u>117,540</u>

#### NOTES:

(1) This is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding year's corresponding quarter.

(2) N/A denotes not applicable.

#### A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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## WENTEL ENGINEERING HOLDINGS BERHAD

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### PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

#### A12. CHANGES IN THE COMPOSITION OF THE GROUP

The Company was incorporated on 1 March 2023 as an investment holding company to facilitate our Listing. In conjunction with and as an integral part of our Listing, the Company had acquired Wentel Engineering Sdn Bhd and Wentel Engineering Pte Ltd on 15 September 2023.

Save as disclosed in Note A7 and above, there were no material changes in the composition of the Group during the current financial quarter under review.

#### A13. CAPITAL COMMITMENTS

Approved and contracted for:  
Construction of property, plant  
and equipment

**Unaudited**  
**As at 31.12.2023**  
**RM'000**

624

#### A14. CONTINGENT ASSETS OR CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this report.

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## PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

### A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	<b>Unaudited Current Quarter 31.12.2023 RM'000</b>	<b>Unaudited Preceding Year Corresponding Quarter <sup>(1)</sup>31.12.2022 RM'000</b>	<b>Unaudited Current Year- to-date 31.12.2023 RM'000</b>	<b>Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000</b>
<b>Corporate shareholder</b>				
- Factory rental paid	356	N/A	1,426	1,426
- Purchase	-	N/A	-	17
- Trademark	-	N/A	(2)	(2)
<b>Related parties</b>				
- Sales	-	N/A	13	37
- Purchase	68	N/A	2,588	1,986

#### NOTES:

- (1) This is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding year's corresponding quarter.
- (2) Represents less than RM1,000.
- (3) N/A denotes not applicable.

### A16. FAIR VALUE OF FINANCIAL LIABILITIES

There were no gains or losses arising from fair value changes in the Group's financial liabilities for the current financial quarter under review.

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## **WENTEL ENGINEERING HOLDINGS BERHAD**

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### **PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS**

#### **B1. REVIEW OF PERFORMANCE**

The Group recorded revenue of RM26.62 million and RM98.75 million for the current financial quarter and financial year-to-date ended 31 December 2023 respectively. The Group's revenue was mainly attributable to the fabrication of semi-finished metal products, contributing approximately 78.38% and 76.32% of the total revenue for the current financial quarter and the financial year-to-date under review respectively. The Group's revenue of RM98.75 million for the financial year-to-date ended 31 December 2023 is RM18.79 million or 15.99% lower than the revenue of RM117.54 million for the preceding financial year ended 31 December 2022 mainly due to the lower revenue from all operating segments.

The Group registered a PBT of RM4.35 million for the current financial quarter after deducting the administrative expenses of RM2.21 million. For the financial year-to-date, the Group PBT was RM18.82 million after deducting administrative expenses of RM7.44 million. The administrative expenses mainly consist of staff costs, directors' remuneration and depreciation cost. The PBT of RM18.82 million is lower than the PBT of RM25.69 million for the preceding financial year ended 31 December 2022 mainly due to lower revenue, which led to lower GP.

There are no comparative figures for the preceding year's corresponding quarter as this is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the Listing Requirements.

#### **B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

There are no comparative figures for the immediate preceding quarter as this is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the Listing Requirements.

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## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

### B3. PROSPECTS AND OUTLOOK

The global economy is projected to expand at 3% while Malaysia's economy is forecasted to grow within a range of 4% to 5% in 2024. The manufacturing sector is forecasted to expand by 4.2% in 2024 driven by the better performance in both export- and domestic-oriented industries particularly the electrical and electronic (E&E) products as external demand recovers. Meanwhile, the domestic-oriented industries are anticipated to remain favourable in line with robust domestic consumption and investment due to the strong private sector expenditure and improving global demand.

(Source: Economic Outlook 2024, Ministry of Finance of Malaysia)

The global semiconductor market experienced a challenging year in 2023. Despite the current challenges in the semiconductor market, the management of the Group remains confident in the Group's outlook, underpinned by its strategic mid-term growth plans designed to capitalize on potential business opportunities. In fact, the slowdown of global semiconductor market did not have significant impact to the Group as its revenue was mainly contributed by the security screening equipment industry. The demand for the security screening equipment is expected to remain strong and positive in 2024 due to the organization of more large crowd events such as Paris' Olympic and increase in cross-border traffic in both goods and people following the recovery of economic and social activities from the COVID-19 pandemic.

As outlined in Section 7.17 of the Prospectus, the Group is poised to embark on the following strategic initiatives:

- (a) The Group will construct a new manufacturing plant at Kawasan Perindustrian Selatan, Johor Bahru, Johor on a piece of freehold land measuring approximately 426,074 sq. ft ("Lot 815") and we will use the new plant to carry out the fabrication of semi-finished metal products, fabrication of metal parts and assembly operations. We intend to continue with our current business operations at our existing Lot 11 plant after Lot 815 becomes operational, while our existing operations at Lot 58 plant (which is a rented premise) will be relocated to Lot 815. After the relocation, we will terminate our tenancy agreement at Lot 58.

The new manufacturing plant will comprise 2 blocks of single-storey factory (with double storey office) and 2 blocks of workers' hostel.

- (b) As part of our expansion plans, we will carry out similar activities in our new manufacturing plant and also expand into the fabrication of precision machined parts. In view of this strategy, we intend to purchase machinery and equipment to enable us to fulfil some of the requirements and specifications for these precision machined parts.

Further, the Group will continue to work closely with its customers to support their new products with enhanced technology, particularly in security screening equipment.

Armed with these strategic plans and buoyed by the anticipated resurgence of the global and local economy, the Group maintains an optimistic view towards its ability to achieve satisfactory financial performance in the current financial year ending 31 December 2024.

### B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

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### B5. INCOME TAX EXPENSES

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	<b>Unaudited Current Quarter 31.12.2023 RM'000</b>	<b>Unaudited Preceding Year Corresponding Quarter (<sup>2</sup>)31.12.2022 RM'000</b>	<b>Unaudited Current Year-to-date 31.12.2023 RM'000</b>	<b>Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000</b>
Tax expenses <sup>(1)</sup>	1,251	N/A	4,721	5,213
Effective tax rate (%)	<sup>(3)</sup> 28.75	N/A	<sup>(3)</sup> 25.08	20.29
Statutory tax rate (%)	24.00	N/A	24.00	24.00

#### NOTES:

- (1) Income tax is recognized based on management's best estimate.
- (2) This is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding year's corresponding quarter.
- (3) The effective tax rate was higher than the statutory tax rate due to the under provision of deferred taxation in the previous financial year and non-deductible expenses in the current financial year.
- (4) N/A denotes not applicable.

### B6. STATUS OF CORPORATE PROPOSALS

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

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### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

#### B7. UTILISATION OF PROCEEDS FROM IPO

The gross proceeds of approximately RM71.03 million raised from the IPO which was completed on 6 February 2024 are to be utilized in the following manner:

<u>Details of utilisation of proceeds</u>	<u>Proposed Utilisation</u> <u>RM'000</u>	<sup>(1)</sup> <u>Actual Utilisation</u> <u>RM'000</u>	<u>Reallocation</u> <u>RM'000</u>	<u>Balance to be utilised</u> <u>RM'000</u>	<u>Estimated timeframe for the utilisation upon listing</u>
Part finance the construction of new manufacturing plant	40,000	-	-	40,000	Within 18 months
Part finance the purchase of new machinery and equipment	25,032	-	-	25,032	Within 18 months
Estimated listing expenses	6,000	-	-	6,000	Within 3 months
	<u>71,032</u>	<u>-</u>	<u>-</u>	<u>71,032</u>	

#### NOTE:

(1) Proceeds yet to be raised as at 31 December 2023.

#### B8. BORROWINGS

	<u>Unaudited</u> <u>As at</u> <u>31.12.2023</u> <u>RM'000</u>	<u>Audited</u> <u>As at</u> <u>31.12.2022</u> <u>RM'000</u>
<u>Current</u>		
Term Loan	1,509	1,447
	<u>1,509</u>	<u>1,447</u>
<u>Non-current</u>		
Term Loan	1,422	2,948
	<u>1,422</u>	<u>2,948</u>

These borrowings are secured and denominated in Ringgit Malaysia.

#### B9. MATERIAL LITIGATION

There was no material litigation involving the Group as of 31 December 2023.

#### B10. DIVIDEND PROPOSED

No dividend has been declared or recommended by the Board of Directors for the current financial quarter under review.

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### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

#### B11. EARNINGS PER SHARE

The basic and diluted earnings per share are computed as follows:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	<b>Unaudited Current Quarter 31.12.2023</b>	<b>Unaudited Preceding Year Corresponding Quarter (<sup>2</sup>)31.12.2022</b>	<b>Unaudited Current Year-to-date 31.12.2023</b>	<b>Audited Preceding Year Corresponding Year-to-date 31.12.2022</b>
Profit attributable to the Owners of the Company (RM'000)	3,100	N/A	14,101	20,480
Number of ordinary shares ('000) <sup>(1)</sup>	1,150,000	N/A	1,150,000	1,150,000
Basic/diluted earnings per share (sen) <sup>(1)</sup>	0.27	N/A	1.23	1.78

#### NOTES:

- (1) The basic earnings per share is calculated based on the Company's enlarged share capital of 1,150,000,000 ordinary shares after its IPO and Listing. The diluted earnings per share is equivalent to the basic earnings per share as there were no potential dilutive securities in issue during the financial quarter under review.
- (2) This is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding year's corresponding quarter.
- (3) N/A denotes not applicable.

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### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

#### B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

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

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	<b>Unaudited Current Quarter 31.12.2023 RM'000</b>	<b>Unaudited Preceding Year Corresponding Quarter <sup>(2)</sup>31.12.2022 RM'000</b>	<b>Unaudited Current Year-to-date 31.12.2023 RM'000</b>	<b>Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000</b>
Depreciation of property, plant and equipment	690	N/A	3,295	4,950
Depreciation of right-of-use assets	474	N/A	1,950	1,953
Interest expenses	58	N/A	268	386
Interest income	(122)	N/A	(438)	(105)
Property, plant and equipment written off	3	N/A	7	(1)
Gain on disposal of property, plant and equipment (Reversal of)/ impairment	-	N/A	(118)	(107)
losses on financial assets	132	N/A	132	(67)
Realised gain on foreign exchange	(300)	N/A	(798)	(1,140)
Unrealised (gain)/loss on foreign exchange	322	N/A	(331)	(429)

#### NOTES:

- (1) Represents less than RM1,000.
- (2) This is the first interim financial report for the Fourth Quarter ended 31 December 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding year's corresponding quarter.
- (3) N/A denotes not applicable.

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

#### B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 29 February 2024.

**BY ORDER OF THE BOARD**  
**WENDEL ENGINEERING HOLDINGS BERHAD**