

WENTEL ENGINEERING HOLDINGS BERHAD

Registration No. 202301007290 (1501211-T)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
30 JUNE 2024**

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 Second Quarter Ended 30 June 2024⁽¹⁾**

	Note	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
		Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter ⁽³⁾ 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽³⁾ 30.06.2023 RM'000
Revenue		28,777	N/A	54,551	N/A
Cost of Sales		(21,573)	N/A	(40,315)	N/A
Gross Profit ("GP")		7,204	N/A	14,236	N/A
Other income		965	N/A	1,859	N/A
Selling and distribution expenses		(75)	N/A	(185)	N/A
Administrative expenses		(2,134)	N/A	(3,873)	N/A
Finance costs		(38)	N/A	(86)	N/A
Listing expenses		-	N/A	(4,092)	N/A
Profit before tax ("PBT") ⁽⁴⁾	B12	5,922	N/A	7,859	N/A
Tax expense	B5	(1,458)	N/A	(2,871)	N/A
Profit after tax ("PAT")		4,464	N/A	4,988	N/A
Other comprehensive income					
Items that Will be Reclassified					
Subsequently to Profit or Loss					
Foreign currency translation differences		(15)	N/A	12	N/A
Total comprehensive income		4,449	N/A	5,000	N/A
PAT attributable to:-					
Owners of the Company		4,464	N/A	4,988	N/A
Non-controlling interests		-	N/A	-	N/A
		4,464	N/A	4,988	N/A
Total comprehensive income					
attributable to:-					
Owners of the Company		4,449	N/A	5,000	N/A
Non-controlling interests		-	N/A	-	N/A
		4,449	N/A	5,000	N/A
Earnings per share					
- Basic/diluted (sen) ⁽²⁾	B11	0.39	N/A	0.43	N/A

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(Incorporated in Malaysia under the Companies Act 2016)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Second Quarter Ended 30 June 2024⁽¹⁾ (Cont'd)

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 audited financial statements of the Group (as defined in Note A1) for the financial year ended 31 December 2023 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 and financial year-to-date under review.
- (3) This is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements"). As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.
- (4) For illustrative purposes only, the Group's financial performance after adjusting for the non-recurring listing expenses is as follows:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
PBT	5,922	N/A	7,859	N/A
Add: Listing expenses	-	N/A	4,092	N/A
Adjusted PBT	<u>5,922</u>	<u>N/A</u>	<u>11,951</u>	<u>N/A</u>

- (5) N/A denotes not applicable.

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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 30 June 2024⁽¹⁾

	Note	Unaudited As at 30.06.2024 RM'000	Audited As at 31.12.2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		44,452	42,783
Right-of-use assets		685	1,535
Intangible assets		(2) ₋	(2) ₋
		<u>45,137</u>	<u>44,318</u>
Current assets			
Inventories		17,319	15,532
Trade receivables		27,503	20,815
Other receivables, deposits and prepayments		1,289	3,843
Current tax assets		1,362	1,295
Fixed deposits with a licensed bank		82,996	13,165
Cash and bank balances		16,913	18,649
		<u>147,382</u>	<u>73,299</u>
TOTAL ASSETS		<u>192,519</u>	<u>117,617</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		157,467	87,680
Merger deficit		(86,443)	(86,443)
Foreign exchange translation reserve		585	573
Retained profits		105,107	100,119
Total equity / Net assets		<u>176,716</u>	<u>101,929</u>
Non-current liabilities			
Lease liabilities		7	172
Term loan	B8	636	1,422
		<u>643</u>	<u>1,594</u>
Current liabilities			
Trade payables		7,401	6,612
Other payables and accruals		5,508	4,548
Lease liabilities		709	1,425
Term loan	B8	1,542	1,509
		<u>15,160</u>	<u>14,094</u>
Total liabilities		<u>15,803</u>	<u>15,688</u>
Total equity and liabilities		<u>192,519</u>	<u>117,617</u>
Net assets per ordinary share attributable to owners of the Company (RM)⁽³⁾		0.15	0.12

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(Incorporated in Malaysia under the Companies Act 2016)

Unaudited Condensed Consolidated Statement of Financial Position As at 30 June 2024⁽¹⁾ (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 audited financial statements of the Group (as defined in Note A1) for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000.
- (3) Net assets per ordinary share as at 30 June 2024 is calculated based on the Company's enlarged share capital of 1,150,000,000 ordinary shares as at 30 June 2024 after the Company's IPO involving the issuance of 273,200,000 new ordinary shares in conjunction with its Listing (31 December 2023: 876,800,000 ordinary shares in issue as at 31 December 2023, which is prior to the Company's IPO).

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WENTEL ENGINEERING HOLDINGS BERHAD

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Unaudited Condensed Consolidated Statement of Changes in Equity For The Second Quarter Ended 30 June 2024⁽¹⁾

	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
Balance at 1.1.2024 (audited)	87,680	(86,443)	573	100,119	101,929	101,929
Profit after taxation for the financial period	-	-	-	4,988	4,988	4,988
IPO proceeds	71,032	-	-	-	71,032	71,032
Listing expenses capitalization	(1,245)	-	-	-	(1,245)	(1,245)
Other comprehensive income for the financial period:						
- Foreign currency translation differences	-	-	12	-	12	12
Total comprehensive income for the financial period	69,787	-	12	4,988	74,787	74,787
Balance at 30.06.2024 (unaudited)	157,467	(86,443)	585	105,107	176,716	176,716

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 of the Group (as defined in Note A1) for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.

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WENTEL ENGINEERING HOLDINGS BERHAD

Registration No. 202301007290 (1501211-T)

(Incorporated in Malaysia under the Companies Act 2016)

Unaudited Condensed Consolidated Statement of Cash Flows For The Second Quarter Ended 30 June 2024⁽¹⁾

	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽²⁾ 30.06.2023 RM'000
Cash flows from/ (for) operating activities		
Profit before tax	7,859	N/A
<u>Adjustments for:</u> -		
Depreciation of property, plant and equipment	1,207	N/A
Depreciation of right-of-use assets	850	N/A
Written off of property, plant and equipment	2	
Gain on disposal of property, plant and equipment	(82)	N/A
Interest expenses on lease liabilities	30	N/A
Interest expenses on term loan	56	N/A
Interest income	(1,443)	N/A
Listing expense	4,092	N/A
Unrealised loss on foreign exchange	113	N/A
Operating profit before changes in working capital	12,684	N/A
Increase in inventories	(1,787)	N/A
Increase in trade and other receivables	(4,172)	N/A
Increase in trade and other payables	1,674	N/A
Cash from operations	8,399	N/A
Income tax paid	(2,938)	N/A
Net cash from operating activities	5,461	N/A
Cash flows from/ (for) investing activities		
Proceeds from fixed deposits with tenure of more than 3 months	5,153	N/A
Interest income received	1,443	N/A
Purchase of property, plant and equipment	(2,876)	N/A
Proceeds from disposal of property, plant and equipment	80	N/A
Net cash from investing activities	3,800	N/A
Cash flows from/ (for) financing activities		
Interest paid	(86)	N/A
IPO proceeds	71,032	N/A
Listing expenses	(5,337)	N/A
Repayment of lease liabilities	(881)	N/A
Repayment of term loans	(753)	N/A
Net cash from financing activities	63,975	N/A
Net decrease in cash and cash equivalents	73,236	N/A
Effect of exchange rate translation	12	N/A
Cash and cash equivalents at beginning of financial period	26,661	N/A
Cash and cash equivalents at end of financial period⁽³⁾	99,909	N/A

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Unaudited Condensed Consolidated Statement of Cash Flows For The Second Quarter Ended 30 June 2024⁽¹⁾ (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 audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.
- (2) This is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company (as defined in Note A1) in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, there are no comparative figures for the preceding year's corresponding year-to-date as no interim financial report was prepared for the financial period concerned.
- (3) Cash and cash equivalents at the end of the financial period consist of:

	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Cash and bank balances	16,913	N/A
Fixed deposits with financial institutions	82,996	N/A
	<hr/> 99,909	<hr/> N/A
Less: Fixed deposit with tenure of more than 3 months	-	N/A
	<hr/> 99,909	<hr/> N/A

- (4) N/A denotes not applicable.

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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 Engineering Holdings Berhad (“the Company”) 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 (“MASB”), Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the first interim financial report for the second quarter and year to-date ended 30 June 2024 announced by the Company in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, as such, there are no comparative figures for the preceding year’s corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted for this interim financial report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following amendments to MFRSs:

MFRS (Including the Consequential Amendments)	Effective Date
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

The adoption of the above did not result in any material impact on the financial statements of the Group.

As at the date of this report, the Group has not applied in advance the following amendments to MFRSs that have been issued by the MASB but are not yet effective:

MFRS (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

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

A4. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the financial year ended 31 December 2023 were issued without any qualifications.

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 INCIDENCES 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

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.

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.

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial year-to-date under review.

In conjunction with the Company's Listing, the Company issued 273,200,000 new ordinary 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 the Group's 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 Bumiputera 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.

A9. DIVIDEND PAID

There was no dividend paid during the current financial quarter and financial year-to-date 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 and financial year-to-date under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter (1)30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date (1)30.06.2023 RM'000
Fabrication of semi-finished metal products	21,137	N/A	41,657	N/A
Fabrication of metal parts	5,234	N/A	9,528	N/A
Assembly of finished products	2,406	N/A	3,366	N/A
	<u>28,777</u>	<u>N/A</u>	<u>54,551</u>	<u>N/A</u>

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

NOTES:

(1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

(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 and financial year-to-date under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter ⁽¹⁾30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽¹⁾30.06.2023 RM'000
Malaysia	22,139	N/A	41,071	N/A
Singapore	6,498	N/A	13,190	N/A
United States	140	N/A	290	N/A
	<u>28,777</u>	<u>N/A</u>	<u>54,551</u>	<u>N/A</u>

NOTES:

(1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

(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.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed in Note A8 above, there were no material changes in the composition of the Group during the current financial quarter and financial year-to-date under review.

A13. CAPITAL COMMITMENTS

	Unaudited As at 30.06.2024 RM'000
<u>Approved and contracted for:</u> Construction of property, plant and equipment	68,614

A14. CONTINGENT ASSETS OR CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the end of the current financial quarter and financial year-to-date.

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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>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter ⁽¹⁾30.06.2023 RM'000	Unaudited Current Year- to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽¹⁾30.06.2023 RM'000
Corporate shareholder				
- Factory rental paid	356	N/A	713	N/A
Related parties				
- Purchase	58	N/A	103	N/A

NOTES:

- (1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.
- (2) 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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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group recorded a revenue of RM28.78 million for the current financial quarter ended 30 June 2024. The Group's revenue was mainly attributable to the fabrication of semi-finished metal products, contributing approximately 73.45% of the total revenue for the current financial quarter under review.

The Group registered a PBT of RM5.92 million for the current financial quarter ended 30 June 2024 after deducting the administrative expenses of RM2.13 million. The administrative expenses mainly consist of staff costs, directors' remuneration and depreciation cost.

The Group recorded a revenue of RM54.55 million for the financial year-to-date ended 30 June 2024. The Group's revenue was mainly attributable to the fabrication of semi-finished metal products, contributing approximately 76.36% of the total revenue for the financial year-to-date ended 30 June 2024.

The Group registered a PBT of RM7.86 million for the financial year-to-date ended 30 June 2024 after deducting the administrative expenses of RM3.87 million and listing expenses of RM4.09 million. The administrative expenses mainly consist of staff costs, directors' remuneration and depreciation cost.

There are no comparative figures for the preceding year's corresponding quarter and year-to-date as this is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company in compliance with the Listing Requirements.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<i>Individual Quarter</i>		<i>Variance</i>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Immediate Preceding Quarter 31.03.2024 RM'000	RM'000	%
Revenue	28,777	25,774	3,003	11.65
PBT	5,922	1,937	3,985	205.73

The Group's revenue for the current quarter ended 30 June 2024 increased by RM3.00 million or 11.65% as compared to the immediate preceding quarter ended 31 March 2024. The increase in revenue was mainly due to the increase in orders for the assembly of finished products segment.

The Group has recorded an increase of PBT by RM3.99 million or 205.73% for the current quarter ended 30 June 2024 as compared to the immediate preceding quarter ended 31 March 2024 mainly due to the one-off listing expenses.

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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 continues to expand amid resilient labour markets and continued recovery in global trade. Looking ahead, global growth is expected to be sustained, as headwinds from tight monetary policy and reduced fiscal support will be cushioned by positive labour market conditions and moderating inflation. Global trade continues to strengthen as the global tech upcycle gains momentum. Global headline and core inflation continued to edge downwards in recent months with some central banks commencing monetary policy easing. The growth outlook remains subject to downside risks, mainly from further escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and volatility in global financial markets.

For the Malaysian economy, the latest indicators point towards sustained strength in economic activity in the second quarter of 2024, driven by resilient domestic expenditure and better export performance. Going forward, exports are expected to be further lifted by the global tech upcycle given Malaysia's position in the semiconductor supply chain, as well as continued strength in non-electrical and electronics goods. Tourist arrivals and spending are also poised to rise further. Continued employment and wage growth, as well as policy measures, will continue to support household spending. Investment activity would be supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. The growth outlook is subject to downside risks from weaker-than-expected external demand and larger declines in commodity production. Meanwhile, upside risks to growth mainly emanate from greater spillover from the tech upcycle, more robust tourism activity, and faster implementation of existing and new projects.

(Source: Monetary Policy Statement in July 2024, Bank Negara Malaysia)

The manufacturing sector is expected to expand by 3.5% in 2024 (2023: 0.7%), supported by the recovery in the export oriented industries and sustained growth in the domestic-oriented cluster. Electrical and electronics production is projected to stage a modest rebound in the first half of the year, with a stronger recovery anticipated in the second half of the year. This will be driven by the upswing in the global technology cycle, amid improving external demand for integrated circuits and semiconductors related to technological megatrends such as digitalisation, Internet of Things (IoT), 5G network, and electric vehicles (EV). The primary-related cluster is expected to grow steadily. This will be underpinned by improving upstream supply conditions coupled with production ramp-up in one of the major oil refineries in Johor. Growth of the consumer-related cluster will remain supported by continued recovery in tourism activities, amid normalising vehicle sales.

(Source: Economic and Monetary Review 2023, Bank Negara Malaysia)

Based on the sustained strength in the global economic activity and better export performance in Malaysia, the Group's management maintains a relatively positive outlook for the Group's operations. The Group will continue to focus on driving growth across all its business segments, and we will take relevant measures to ensure that the Group's fundamental businesses which are in the security industry, will remain robust and adaptable while continuing to pursue business diversification to explore new opportunities within the industry that the Group is involved in. Further, the global tech upcycle will facilitate the Group's ventures into new businesses and for the Group to gradually grow together with its new and existing customers. Besides, the Group is also exploring the option of expanding the operating capacity to capture growth and any new business opportunities.

Through the Group's strategic plans and efforts, the Group's management is optimistic about the prospects for the financial year ending 31 December 2024 being on track, and the Group is dedicated to seizing opportunities for growth and maintaining stability to weather any unexpected changes in the global economy and any challenging conditions in the future.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

WENTEL ENGINEERING HOLDINGS BERHAD

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

B5. INCOME TAX EXPENSES

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter (²)30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date (²)30.06.2023 RM'000
Tax expenses ⁽¹⁾	1,458	N/A	2,871	N/A
Effective tax rate (%)	24.62	N/A	36.53	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A
Adjusted effective tax rate (%)	24.62	N/A	24.02	N/A

NOTES:

- (1) Income tax is recognized based on the management's best estimate.
- (2) This is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.
- (3) N/A denotes not applicable.

The effective tax rate was higher than the statutory tax rate for the current financial quarter mainly due to non-deductible expenses in the current financial quarter. The effective tax rate was higher than the statutory tax rate for the financial year-to-date mainly due to the one-off non-deductible listing expenses in the financial year-to-date.

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 utilized in the following manner:

<u>Details of utilisation of proceeds</u>	<u>Proposed Utilisation</u> <u>RM'000</u>	<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	-	663	40,663	Within 18 months
Part finance the purchase of new machinery and equipment	25,032	-	-	25,032	Within 18 months
Estimated listing expenses	6,000	(5,337)	(663) ⁽¹⁾	-	Within 3 months
	71,032	(5,337)	-	65,695	

The utilisation of the proceeds as disclosed above should be read in conjunction with the prospectus of the Company dated 15 January 2024.

NOTE:

(1) In view that the actual listing expenses were less than estimated, the surplus has been re-allocated to fund the construction of new manufacturing plant.

B8. BORROWINGS

	<u>Unaudited</u> <u>As at</u> <u>30.06.2024</u> <u>RM'000</u>	<u>Audited</u> <u>As at</u> <u>31.12.2023</u> <u>RM'000</u>
<u>Current</u>		
Term Loan	1,542	1,509
	<u>1,542</u>	<u>1,509</u>
<u>Non-current</u>		
Term Loan	636	1,422
	<u>636</u>	<u>1,422</u>

These borrowings are secured and denominated in Ringgit Malaysia.

B9. MATERIAL LITIGATION

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

B10. DIVIDEND PROPOSED

No dividend has been declared or recommended by the Board of Directors for the current financial quarter and financial year-to-date 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>	
	Unaudited Current Quarter 30.06.2024	Unaudited Preceding Year Corresponding Quarter (²)30.06.2023	Unaudited Current Year-to-date 30.06.2024	Unaudited Preceding Year Corresponding Year-to-date (²)30.06.2023
Profit attributable to the Owners of the Company (RM'000)	4,464	N/A	4,988	N/A
Number of ordinary shares ('000) ⁽¹⁾	1,150,000	N/A	1,150,000	N/A
Basic/diluted earnings per share (sen) ⁽¹⁾	0.39	N/A	0.43	N/A

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 and financial year-to-date under review.
- (2) This is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.
- (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>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter ⁽¹⁾30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽¹⁾30.06.2023 RM'000
Depreciation of property, plant and equipment	611	N/A	1,207	N/A
Depreciation of right-of-use assets	425	N/A	850	N/A
Written off of property, plant and equipment	2	N/A	2	N/A
Gain on disposal of property, plant and equipment	(82)	N/A	(82)	N/A
Interest expenses	38	N/A	86	N/A
Interest income	(850)	N/A	(1,443)	N/A
Realised gain on foreign exchange	(34)	N/A	(227)	N/A
Unrealised loss on foreign exchange	172	N/A	113	N/A

NOTES:

(1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced by the Company in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 6 February 2024, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

(2) N/A denotes not applicable.

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

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