

**SBH MARINE HOLDINGS BERHAD
AND ITS SUBSIDIARIES**

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

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

	Note	Current Quarter 3-Months Ended		Cumulative Quarters 12-months ended	
		31.12.2023 RM'000	31.12.2022 ⁽²⁾ RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Revenue	A9	47,108	N/A	191,320	194,426
Cost of Sales		(38,328)	N/A	(159,220)	(167,801)
Gross profit		8,780	N/A	32,100	26,625
Other income		450	N/A	1,063	1,990
Selling and distribution expenses		(1,254)	N/A	(5,190)	(7,894)
Administrative expenses		(3,006)	N/A	(8,987)	(8,317)
Net reversal of/additional impairment losses on trade and other receivables		-	N/A	(280)	-
Finance costs		(20)	N/A	(98)	(200)
Share of profit/(loss) of a joint venture, net of tax		385	N/A	(1,262)	3,501
Profit before taxation ("PBT")	B12	5,335	N/A	17,346	15,705
Tax expense	B6	(1,210)	N/A	(4,846)	(2,696)
Profit after taxation ("PAT")		4,124	N/A	12,500	13,009
Other comprehensive income, net of tax		-	N/A	-	-
Total comprehensive income		4,124	N/A	12,500	13,009
Profit attributable to:					
Owners of the Company		4,132	N/A	12,535	13,054
Non-controlling interests		(8)	N/A	(35)	(45)
		4,124	N/A	12,500	13,009
Total comprehensive income attributable to:					
Owners of the Company		4,132	N/A	12,535	13,054
Non-controlling interests		(8)	N/A	(35)	(45)
		4,124	N/A	12,500	13,009
Earnings per share attributable to Owners of the Company					
Basic/Diluted (sen) ⁽³⁾	B11	0.61	N/A	1.86	1.93

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 18 March 2024 ("Prospectus") and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There are no comparative figures for the corresponding quarter in the preceding financial year as the interim financial report was not prepared for the comparative financial quarter concerned.
- (3) The diluted earnings per share of the Group for the quarter are equivalent to the basic earnings per share as the Group does not have any convertible securities as at the end of the reporting period.

N/A - Not applicable

SBH MARINE HOLDINGS BERHAD
Registration No.: 202101034350 (1434650-U)
(Incorporated in Malaysia)

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

	Note	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		8,617	8,773
Right-of-use assets		1,973	2,418
Investment in a joint venture		14,652	17,383
Deferred tax assets		7	7
		25,249	28,581
Current assets			
Inventories		34,718	17,763
Trade and other receivables		44,998	41,081
Current tax assets		261	248
Cash and bank balances		9,953	14,773
		89,930	73,865
TOTAL ASSETS		115,179	102,446
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		57,698	57,698
Reserves		27,799	23,263
		85,497	80,961
Non-controlling interests		346	382
TOTAL EQUITY		85,843	81,343
LIABILITIES			
Non-current liabilities			
Borrowings		258	467
Lease liabilities		573	840
Deferred tax liabilities		398	406
		1,229	1,713
Current liabilities			
Borrowings		763	202
Lease liabilities		515	668
Trade and other payables		24,831	18,467
Current tax liabilities		1,998	53
		28,107	19,390
TOTAL LIABILITIES		29,336	21,103
TOTAL EQUITY AND LIABILITIES		115,179	102,446
Number of ordinary shares ('000)		672,473	672,473
Net assets per share attributable to owners of the Company (RM)		0.13	0.12

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

SBH MARINE HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

Note	Share capital RM'000	Invested equity RM'000	Merger reserve RM'000	Retained earnings RM'000	Total attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2022	-	24,000	(3,214)	52,721	73,507	427	73,934
Profit for the financial year	-	-	-	13,054	13,054	(45)	13,009
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	13,054	13,054	(45)	13,009
Transactions with owners of the Company							
Dividends paid	-	-	-	(5,600)	(5,600)	-	(5,600)
Acquisitions of subsidiaries in business combinations under common control	57,698	(24,000)	(33,698)	-	-	-	-
Total transactions with owners of the Company	57,698	(24,000)	(33,698)	(5,600)	(5,600)	-	(5,600)
Balance as at 31 December 2022	57,698	-	(36,912)	60,175	80,961	382	81,343
Balance as at 1 January 2023	57,698	-	(36,912)	60,175	80,961	382	81,343
Profit for the financial year	-	-	-	12,535	12,535	(35)	12,500
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	12,535	12,535	(35)	12,500
Transactions with owners of the Company							
Dividends paid	-	-	-	(8,000)	(8,000)	-	(8,000)
Total transactions with owners of the Company	-	-	-	(8,000)	(8,000)	-	(8,000)
Balance as at 31 December 2023	57,698	-	(36,912)	64,710	85,496	347	85,843

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.5

SBH MARINE HOLDINGS BERHAD

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	Cumulative Quarters	
	Unaudited Current Year To Date 31.12.2023 RM'000	Audited Preceding Year To Date 31.12.2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	17,346	15,705
Adjustments for:		
Impairment loss on trade receivables	280	-
Depreciation of:		
- property, plant and equipment	608	611
- right-of-use assets	755	721
Gain on disposal of:		
- property, plant and equipment	-	(150)
- right-of-use assets	-	(21)
- other investment	-	(400)
Property, plant and equipment written off	1	9
Interest expenses	98	200
Interest income	(133)	(71)
Share of (profit)/loss of a joint venture	1,262	(3,501)
Unrealised gain on foreign exchange	(689)	-
Operating profit before changes in working capital	19,528	13,103
Changes in working capital:		
Inventories	(16,955)	(3,679)
Trade and other receivables	(3,421)	(2,828)
Trade and other payable	6,250	(207)
Cash generated from operations	5,402	6,389
Tax paid	(2,923)	(3,670)
Net cash from operating activities	2,479	2,719
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	133	71
Dividend received from a joint venture	1,469	700
Proceed from disposal of:		
- property, plant and equipment	-	150
- right-of-use assets	-	95
- other investment	-	2,100
Purchase of:		
- property, plant and equipment	(399)	(260)
- right-of-use assets	(69)	(871)
Net cash from investing activities	1,134	1,985

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023⁽¹⁾ (CONT'D)

	Cumulative Quarters	
	Unaudited Current Year To Date 31.12.2023 RM'000	Audited Preceding Year To Date 31.12.2022 RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of onshore foreign currency loans	1,355	-
Drawdown of trade financing	554	-
Dividend paid	(8,000)	(5,600)
Repayment of onshore foreign currency loans	(1,355)	(1,448)
Repayment of term loans	(202)	(3,513)
Payment of lease liabilities	(785)	(637)
Interest paid	(29)	(140)
Net cash used in financing activities	(8,462)	(11,338)
Net decrease in cash and cash equivalents	(4,849)	(6,634)
Effect of exchange rate changes on cash and cash equivalents	29	-
Cash and cash equivalents at beginning of financial year	14,773	21,407
Cash and cash equivalents at end of the financial year	9,953	14,773

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Cash Flow is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 18 March 2024 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report prepared by the Company in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as there was no interim financial report prepared for the comparative financial period concerned.

N/A – Not applicable

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023
(CONT'D)**

A1. Basis of Preparation

The interim financial report of SBH Marine Holdings Berhad (“Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

As this is the first interim financial report prepared by the Company in compliance with the Listing Requirements of Bursa Securities, 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 the Prospectus and the accompanying notes attached to this interim financial report.

A2. Summary of 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 the Accountants’ Report as disclosed in the Prospectus dated 18 March 2024. During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standard Board (“MASB”) but are yet effective for the financial period ended 30 November 2023:

A2. Summary of Significant Accounting Policies (Continued)

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liabilities in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities 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 adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application.

A3. Auditors' Report on preceding Annual Financial Statements

There was no qualification on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

A4. Seasonal or Cyclical Factors

The business operations of the Group have not been materially affected by any unusual seasonal or cyclical factors, save for the higher demand for our frozen seafood products nearing major festive season such as Christmas and New Year.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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

A6. Material Changes in Estimates

There were no material changes in estimates that have a material effect on the Group in the current financial quarter and cumulative quarters.

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividends Paid

During the financial quarter under review, the Company had paid out its first interim single-tier dividend for the financial year ended 31 December 2023 of 0.297 sen per ordinary share amounting to RM2,000,000 on 8 December 2023 and the second interim single-tier dividend for the financial year ended 31 December 2023 of 0.297 sen per ordinary share amounting to RM2,000,000 on 18 December 2023.

A9. Segmental Reporting

The Group is organised into five (5) reportable segments as follows:-

(i)	Processing, sale and exporting of frozen seafood products	Processing and sales of wild caught, farmed and imported frozen seafood products
(ii)	Merchant trading of frozen processed seafood products	Overseas sourcing and trading of frozen processed seafood products
(iii)	Aquaculture related activities	Comprises aquaculture shrimp operations
(iv)	Distribution and trading of aquaculture related products	Mainly focusing on the shrimp feed, post larvae, probiotics, test kits and etc.
(v)	Others	Comprises investment holding, which is of sufficient size to be reported separately

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A9. Segmental Reporting (Continued)

	Processing and sale of frozen seafood products RM'000	Merchant trading of frozen processed seafood products RM'000	Aquaculture related activities RM'000	Distribution and trading of aquaculture related products RM'000	Others RM'000	Aggregate total RM'000	Elimination RM'000	Total RM'000
Audited								
1.1. 2022 to 31.12.2022								
Revenue from external customers	123,565	59,279	-	11,582	-	194,426	-	194,426
Inter-segment revenue	-	-	-	-	4,000	4,000	(4,000)	-
Total revenue	123,565	59,279	-	11,582	4,000	198,426	(4,000)	194,426
Interest income	-	-	4	-	67	71	-	71
Finance costs	(153)	(45)	(0)	(2)	-	(200)	-	(200)
Net finance (costs)/income	(153)	(45)	4	(2)	67	(129)	-	(129)
Segment profit/(loss) before income tax	8,345	3,802	3,352	458	(252)	15,705	-	15,705
Other material non-cash items:								
Depreciation of property, plant and equipment	(400)	(145)	(64)	(2)	-	(611)	-	(611)
Depreciation of right-of-use assets	(511)	(157)	(11)	(43)	-	(721)	-	(721)
Share of profit of a joint venture	-	-	3,501	-	-	3,501	-	3,501

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A9. Segmental Reporting (Continued)

	Processing and sale of frozen seafood products RM'000	Merchant trading of frozen processed seafood products RM'000	Aquaculture related activities RM'000	Distribution and trading of aquaculture related products RM'000	Others RM'000	Aggregate total RM'000	Elimination RM'000	Total RM'000
Audited								
1.1. 2023 to 31.12.2023								
Revenue from external customers	132,600	47,891	-	10,829	-	191,320	-	191,320
Inter-segment revenue	-	-	-	-	8,500	8,500	(8,500)	-
Total revenue	132,600	47,891	-	10,829	8,500	199,820	(8,500)	191,320
Interest income	42	16	11	1	63	133	-	133
Finance costs	(80)	(16)	(2)	#	-	(98)	-	(98)
Net finance (costs)/income	(38)	#	9	1	63	35	-	35
Segment profit/(loss) before income tax	13,715	4,922	(1,379)	789	(701)	17,346	-	17,346
Other material non-cash items:								
Depreciation of property, plant and equipment	423	114	64	7	-	608	-	608
Depreciation of right-of-use assets	581	145	12	17	-	755	-	755
Impairment loss on trade receivables	205	75	-	-	-	280	-	280
Share of profit of a joint venture	-	-	(1,262)	-	-	(1,262)	-	(1,262)

– Less than RM1,000.

A10. Valuation of Property, Plant and Equipment

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

A11. Material Events Subsequent To The End of The Current Financial Quarter

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

- (a) On 3 January 2024, SBH Aquaculture Farm Sdn Bhd, a wholly-owned subsidiary of the Company, had completed the acquisition of 30% equity interest in Top Grade Hatchery Sdn Bhd for a purchase consideration of RM600,000 which was satisfied via the issuance of 2,727,274 new ordinary shares in our Company at the issue price of RM0.22 per share;
- (b) On 15 January 2024, SBH Aquaculture Farm Sdn Bhd, a wholly-owned subsidiary of the Company, had completed the acquisition of 51% equity interest in SBH Perak Agro Aquaculture Sdn Bhd for a purchase consideration of RM5,898,256 which was satisfied via the issuance of 26,810,257 new ordinary shares in our Company at the issue price of RM0.22 per share;
- (c) On 17 January 2024, our Company had issued 5,989,743 new ordinary shares to SBH Perak Agro Aquaculture Sdn Bhd at the issue price of RM0.22 per share;
- (d) On 19 January 2024, the Company had entered into an underwriting agreement with KAF Investment Bank Berhad in relation to the underwriting of 81,000,000 ordinary shares in conjunction with the proposed listing of the Company on the ACE Market of Bursa Securities.
- (e) In conjunction with the Company's proposed listing on the ACE Market of Bursa Securities, the Company had on 18 March 2024 issued the Prospectus for its initial public offering of securities ("IPO") comprising:
 - (i) Public issue of 180,000,000 new ordinary shares in the Company at an issue price of RM0.22 per share, payable in full upon application, in the following manner:
 - 45,000,000 new shares made available for application by the Malaysian Public;
 - 36,000,000 new shares made available for application by eligible directors, employees and persons who have contributed to the success of the Group;
 - 61,000,000 new shares by way of private placement to Bumiputera investors approved by the Ministry of Investment, Trade and Industry; and
 - 38,000,000 shares by way of private placement to selected investors;
 - Offer for sale of 50,000,000 existing ordinary shares in the Company at an offer price of RM0.22 per share to Bumiputera investors approved by the Ministry of Investment, Trade and Industry.

The Company is scheduled to be listed on the ACE Market of Bursa Securities on 8 April 2024.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review, save for the following:-

- (a) On 3 January 2024, SBH Aquaculture Farm Sdn Bhd, a wholly-owned subsidiary of the Company, had completed the acquisition of 30% equity interest in Top Grade Hatchery Sdn Bhd for a purchase consideration of RM600,000 which was satisfied via the issuance of 2,727,274 new ordinary shares in our Company at the issue price of RM0.22 per share, resulting in Top Grade Hatchery Sdn Bhd becoming a wholly-owned subsidiary of SBH Aquaculture Farm Sdn Bhd;
- (b) On 15 January 2024, SBH Aquaculture Farm Sdn Bhd, a wholly-owned subsidiary of the Company, had completed the acquisition of 51% equity interest in SBH Perak Agro Aquaculture Sdn Bhd for a purchase consideration of RM5,898,256 which was satisfied via the issuance of 26,810,257 new ordinary shares in our Company at the issue price of RM0.22 per share, resulting in SBH Perak Agro Aquaculture Sdn Bhd becoming a wholly-owned subsidiary of SBH Aquaculture Farm Sdn Bhd.

A13. Contingent Assets and Contingent Liabilities

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

A14. Material Capital Commitments

Save as disclosed below, there is no material commitment for capital expenditure, which upon becoming enforceable, may have a material effect on the Group's financial position as at the date of this interim financial report.

	31.12.2023	31.12.2022
	RM'000	RM'000
Purchase of property, plant and equipment	399	261
Purchase of right-of-use assets	69	95

A15. Significant Related Party Transactions

The Group carried out the following transactions with a related party:

Transacting parties	Nature of transactions	Current Quarter 3-Months Ended		Cumulative Quarters 12-months ended	
		31.12.2023	31.12.2022 ⁽¹⁾	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
SBH Marine Industries Sdn Bhd and Teoh Kim Kooi, a director of SBH Marine industries Sdn Bhd	Rental of shop house for purpose of workers' accommodation	7.8	N/A	31.2	26.8

Note:

- (1) There are no comparative figures for the preceding quarter as this is the first interim financial report prepared by the Company in compliance with the Listing Requirements of Bursa Securities.

N/A - Not applicable

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

(a) Results for current quarter

In the current quarter under review, the Group recorded revenue of RM47.11 million, which was mainly derived from the processing and sale of frozen seafood products accounting for RM33.52 million, representing 71.15% of the Group's total revenue.

The Group achieved a profit before taxation of RM5.34 million and profit after taxation of RM4.12 million respectively in the current quarter under review.

There are no comparative figures of the preceding corresponding quarter as this is the first interim financial report prepared by the Company in compliance with the Listing Requirements of Bursa Securities.

(b) Results for cumulative quarters

The Group recorded revenue of RM191.32 million for the 12-months cumulative quarters ended 31 December 2023, of which RM132.60 million was derived from the processing and sale of frozen seafood products, whilst RM47.89 million was derived from merchant trading of frozen seafood products and RM10.83 million came from the distribution and trading of aquaculture related products. The Group's revenue decreased by approximately 1.60% from RM194.43 million to RM191.32 million mainly due to lower sales to the European market from our merchant trading business segment by RM11.39 million. However, it was partially offset by the higher sales from our processing and sale of frozen seafood products segment by RM9.03 million, mainly due to higher demand from the Asian markets.

The Group achieved a profit before taxation of RM17.35 million and profit after taxation attributable to owners of our Company of RM12.54 million in the 12-months cumulative quarters ended 31 December 2023. The lower profits as compared to the preceding financial year was mainly due to the share of loss of a joint venture of RM1.26 million (2022 : share of profit of RM3.50 million) as the joint venture company had undertaken pond maintenance works which had disrupted the shrimp cultivation activities in one of its farms. The pond maintenance works have been completed in October 2023 and the shrimp production yield has since recovered.

During the financial year ended 31 December 2023, the Group had recognised expenses relating to IPO exercise amounting RM0.52 million.

B2. Comparison with the Immediate Preceding Quarter's Results

There are no comparative figures of the immediate preceding quarter as this is the first interim financial report prepared by the Company in compliance with the Listing Requirements of Bursa Securities.

B3. Prospects

Our Board is of the view that the Group is in a good position to ride on the projected growth in the frozen seafood market by implementing our Group's business strategies due to the following factors:

(a) Declining Levels of Captured Fisheries

The demand for seafood has been increasing consistently over the years, underpinned by global population growth as well as growing middle income group in Asian countries such as China and India. This has led to major fisheries across the globe experiencing depleting wild fish levels as fishermen resort to overfishing to meet with rising consumer demand.

According to the Food and Agriculture Organization of the United Nations, levels of captured seafood have remained relatively stable over the years, hovering at an annual 90-93 million tonnes. However, it is estimated that an additional 40 million tonnes of seafood are required by 2030 to maintain current levels of seafood consumption. This has led to the aquaculture sector including marine shrimp aquaculture to emerge as the likely option to bridge the gap between demand and supply.

B3. Prospects (Continued)

(b) Increasing Consumer Health Awareness

With obesity and heart-related diseases increasingly becoming an issue among consumers today, there has been a dietary shift to healthier alternatives. As compared to red meat, seafood is low in saturated animal fats, and contains a high amount of mineral, nutrients and protein content that are crucial for the human body. In addition, maternal consumption of omega-3 fatty acids through seafood can contribute to vision and cognitive development in infants.

Furthermore, seafood is an important source of iodine, the lack of which can interfere with cognitive development in younger children as well as cause thyroid problems in both adults and children. With this health awareness trend unlikely to abate in the short to medium-term, demand for seafood is expected to increase in tandem, which bodes well for the development of the marine shrimp aquaculture and frozen seafood markets.

(c) Growing Global Population

The demand for food is positively correlated with the size of the population. As the size of the population increases, the amount of food that needs to be consumed increases too. As such, the increasing global population represents an increasing number of potential consumers of seafood, which is expected to support the growth of the marine shrimp aquaculture and the frozen seafood markets going forward.

The global population was estimated at 7.94 billion people in 2022 and is projected to reach 9.69 billion in 2050. Europe and Northern America is expected to increase from an estimated population of 1.12 billion in 2022 to 1.13 billion in 2050. Asia (includes Central and Southern Asia and Eastern and South-Eastern Asia) is expected to expand from an estimated population of 4.42 billion in 2022 to 4.89 billion in 2050 while Sub-Saharan Africa is expected to expand from an estimated population of 1.15 billion in 2022 to 2.09 billion in 2050.

The growing global population suggests a potential increase in demand for food, which bodes well for the development of the marine shrimp aquaculture and frozen seafood markets.

(d) Growing Affluence of Consumers

From a global perspective, the adjusted net national income per capital of the world was USD9,748 in 2021, which was an increase from USD8,770 in the previous year based on World Bank statistics. This is likely to fuel demand for food products in Malaysia as increased disposable incomes among Malaysians is likely to lead to greater consumption of food products, particularly for protein-based food, including frozen seafood.

Based on the above, our Board believes that the frozen seafood processing sector and Group's prospects remain favourable.

B4. Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any public document.

B5. Status of Corporate Proposals

Save as disclosed in A11, there were no corporate proposals announced but not completed as at the date of this interim financial report.

B6. Income Tax Expense

	Current Quarter 3-Months Ended		Cumulative Quarters 12-months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current year	1,239	N/A	4,317	2,801
- Prior year(s)	-	N/A	537	(129)
Deferred tax expense				
- Current year	(27)	N/A	-	(28)
- Prior year(s)	(2)	N/A	(8)	38
Real property gain tax	-	N/A	-	14
Overall tax expenses	1,210	N/A	4,846	2,696
Effective tax rate (%)	22.68	N/A	27.94	17.17

Notes:

- (1) There are no comparative figures for the preceding corresponding quarter as this is the first interim financial report prepared by the Company in compliance with the Listing Requirements of Bursa Securities.

N/A – Not applicable

The Group's effective tax rate for the current quarter under review is lower than the statutory tax rate of 24% mainly due to recognition of the share of profit of a joint venture amounting RM0.38 million, which is net of income tax.

The Group's effective tax rate for the 12-months cumulative quarters ended 31 December 2023 is higher than the statutory tax rate of 24% mainly due to recognition of the share of loss of a joint venture amounting RM1.26 million, which is not available as tax credit to set off against the chargeable income of the Group.

B7. Utilisation of Proceeds from the IPO

The gross proceeds to be raised from the Public Issue is RM39.6 million and is intended to be utilised in the following manner:

Utilisation of proceeds	Proposed utilisation	% of Gross proceed	Estimated timeframe for utilisation from date of listing
	RM'000	%	
Development of Selinsing Farm	16,000	40.40	Within 36 months
Construction of a new seafood processing plant	6,500	16.42	Within 24 months
Purchase of machineries/equipment and motor vehicles	6,100	15.40	Within 24 months
Working capital requirements	7,000	17.68	Within 12 months
Estimated listing expenses	4,000	10.10	Immediate
Total	39,600	100.00	

As at the date of the interim financial report, the IPO is pending completion. The proceeds is expected to be received after the listing of the Company which is scheduled on 8 April 2024.

B8. Group Borrowings and Debt Securities

	31.12.2023	31.12.2022
	RM'000	RM'000
Non-current		
Term Loans	258	467
Lease liabilities	573	840
	831	1,307
Current		
Banker's acceptance	554	-
Term Loans	209	202
Lease liabilities	515	668
	1,278	870
Total	2,109	2,177

All the Group's borrowings were denominated in Ringgit Malaysia.

B9. Material Litigation

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

B10. Dividends

Save for the dividends as mentioned in Note A8, no further dividend has been declared for the current financial quarter under review.

B11. Earnings Per Share

The basic earnings per share (“EPS”) are calculated by dividing the net profit for the period attributable to owners of the Company by the number of ordinary shares in issue during the period:

	Current Quarter 3-Months Ended		Cumulative Quarters 12-months ended	
	31.12.2023	31.12.2022 ⁽¹⁾	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company (RM'000)	4,132	N/A	12,535	13,054
Weighted average number of ordinary shares in issue ('000)	672,473	N/A	672,473	672,473
Basic/Diluted EPS (sen) ⁽²⁾	0.61	N/A	1.86	1.93

Notes:

- (1) There are no comparative figures for the preceding corresponding quarter as this is the first interim financial report prepared by the Company in compliance with the Listing Requirements of Bursa Securities.
- (2) Basic/Diluted EPS is calculated based on weighted average number of 672,472,726 ordinary shares in issue during the period. The diluted EPS is equivalent to the basic EPS as the Company does not have any convertible options as at the end of the current quarter under review.

N/A – Not applicable

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

	Current Quarter 3-Months Ended		Cumulative Quarters 12-months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/ (crediting):		N/A		
Depreciation on property, plant and equipment	170	N/A	608	611
Depreciation of right-of-use assets	191	N/A	755	721
Finance income	65	N/A	133	71
Finance costs	20	N/A	98	200
Loss/(Gain) on disposal of:				
- property, plant and equipment	-	N/A	-	(150)
- right-of-use assets	-	N/A	-	(21)
- other investments	-	N/A	-	(400)
Property, plant and equipment written off	-	N/A	1	9
Realised (gain)/loss on foreign exchange	(315)	N/A	(631)	(1,209)
Unrealised (gain)/loss on foreign exchange	-	N/A	(222)	-

Notes:

- (1) There are no comparative figures for the preceding corresponding quarter as this is the first interim financial report prepared by the Company in compliance with the Listing Requirements of Bursa Securities.

N/A – Not applicable

B13. Approval of Interim Financial Report

The interim financial report as set out above was authorised for issuance by the Board of Directors on 3 April 2024.