



BABA ECO GROUP BERHAD

Registration No. 201801006952 (1268966-W)
(Incorporated in Malaysia under the Companies Act, 2016)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR ENDED 30 APRIL 2024

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (THE “EXCHANGE”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE EXCHANGE. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY BABA ECO GROUP BERHAD (“BABA ECO” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾
AS AT 30 APRIL 2024**

	Unaudited 30.4.2024 RM'000	Audited 31.10.2023 RM'000
Non-Current Assets		
Property, plant and equipment	37,622	35,917
Right-of-use assets	3,119	4,151
Deferred tax assets	52	52
Fixed deposit with a licensed bank	647	631
	41,440	40,751
Current Assets		
Inventories	3,795	4,145
Trade receivables	4,835	5,503
Other receivables	1,802	1,134
Other investments	11,065	9,348
Tax recoverable	704	463
Fixed deposits with licensed banks	3,970	3,895
Cash and bank balances	7,431	12,023
	33,602	36,511
TOTAL ASSETS	75,042	77,262
Equity		
Share capital	23,237	23,237
Merger deficit	(18,822)	(18,822)
Foreign currency translation reserve	(6)	(9)
Retained earnings	52,694	52,444
	57,103	56,850
Non-controlling interests ("NCI")	514	551
Total equity	57,617	57,401
Non-Current Liabilities		
Lease liabilities	840	1,389
Borrowings	4,347	4,600
Amount due to a Director	1,471	1,734
Other payables	1,523	1,784
Deferred tax liabilities	3,572	3,572
	11,753	13,079
Current Liabilities		
Trade payables	971	1,182
Other payables	965	1,767
Contract liabilities	30	137
Amount due to a Director	360	117
Lease liabilities	1,357	1,207
Borrowings	1,989	2,372
	5,672	6,782
Total liabilities	17,425	19,861
TOTAL EQUITY AND LIABILITIES	75,042	77,262
Net assets per ordinary share attributable to owners of Baba Eco ⁽²⁾ (sen)	25.41	25.29

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 October 2023 ("FYE 2023") and the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per share is calculated based on the Company's number of ordinary shares at the end of the reporting period of 224,720,020 shares as at 30 April 2024.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME ⁽¹⁾
FOR THE FIRST HALF YEAR ENDED 30 APRIL 2024 (UNAUDITED)**

	Individual 6 months ended		Cumulative 6 months ended	
	30.4.2024	30.4.2023	30.4.2024	30.4.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	14,320	16,817	14,320	16,817
Cost of sales	(7,758)	(9,003)	(7,758)	(9,003)
Gross profit	6,562	7,814	6,562	7,814
Other income	207	333	207	333
Selling and distribution expenses	(1,369)	(1,572)	(1,369)	(1,572)
Administrative expenses	(4,486)	(4,516)	(4,486)	(4,516)
Other expenses	-	(4)	-	(4)
Profit from operations	914	2,055	914	2,055
Finance income	171	45	171	45
Finance costs	(212)	(207)	(212)	(207)
Profit before tax	873	1,893	873	1,893
Tax expense	(236)	(526)	(236)	(526)
Profit after tax for the period	637	1,367	637	1,367
Other comprehensive expense, net of tax:				
Items that are or may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operation	6	(19)	6	(19)
Total comprehensive income for the period	643	1,348	643	1,348
Profit after tax attributable to:				
- Owners of Baba Eco	677	1,407	677	1,407
- Non-controlling interests ("NCI")	(40)	(40)	(40)	(40)
	637	1,367	637	1,367
Total comprehensive income attributable to:				
- Owners of Baba Eco	680	1,398	680	1,398
- NCI	(37)	(50)	(37)	(50)
	643	1,348	643	1,348
Earnings per share attributable to owners of Baba Eco:				
- Basic ⁽²⁾ (sen)	0.30	0.63	0.30	0.63
- Diluted ⁽²⁾ (sen)	N/A	N/A	N/A	N/A

Notes:

(1) The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the FYE 2023 and the accompanying explanatory notes attached to this interim financial report.

(2) Kindly refer to Note C5 for further details.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾
FOR THE FIRST HALF YEAR ENDED 30 APRIL 2024
(UNAUDITED)**

	Share capital RM'000	Merger deficit RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	NCI RM'000	Total equity RM'000
At 1.11.2022	23,237	(18,822)	-	50,670	544	55,629
Total comprehensive income for the financial period	-	-	(9)	1,407	(50)	1,348
Transactions with owners:						
Dividend	-	-	-	(742)	-	(742)
Subscriptions of shares by NCI	-	-	-	-	175	175
Total transaction with owners	-	-	-	(742)	175	(567)
At 30.4.2023	23,237	(18,822)	(9)	51,335	669	56,410
At 1.11.2023	23,237	(18,822)	(9)	52,444	551	57,401
Total comprehensive income for the financial period	-	-	3	677	(37)	643
Transaction with owners:						
Dividend	-	-	-	(427)	-	(427)
At 30.4.2024	23,237	(18,822)	(6)	52,694	514	57,617

Note:

(1) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the FYE 2023 and the accompanying explanatory notes attached to this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾
FOR THE FIRST HALF YEAR ENDED 30 APRIL 2024 (UNAUDITED)**

	<u>NOTE</u>	Cumulative 6 months ended	
		30.4.2024 RM'000	30.4.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		873	2,059
<u>Adjustments for:</u>			
Unrealised loss on foreign exchange		29	20
Depreciation of property, plant and equipment		735	621
Depreciation of right-of-use assets		239	379
Gain on termination of lease contract		(2)	-
Loss on disposal of property, plant and equipment		-	3
Interest income		(171)	(45)
Interest expense		189	191
		<hr/>	<hr/>
Operating profit before working capital changes		1,892	3,228
Decrease in inventories		349	1,037
(Increase)/Decrease in trade and other receivables		(26)	1,013
Decrease in trade and other payables		(913)	(1,004)
Decrease in contract liabilities		(110)	(172)
		<hr/>	<hr/>
Cash generated from operations		1,192	4,102
Tax paid		(477)	(866)
Interest paid		(154)	(124)
		<hr/>	<hr/>
Net cash from operating activities		561	3,112
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		80	45
Purchase of property, plant and equipment		(1,631)	(334)
(Addition)/Termination of right-of-use assets		(37)	40
Grant received from Government		-	146
Placement of other investments		(1,717)	(6,265)
		<hr/>	<hr/>
Net cash used in investing activities		(3,305)	(6,368)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loan		-	3,898
Repayments of term loans		(215)	(161)
Drawdown of bankers' acceptances		2,465	3,313
Repayments of bankers' acceptances		(2,886)	(3,727)
Dividend paid		(427)	(742)
Repayments to a Director		(20)	(113)
Repayments to a Director of a subsidiary		-	(6)
Repayment of other payable's loan		(360)	-
Repayments of lease liabilities		(422)	(755)
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(1,865)	1,707
		<hr/>	<hr/>
Net changes in cash and cash equivalents		(4,609)	(1,549)
Effects of foreign current transaction		17	(9)
Cash and cash equivalents at beginning of the financial period		12,023	14,773
		<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	A	7,431	13,215

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾
 FOR THE FIRST HALF YEAR ENDED 30 APRIL 2024 (UNAUDITED) (cont'd)**

	Cumulative 6 months ended	
	30.4.2024	30.4.2023
	RM'000	RM'000
A. Cash and cash equivalents comprise the following:		
Cash and bank balances	7,431	13,215
Fixed deposits pledged with a licensed bank	647	620
	<u>8,078</u>	<u>13,835</u>
Less: Fixed deposits pledged with a licensed bank	(647)	(620)
	<u><u>7,431</u></u>	<u><u>13,215</u></u>

Note:

(1) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the FYE 2023 and the accompanying explanatory notes attached to this interim financial report.

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SECTION A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared under the historical cost convention except otherwise stated.

These unaudited interim financial statements have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Part C, Rule 6.12 and Appendix 6A, Part A of the LEAP Market Listing Requirements (“LEAP LR”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

These unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 October 2023 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 October 2023.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 October 2023, except for the adoption of the following MFRSs and Amendments to MFRSs as disclosed below:

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 - Insurance Contracts
- Amendments to MFRS 17 - Insurance Contracts
- Amendments to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 - Disclosure of Accounting Policies
- Amendments to MFRS 108 - Definition of Accounting Estimates
- Amendments to MFRS 112- Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112 - International Tax Reform- Pillar Two Model Rules

The adoption of the above MFRSs and Amendments to MFRSs did not have any significant financial impact to the Group.

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A2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not early adopted by the Group:

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements

Deferred (date to be determined by MASB)

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

The Group is in the process of assessing the impact of implementing these accounting standards and amendments, since the effects would only be observable for the future financial years.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 31 October 2023 were not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATION

Generally, our Group's business is not subjected to any anomalous cyclical or seasonal trend.

A5. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the semi-annual period and financial period ended 30 April 2024.

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A6. MATERIAL CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial years that have a material impact on the financial period ended 30 April 2024.

A7. DEBTS AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the semi-annual period under review.

A8. SEGMENT INFORMATION

Our Group is an integrated gardening supplies provider under our proprietary brand name “Baba”. Through our subsidiaries, we are primarily involved in:

- (i) The manufacturing and trading of a diversified range of eco-friendly biodegradable plastic flower pots and planting media;
- (ii) The processing and trading of organic fertilisers and natural pesticides; and
- (iii) The trading of a diversified range of gardening accessories, seeds and agricultural produce.

There is no change to the principal activities of the Group during the financial period under review.

The reportable segments are summarised as follows:

Manufacturing	:	Manufacturing and trading of biodegradable flower pots, planting media and other plastic-injection-moulding products
Merchandising	:	Processing and trading of organic fertilisers and natural pesticides, as well as trading of gardening accessories, seeds and agricultural products

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A8. SEGMENT INFORMATION (cont'd)

	Manufacturing	Merchandising	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Results					
Interest income	117	54	-	-	171
Interest expense	(129)	(60)	-	-	(189)
Depreciation	(607)	(128)	-	-	(735)
Right-of-use depreciation	(164)	(75)	-	-	(239)
Other non-cash expense	(19)	(9)	-	-	(27)
Tax expense	(127)	(109)	-	-	(236)
Segment profit/(loss)	402	207	553	(525)	637
Assets					
Additions to PPE	1,630	1	-	-	1,631
Additions to ROU	37	-	-	-	37
Segment assets	62,080	14,009	23,364	(24,411)	75,042
Liabilities					
Segment liabilities	16,992	2,426	-	(1,993)	17,425

Other material non-cash expense:

	Manufacturing	Merchandising	Others	Total
	RM'000	RM'000	RM'000	RM'000
Gain on termination of lease contract	1	1	-	2
Unrealised loss on foreign exchange	(20)	(9)	-	(29)
	(19)	(8)	-	(27)

Geographical information

Segment revenue is based on geographical location from which the sales transactions originated. The following are revenue from external customers by geographical location:

	Unaudited			
	Cumulative 6 months ended			
	30.4.2024		30.4.2023	
	RM'000	%	RM'000	%
Local				
Malaysia	11,973	83.61	13,764	81.85
Overseas				
Southeast Asia	1,553	10.84	2,128	12.65
Others	794	5.55	925	5.50
	2,347	16.39	3,053	18.15
Total	14,320	100.00	16,817	100.00

A9. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other material events subsequent to the end of financial period under review that have not been reflected in this interim financial report and/or announced to Bursa Securities.

A11. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

A12. CAPITAL COMMITMENTS

Our Group's capital commitments in respect of property, plant and equipment which were not provided in the financial statements as at 30 April 2024 are as follows:

	RM'000
In respect of property, plant and equipment:	
- Contracted but not provided for	<u>957</u>

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SECTION B - ADDITIONAL INFORMATION REQUIRED BY THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. REVIEW OF PERFORMANCE

Revenue

	Unaudited			
	Cumulative 6 months ended			
	30.4.2024		30.4.2023	
	RM'000	%	RM'000	%
Manufacturing ⁽¹⁾ :	9,380	65.50	11,539	68.62
Merchandising ⁽²⁾	4,940	34.50	5,278	31.38
Total	14,320	100.00	16,817	100.00

Notes:

- (1) Consist of revenue derived from manufacturing of biodegradable flower pots, planting media and other plastic-injection-moulding products.
- (2) Consist of revenue derived from processing and trading of organic fertilisers and natural pesticides, as well as trading of gardening accessories, seeds and agricultural produce.

The Group recorded total revenue of RM14.32 million for the financial period ended 30 April 2024 (“1HFY24”), decreased by approximately RM2.50 million or 14.86% when compared to the Group’s revenue of RM16.82 million for the corresponding period in preceding financial year. The decrease in revenue was mainly due to:

- (i) softer demands from consumers towards gardening products amid lesser discretionary spending by consumers in overall; and
- (ii) reduced export orders from overseas customers due to global inflationary pressures and softer demands from consumers.

Profit before tax

The Group recorded a lower profit before tax (“PBT”) of RM0.87 million for the 1HFY24, decreased by approximately RM1.02 million or 53.97% when compared to the Group’s PBT of RM1.89 million for the corresponding period in preceding financial year mainly due to:

- (i) decrease in revenue as explained above;
- (ii) lower capacity utilisation, coupled with incurrence of fixed overhead costs; and
- (iii) higher operational costs such as personnel cost and travelling expenses incurred by certain subsidiary attributable to business expansion plan.

B1. REVIEW OF PERFORMANCE (cont'd)

Tax expense

The Group's effective tax rate for the 1HFY24 was higher than the statutory tax rate, mainly due to certain subsidiaries company incurred losses.

B2. PROSPECTS

The Group continue to invest in research and development to expand its products portfolio such as household pest prevention products to fulfil consumers' needs and for growth opportunities. Strategies have been taken by the Group with the aims to accelerate time-to-market for these products. Recently, the Group has successfully developed and launched the new range of organic pet care products to the markets. These new series of organic pet care products is expected to contribute positively to the Group.

For domestic markets, more resources are allocated to penetrate the farmer market as the sustainability awareness among the farmers is increasing. For overseas markets, the South East Asia region remain the Group's priorities. The Group is taking proactive actions and close follow-up to secure more orders to gain more market shares, at the same time, introduce broader range of organic products alongside existing offerings to markets to drive revenue growth.

Internally, the Group remained focused on effective cost management, manpower and supply chain management to drive operational efficiencies and maintain competitiveness.

Looking ahead, the Group expect the business environment remains challenging due to the prolonged geopolitical tensions, retargeting of subsidies and inflationary pressures which affecting the consumer purchasing power. Nevertheless, the Board of Directors is confident of the Group's future as the public is embracing Environmental, Social and Governance (ESG), which the Group's activities and products offerings are closely aligned with the trend. In view of the above, the Board of Directors is optimistic that the Group to deliver positive results for the financial year ending 31 October 2024.

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SECTION C - OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal announced but pending completion as at the date of this report.

C2. UTILISATION OF PROCEEDS

The status of the utilisation of proceeds from the Excluded Issue of RM3.58 million is as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation⁽¹⁾ RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Capital expenditure	1,500	1,500	-	Fully utilised
R&D expenditure	500	77	423	By 19 July 2025
Overseas expansion	500	500	-	Fully utilised
Purchase of production equipment	800	800	-	Fully utilised
Working capital	275	275	-	Fully utilised
Total	3,575	3,152	423	

Note:

(1) Status of utilisation as at 15.6.2024.

C3. MATERIAL LIGATION

There is no material litigation pending as at the date of this report.

C4. DIVIDEND

On 29 December 2023, the Board of Directors declared an interim dividend of 0.19 sen per share on 224,720,020 shares amounting to RM426,968 in respect of the financial year ended 31 October 2023. The interim dividend was paid on 18 January 2024.

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C5. EARNINGS PER SHARE

Basic Earnings Per Share (“BEPS”)

	Cumulative 6 months ended	
	30.4.2024	30.4.2023
	RM'000	RM'000
Profit attributable to owners of Baba Eco	677	1,407
Weighted average number of ordinary shares in issue ('000)	224,720	224,720
BEPS (sen)	0.30	0.63

Diluted Earnings Per Share

No diluted earnings per share is disclosed as the Company does not have any dilutive potential ordinary shares (such as options or convertible instruments) in issues as at 30 April 2024.

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