



ZANTAT HOLDINGS BERHAD
(Registration No: 202101040483 (1440783-X))
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2024**

ZANTAT HOLDINGS BERHAD
Registration No.: 202101040483 (1440783-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	Note	Quarter Ended		Year-To-Date Ended	
		30.9.2024 Unaudited RM'000	30.9.2023 Unaudited RM'000	30.9.2024 Unaudited RM'000	30.9.2023 Unaudited RM'000
Revenue		27,827	N/A	79,125	N/A
Cost of sales		(16,588)	N/A	(47,126)	N/A
Gross profit		11,239	N/A	31,999	N/A
Other income		312	N/A	706	N/A
Selling and distribution expenses		(7,702)	N/A	(17,598)	N/A
Administrative expenses ⁽³⁾		(2,845)	N/A	(9,479)	N/A
Other expenses		(1,172)	N/A	(1,412)	N/A
Finance costs		(157)	N/A	(643)	N/A
(Loss)/Profit before taxation		(325)	N/A	3,573	N/A
Income tax expense	B5	(275)	N/A	(1,590)	N/A
(Loss)/Profit after taxation/Total comprehensive (expenses)/income for the financial period		(600)	N/A	1,983	N/A
(Loss)/Profit after taxation/Total comprehensive (expenses)/income for the financial period attributable to:					
- Owners of the Company		(600)	N/A	1,983	N/A
(Loss)/Earnings per share ("LPS")/"EPS")	B11				
- Basic (sen) ⁽⁴⁾		(0.2)	N/A	0.8	N/A
- Diluted (sen) ⁽⁵⁾		(0.2)	N/A	0.8	N/A

Notes:

- (1) The above Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 March 2024 in relation to its initial public offering ("**IPO**"), as well as the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)**

- (2) This is the fourth 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 preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 27 March 2024 and no interim financial report was prepared for the comparative financial period concerned.
- (3) Administrative expenses included non-recurring listing expenses of approximately RM0.9 million. For illustration purposes only, the Group's normalised financial performance after adjusting for the non-recurring listing expenses is as follows:

	Quarter Ended		Year-To-Date Ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation	(325)	N/A	3,573	N/A
Add: Listing expenses	-	N/A	943	N/A
Adjusted (loss)/profit before taxation	(325)	N/A	4,516	N/A

- (4) Basic LPS for the current quarter is calculated based on the weighted average number of ordinary shares of the Company of 280,000,000.

Basic EPS for the current financial year-to-date is calculated based on the weighted average number of ordinary shares of the Company of 262,423,358.

- (5) Diluted (LPS)/EPS is equal to the basic (LPS)/EPS as there is no dilutive instrument for the current quarter and financial year-to-date.

N/A Not applicable.

The rest of this page is intentionally left blank

ZANTAT HOLDINGS BERHAD
Registration No.: 202101040483 (1440783-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 30 SEPTEMBER 2024

	Note	As at 30.9.2024 Unaudited RM'000	As at 31.12.2023 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		46,110	47,802
Right-of-use assets		6,907	7,338
Total non-current assets		<u>53,017</u>	<u>55,140</u>
Current assets			
Inventories		7,727	7,928
Trade receivables		18,379	20,416
Other receivables, deposits and prepayments		4,902	1,553
Current tax assets		1,308	283
Short-term investment		11,244	1,412
Fixed deposits with licensed banks		3,289	4,138
Cash and bank balances		3,764	4,996
Total current assets		<u>50,613</u>	<u>40,726</u>
TOTAL ASSETS		<u><u>103,630</u></u>	<u><u>95,866</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		70,355	57,411
Meger deficit		(4,100)	(4,100)
Reorganisation deficit		(51,411)	(51,411)
Retained profits		60,051	62,268
TOTAL EQUITY		<u>74,895</u>	<u>64,168</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		3,412	3,412
Long-term borrowings	B8	1,080	4,768
Lease liabilities		118	447
Total non-current liabilities		<u>4,610</u>	<u>8,627</u>
Current liabilities			
Trade payables		6,756	7,464
Other payables and accruals		7,245	8,375
Short-term borrowings	B8	9,687	6,809
Lease liabilities		437	423
Total current liabilities		<u>24,125</u>	<u>23,071</u>
TOTAL LIABILITIES		<u>28,735</u>	<u>31,698</u>
TOTAL EQUITY AND LIABILITIES		<u><u>103,630</u></u>	<u><u>95,866</u></u>
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾		<u>0.27</u>	<u>0.29</u>

ZANTAT HOLDINGS BERHAD
Registration No.: 202101040483 (1440783-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 30 SEPTEMBER 2024 (CONTINUED)

Notes:

- (1) The above Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 March 2024 in relation to its IPO, as well as the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share as at 30 September 2024 is calculated based on the Company's share capital of 280,000,000 ordinary shares.

Net assets per ordinary share as at 31 December 2023 is calculated based on the Company's share capital of 224,000,000 ordinary shares before the IPO (refer to Note A7).

The rest of this page is intentionally left blank

ZANTAT HOLDINGS BERHAD
Registration No.: 202101040483 (1440783-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	<----- Non-distributable ----->			Distributable	
	Share capital RM'000	Merger deficit RM'000	Reorganisation deficit RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2024 (Audited)	57,411	(4,100)	(51,411)	62,268	64,168
Profit after taxation/ Total comprehensive income for the financial period	-	-	-	1,983	1,983
Transactions with owners					
Dividends	-	-	-	(4,200)	(4,200)
Issuance of shares pursuant to IPO ⁽³⁾	14,000	-	-	-	14,000
Share issuance expenses ⁽⁴⁾	(1,056)	-	-	-	(1,056)
	12,944	-	-	(4,200)	8,744
At 30 September 2024 (Unaudited)	70,355	(4,100)	(51,411)	60,051	74,895

Notes:

- (1) The above Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 March 2024 in relation to its IPO, as well as the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Issuance of new shares pursuant to the IPO as disclosed in Note A7.
- (4) Listing expenses incurred pursuant to the IPO as disclosed in Note A7 that has been set-off against the equity.

ZANTAT HOLDINGS BERHAD
Registration No.: 202101040483 (1440783-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	Year-To-Date Ended 30.9.2024 Unaudited RM'000	Year-To-Date Ended 30.9.2023 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,573	N/A
Adjustments:		
Depreciation of property, plant and equipment	4,243	N/A
Depreciation of right-of-use assets	431	N/A
Interest expense on lease liabilities	33	N/A
Interest expense	390	N/A
Net unrealised loss on foreign exchange	324	N/A
Plant and equipment written off	11	N/A
Fair value gain on short-term investment	(121)	N/A
Interest income	(242)	N/A
Net gain on disposal of plant and equipment	(170)	N/A
Operating profit before working capital changes	8,472	N/A
Decrease in inventories	202	N/A
Decrease in trade and other receivables	1,926	N/A
Decrease in trade and other payables	(1,935)	N/A
CASH FROM OPERATIONS	8,665	N/A
Income tax paid	(2,615)	N/A
Interest paid	(443)	N/A
NET CASH FROM OPERATING ACTIVITIES	5,607	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	242	N/A
Increase in short-term investment	121	N/A
Proceeds from disposal of plant and equipment	173	N/A
Purchase of property, plant and equipment	(5,948)	N/A
NET CASH USED IN INVESTING ACTIVITIES	(5,412)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4,200)	N/A
Net drawdown in bankers' acceptances	3,354	N/A
Net drawdown in post shipment buyer loan	1,164	N/A
Net drawdown in revolving credit	650	N/A
Net repayment in term loans	(4,705)	N/A
Net repayment in hire purchase payables	(1,254)	N/A
Payment of lease liabilities	(315)	N/A
Payment of share issuance expenses	(1,056)	N/A
Proceeds from issuance of ordinary shares	14,000	N/A
NET CASH FROM FINANCING ACTIVITIES	7,638	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)

	Year-To-Date Ended 30.9.2024 Unaudited RM'000	Year-To-Date Ended 30.9.2023 Unaudited RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,833	N/A
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	10,545	N/A
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(81)	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	18,297	N/A
Cash and cash equivalents at the end of the financial period represented by:		
Fixed deposits with licensed banks	3,289	N/A
Cash and bank balances	3,764	N/A
Short-term investment	11,244	N/A
	18,297	N/A

Notes:

- (1) The above Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 March 2024 in relation to its IPO, as well as the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.

N/A Not applicable.

The rest of this page is intentionally left blank

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

A1. Basis of Preparation

This condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 and Appendix 9B of Listing Requirements of Bursa Securities.

This is the Company’s fourth interim financial report on the unaudited condensed consolidated financial results for the financial period ended 30 September 2024 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 6 March 2024 in relation to its IPO, as well as the Group’s audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted for the Group’s audited financial statements for the financial year ended 31 December 2023.

The Group has also adopted the following amendments to MFRS and IC Interpretations that came into effect on 1 January 2024 which did not have any significant impact to the unaudited condensed consolidated financial statements upon its initial application:

- Amendments to MFRS 16: Lease liability in a Sales and Leaseback
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The Group has not applied in advance the following accounting standards that have been issued by MASB but are not yet effective for the current financial period:

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 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027

The adoption of the above accounting standards is expected to have no material impact on the financial statements of the Group upon its initial application.

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

A3. Auditors' Report on Preceding Annual Financial Statements

There were no qualifications on the audited financial statements of the Group for the financial year ended 31 December 2023.

A4. Seasonal or Cyclical Factors

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

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

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

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

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

Pursuant to the Company's listing on the ACE Market of Bursa Securities ("**Listing**"), the effect of the IPO on equity structure of the Company were allocated in the following manner:

- (I) Public Issue of 56,000,000 new ordinary shares in the Company ("**Shares**") at an issue price of RM0.25 per share allocated in the following manner ("**Public Issue**"):
- 14,000,000 new Shares available for application by the Malaysian public by way of balloting;
 - 11,200,000 new Shares available for application by the eligible directors, employees and persons who have contributed to the success of our Group; and
 - 30,800,000 new Shares by way of private placement to selected investors;

and

- (II) Offer for sale of 16,800,000 existing shares by way of private placement to selected investors.

The IPO was completed and the Company was listed on the ACE Market of Bursa Securities on 27 March 2024 with the enlarged issued share capital comprised 280,000,000 Shares.

A8. Dividend Paid

The first interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 December 2024 was declared on 23 May 2024 and paid on 25 June 2024.

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

A9. Segmental Information

The Group's revenue is segmented as follows:

Revenue by business activities and products

	Quarter Ended		Year-To-Date Ended	
	30.09.2024	30.09.2023 ⁽¹⁾	30.09.2024	30.09.2023 ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Production of:				
GCC ⁽²⁾	22,933	N/A	65,297	N/A
CC dispersion ⁽³⁾	3,012	N/A	9,241	N/A
Kaolin dispersion	424	N/A	1,292	N/A
Others	1,458	N/A	3,295	N/A
	27,827	N/A	79,125	N/A

Revenue by business geographical markets

	Quarter Ended		Year-To-Date Ended	
	30.09.2024	30.09.2023 ⁽¹⁾	30.09.2024	30.09.2023 ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Malaysia	10,619	N/A	31,599	N/A
Foreign countries:				
India	13,806	N/A	38,806	N/A
Other foreign countries ⁽⁴⁾	3,402	N/A	8,720	N/A
	27,827	N/A	79,125	N/A

Notes:

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

(2) GCC is referring to ground calcium carbonate.

(3) CC dispersion is referring to calcium carbonate dispersion.

(4) Includes Australia, Cambodia, Fiji, Indonesia, Nepal, Papua New Guinea, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.

N/A Not applicable.

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

A10. Material Events Subsequent to the End of the Reporting Period

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

A11. Changes in the Composition of the Group

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

A12. Contingent Liabilities or Contingent Assets

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

A13. Related Party Transactions Disclosures

The related party transactions between the Group and related parties are as follows:

	Quarter Ended 30.09.2024 Unaudited RM'000	Year-To-Date Ended 30.09.2024 Unaudited RM'000
Transportation expenses charged by an entity controlled by close family members of certain directors	188	486
Transportation expenses charged by a close family member of certain directors	48	125
	<u>48</u>	<u>125</u>

A14. Capital Commitments

Save as disclosed below, there are no other material capital commitments as at the end of the current quarter under review.

	30.09.2024 Unaudited RM'000	31.12.2023 Audited RM'000
Approved and contracted for:		
- Acquisition of plant and machinery	2,199	2
- Acquisition of forklift and lorry	109	-
- Acquisition of electrical equipment and fittings	1,287	-
- Acquisition of lab equipment	1,964	-
- Construction of buildings	428	1,151
Approved and not contracted for:		
- Construction of buildings	75	-
	<u>6,062</u>	<u>1,153</u>

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

B1. Review of Financial Performance

	Quarter Ended		Year-To-Date Ended	
	30.09.2024	30.09.2023⁽¹⁾	30.09.2024	30.09.2023⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	27,827	N/A	79,125	N/A
Gross profit	11,239	N/A	31,999	N/A
(Loss)/Profit before tax	(325)	N/A	3,573	N/A
(Loss)/Profit after tax	(600)	N/A	1,983	N/A
(Loss)/Profit attributable to owners of the Company	(600)	N/A	1,983	N/A

Notes:

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

N/A Not applicable.

Quarter Ended

The Group recorded revenue of RM27.8 million for the current quarter mainly contributed from revenue from production of GCC which accounted for RM22.9 million, representing 82.4% of the total revenue for the current quarter.

The Group incurred loss before tax of RM0.3 million for the current quarter after deducting expenses, which are mainly attributed to selling and distribution expenses of RM7.7 million and administrative expenses of RM2.8 million for the current quarter.

Year-To-Date Ended

The Group recorded revenue of RM79.1 million for the current financial year-to-date mainly contributed from revenue from production of GCC which accounted for RM65.3 million, representing 82.6% of the total revenue for the current financial year-to-date.

The Group recognised profit before tax of RM3.6 million for the current financial year-to-date after deducting expenses, which are mainly attributed to selling and distribution expenses of RM17.6 million and administrative expenses of RM9.5 million for the current financial year-to-date.

The selling and distribution expenses mainly comprise logistic costs. The administrative expenses consist of directors' fees and remuneration; staff related costs; professional fees (IPO related expenses included in year-to-date); office and upkeep expenses; license and certification; insurance; quit rent expenses; travelling and entertainment expenses; training fee; research and development expenses; and other general and administrative expenses.

There are no comparative figures for the preceding corresponding quarter's results as this is the fourth interim financial report being announced by the Company in compliance with the Listing Requirements.

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

B2. Comparison with Immediate Preceding Quarter's Results

	Quarter Ended		Changes	
	30.09.2024 Unaudited RM'000	30.06.2024 Unaudited RM'000	RM'000	%
Revenue	27,827	22,540	5,287	23.5
Gross profit	11,239	8,773	2,466	28.1
(Loss)/Profit before tax	(325)	1,096	(1,421)	(129.7)
(Loss)/Profit after tax	(600)	652	(1,252)	(192.0)
(Loss)/Profit attributable to owners of the Company	(600)	652	(1,252)	(192.0)

The Group's revenue increased by RM5.3 million or 23.5% to RM27.8 million as compared with the immediate preceding quarter of RM22.5 million. The increase was mainly contributed from revenue from production of GCC due to higher demand for GCC products, which increased by RM5.2 million or 29.4% to RM22.9 million as compared with the immediate preceding quarter of RM17.7 million.

The Group incurred loss before tax of RM0.3 million for the current quarter, as opposed to profit before tax of RM1.1 million for the immediate preceding quarter, mainly resulted from foreign exchange loss of RM1.3 million due to weakening of United States Dollar.

The rest of this page is intentionally left blank

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

B3. Prospects of the Group

In the third quarter of 2024, our Group encountered significant challenges from foreign exchange fluctuations. The appreciation of the Malaysian Ringgit ("MYR") by nearly 14.4% against the United States Dollar ("USD") during the third quarter of 2024 ⁽¹⁾, has impacted our export revenues, particularly in key markets like India ⁽²⁾. As our sales is predominantly in USD, this currency shift reduces the MYR value of each transaction. While short-term factors, such as anticipated interest rate adjustments in the U.S. are largely driving this trend, analysts project that recent appreciation of MYR is not likely to be sustainable in the long run ⁽³⁾. In the event that MYR depreciate in the near future, it will potentially be easing the forex pressures on our Group.

Despite these challenges, the global calcium carbonate market remains on a positive growth trajectory, projected to expand from USD46.4 billion in 2024 to USD70.4 billion by 2031 at a compound annual growth rate (CAGR) of 6.1% ⁽⁴⁾. For our Group, this means ongoing demand across industries like paper, plastics, paints, and coatings, where our calcium carbonate products are valued for their cost-effectiveness and performance benefits. This market growth presents our Group with opportunities to leverage our competitive strengths and expand our presence, ensuring we continue to meet the needs of a dynamic global market.

In the compostable bioplastics segment, our subsidiary Zaneco has engaged in promising discussions with universities, major corporations, and policymakers to promote Earthya compostable bags. While we have yet to secure solid business contracts, we are encouraged by growing interest from organizations increasingly focused on sustainable alternatives. Driven by a heightened awareness of environmental issues and governmental support for a single-use plastic ban ⁽⁵⁾, Earthya's product features have been well received by the market as a viable, eco-friendly option. However, we recognise the need for ongoing education to highlight the functionality and advantages of compostable bioplastics, with outreach efforts designed to lay the foundation for future adoption.

In the face of these challenges, our Group remains committed to sustainable practices and market resilience. Our strategic focus on operational excellence and moving up the value chain enables us to offer high-performance, value-added products tailored to premium markets. This approach not only strengthens our competitive positioning but also reinforces our dedication to long-term growth, innovation, and environmental stewardship.

Notes:

(1) Source: <https://www.thestar.com.my/business/business-news/2024/10/09/ringgit-strengthens-144-vs-us-in-3q24-one-of-the-best-performing-currencies-globally>

(2) Source: <https://www.thestar.com.my/business/business-news/2024/10/22/strong-ringgit-weighs-----on-export-performance>

(3) Source: <https://www.channelnewsasia.com/commentary/malaysian-ringgit-strengthen-us-dollar-currency-economy-trade-inflation-4684856>

(4) Source: <https://www.coherentmarketinsights.com/industry-reports/calcium-carbonate-market/market-size-and-trends>

(5) Source: <https://theedgemalaysia.com/node/730561>

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

B4. Variance of Actual Profits from Profit Forecast

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

B5. Income Tax Expense

	Quarter Ended		Year-To-Date Ended	
	30.09.2024	30.09.2023 ⁽¹⁾	30.09.2024	30.09.2023 ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
- Current period	265	N/A	1,580	N/A
- Under provision in prior year	10	N/A	10	N/A
	275	N/A	1,590	N/A
Effective tax rate ⁽²⁾ (%)	N/A	N/A	44.2	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A

Notes:

- (1) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (2) The Group's effective tax rate for the current quarter is not applicable as the Group incurred loss before tax. The effective tax rate for the current financial year-to-date was higher than the statutory tax rate mainly due to expenses incurred which were non-deductible for tax purposes.

N/A Not applicable.

B6. Status of Corporate Proposals

On 10 September 2024, M&A Securities Sdn Bhd ("M&A Securities") on behalf of the Board of Directors of the Company had announced that the Company proposes to implement a special issue of up to 40,000,000 new ordinary shares in the Company, representing approximately 12.5% of the Company's enlarged number of issued shares to independent third-party Bumiputera investors to be identified and/or approved by the Ministry of Investment, Trade and Industry Malaysia ("Proposed Special Issue").

On 13 September 2024, M&A Securities had submitted the additional listing application in relation to the Proposed Special Issue to Bursa Securities.

On 9 October 2024, M&A Securities on behalf of the Board of Directors of the Company had announced that Bursa Securities had approved the listing of and quotation for up to 40,000,000 new ordinary shares to be issued pursuant to the Proposed Special Issue on the ACE Market of Bursa Securities, subject to conditions.

On 4 November 2024, the Company had obtained its shareholders' approval at the Extraordinary General Meeting for the Proposed Special Issue.

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

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

B7. Utilisation of Proceeds from the Public Issue

The status of utilisation as at 30 September 2024 of the gross proceeds of RM14.0 million raised by the Company from the Public Issue is as follows:

Utilisation of proceeds	Proposed utilisation RM'000	Percentage of utilisation %	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation ⁽¹⁾
Upgrading of R&D facilities	3,830	27.4	1,478	2,352	Within 12 months
Upgrading of Calrock Perak Plant's Infrastructure	1,000	7.2	-	1,000	Within 12 months
Investment in high efficiency machine components and industrial automation	1,350	9.6	569	781	Within 6 months
Repayment of bank borrowings	3,390	24.2	3,390	-	Within 12 months
Working capital	1,430	10.2	94	1,336	Within 12 months
Estimated listing expenses	3,000	21.4	3,000	-	Immediately
	14,000	100.0	8,531	5,469	

Note:

(1) From the date of listing of the Company on 27 March 2024.

B8. Group Borrowings and Debts Securities

	30.09.2024 Unaudited RM'000	31.12.2023 Audited RM'000
Non-current:		
Secured		
Term loans	1,080	4,768
Current:		
Secured		
Bankers' acceptances	6,158	2,804
Post shipment buyer loan	1,752	588
Revolving credit	650	-
Term loans	1,117	2,152
Hire purchase payables	10	1,265
	9,687	6,809
Total borrowings	10,767	11,577

The Group's borrowings are all denominated in Ringgit Malaysia.

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

B9. Material Litigations

There were no material litigations by or against the Group as at 30 September 2024.

B10. Dividends

There were no dividends proposed or declared during the current quarter under review.

B11. (Loss)/Earnings Per Share

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

	Quarter Ended		Year-To-Date Ended	
	30.09.2024	30.09.2023 ⁽¹⁾	30.09.2024	30.09.2023 ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to owners of the Company	(600)	N/A	1,983	N/A
Weighted average number of ordinary shares in issue ('000)	280,000	N/A	262,423	N/A
Basic (LPS)/EPS (sen) ⁽²⁾	(0.2)	N/A	0.8	N/A
Diluted (LPS)/EPS (sen) ⁽³⁾	(0.2)	N/A	0.8	N/A

Notes:

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

(2) Basic LPS for the current quarter is calculated based on the weighted average number of ordinary shares of the Company of 280,000,000.

Basic EPS for the current financial year-to-date is calculated based on the weighted average number of ordinary shares of the Company of 262,423,358.

(3) Diluted (LPS)/EPS is equal to the basic (LPS)/EPS as there is no dilutive instrument for the current quarter and financial year-to-date.

N/A Not applicable.

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

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

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

	Quarter Ended		Year-To-Date Ended	
	30.09.2024	30.09.2023 ⁽¹⁾	30.09.2024	30.09.2023 ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
After charging/ (crediting):				
Depreciation:				
- property, plant and equipment	1,420	N/A	4,243	N/A
- right-of-use assets	144	N/A	431	N/A
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptances	33	N/A	91	N/A
- post-shipment buyer loan	27	N/A	54	N/A
- term loans	33	N/A	225	N/A
- hire purchase payables	#	N/A	20	N/A
Interest expense on lease liabilities	9	N/A	33	N/A
Net loss on foreign exchange:				
- realised	543	N/A	437	N/A
- unrealised	716	N/A	324	N/A
Plant and equipment written off	11	N/A	11	N/A
Fair value change on investment	(48)	N/A	(121)	N/A
Interest income on financial assets measured at amortised cost:				
- fixed deposits with licensed banks	(16)	N/A	(75)	N/A
- others	(1)	N/A	(3)	N/A
Interest income on financial assets measured at fair value through profit or loss:				
- short-term investment	(79)	N/A	(164)	N/A
Net gain on disposal of plant and equipment	(66)	N/A	(170)	N/A

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

B12. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

Notes:

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

N/A Not applicable.

Less than RM500.

B13. Authorisation for Issue

This interim financial report was authorised for issue by the Board on 18 November 2024.