



ENEST GROUP BERHAD

(Company No. 1275638-T)
(Incorporated in Malaysia under the Companies Act, 2016)

**UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS
FOR THE 6-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024**

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

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 ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. 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 ENEST GROUP BERHAD (“ENEST” 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.



The following terms in this document bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Audited Financial Statements	:	Consolidated financial statements for the FYE 2023 as audited by Grant Thornton Malaysia
Board	:	The Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
DVS	:	Department of Veterinary Services Malaysia
Enest or Company	:	Enest Group Berhad (1275638-T)
Enest Group or Group	:	Collectively, Enest and its Subsidiaries
FPE	:	Financial period ended/ending 30 June
FYE	:	Financial year ended/ending 31 December
HACCP	:	Hazard Analysis and Critical Control Points, an internationally recognised structured operating method that helps organisations in the food and beverage industry to identify their food safety risks, prevent food safety hazards and address legal compliance
IMR Report	:	Independent Market Research Report dated 27 March 2019 prepared by Providence Strategic Partners Sdn. Bhd.
Information Memorandum	:	Information Memorandum dated 28 March 2019 in relation to the Proposed Excluded Issue
Listing Proceeds	:	Gross proceeds of RM4.00 million raised from the excluded issue of 50,000,000 shares in conjunction with the listing of the Company on the LEAP market of Bursa Securities, completed on 7 August 2019
R&D	:	Research and Development
Share(s)	:	Ordinary share(s) in our Company

All references to “our Company” or “Enest” in this document are to Enest Group Berhad. All references to “our Group” or “Enest Group” in this document are to our Company and our subsidiaries, taken as a whole. All references to “we”, “us”, “our” and “ourselves” are to our Company and our subsidiaries, save where the context otherwise requires. Statements as to our beliefs, expectations, estimates and opinions are those of our Company.

References to “Ringgit”, “Ringgit Malaysia”, “RM” and “sen” are to the lawful currency of Malaysia. Any discrepancies in the tables between the amounts listed and the totals in this document are due to rounding.



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
(UNAUDITED)**

	6 Months Individual period		6 Months Cumulative period	
	FPE 2024 ⁽¹⁾ RM'000	FPE 2023 RM'000	FPE 2024 ⁽¹⁾ RM'000	FPE 2023 RM'000
Revenue	69,302	62,644	69,302	62,644
Cost of sales	(58,879)	(53,804)	(58,879)	(53,804)
Gross profit ("GP")	10,423	8,840	10,423	8,840
Other income	883	1,743	883	1,743
Administrative & other expenses	(5,098)	(4,354)	(5,098)	(4,354)
Profit from operations	6,208	6,229	6,208	6,229
Finance costs	(286)	(158)	(286)	(158)
Profit before tax ("PBT")	5,922	6,071	5,922	6,071
Tax expenses	(1,186)	(1,386)	(1,186)	(1,386)
Profit after tax ("PAT")	4,736	4,685	4,736	4,685
Other Comprehensive Income				
Foreign currency translation differences	15	34	15	34
Total comprehensive income	4,751	4,719	4,751	4,719
PAT attributable to:				
Owners of Enest	4,460	4,317	4,460	4,317
Non-controlling interest ("NCI")	276	368	276	368
	4,736	4,685	4,736	4,685
Total comprehensive income attributable to:				
- Owners of Enest	4,475	4,351	4,475	4,351
- NCI	276	368	276	368
	4,751	4,719	4,751	4,719
GP margin (%)	15.04	14.11	15.04	14.11
PBT margin (%)	8.55	9.69	8.55	9.69
PAT margin (%)	6.83	7.48	6.83	7.48
Basic/diluted earnings per share (sen) ⁽²⁾	0.96	0.93	0.96	0.93
Number of shares in issue after the Excluded Issue ('000)	465,000	465,000	465,000	465,000

Notes:

- (1) *The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Calculated based on the profit for the financial period attributable to owners of Enest, divided by the number of shares in issue after the Excluded Issue.*



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

	As at 30.06.2024 ⁽¹⁾ RM'000 (unaudited)	As at 31.12.2023 RM'000 (audited)
Non-Current Assets		
Property, plant and equipment	5,254	5,892
Investment properties	3,779	1,048
Goodwill	1,840	1,840
	10,873	8,780
Current Assets		
Inventories	16,343	15,920
Trade receivables	22,497	18,150
Other receivables	4,397	4,661
Fixed deposits with a licensed bank	699	639
Cash and bank balances	4,022	1,298
	47,958	40,678
TOTAL ASSETS	58,831	49,458
Equity		
Share capital	5,431	5,431
Merger deficit	(375)	(375)
Foreign currency translation reserve	-	(15)
Retained earnings	32,586	28,126
	37,642	33,167
NCI	2,558	2,282
Total Equity	40,200	35,449
Non-Current Liabilities		
Borrowings	4,516	3,979
Deferred tax liabilities	94	94
Lease liabilities	555	959
	5,165	5,031
Current Liabilities		
Trade payables	1,429	3,583
Other payables	655	747
Lease liabilities	495	492
Borrowings	8,113	1,887
Bank overdraft	2,304	1,442
Tax payable	470	827
	13,466	8,978
Total Liabilities	18,631	14,009
TOTAL EQUITY AND LIABILITIES	58,831	49,458

Note:

(1) *The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements and the accompanying explanatory notes attached to this interim financial report.*



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

	Share capital RM'000	Merger Deficit RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2023	5,431	(375)	(72)	21,456	26,440	1,951	28,391
Total comprehensive income for the financial period	-	-	34	4,317	4,351	368	4,719
At 30 June 2023	5,431	(375)	(38)	25,773	30,791	2,319	33,110
	Share capital RM'000	Merger Deficit RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2024	5,431	(375)	(15)	28,126	33,167	2,282	35,449
Total comprehensive income for the financial period	-	-	15	4,460	4,475	276	4,751
At 30 June 2024⁽¹⁾	5,431	(375)	-	32,586	37,642	2,558	40,200

Note:

- (1) *The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements and the accompanying explanatory notes attached to this interim financial report.*



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

	Year-to-date ended	
	30.06.2024 ⁽¹⁾	30.06.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,922	6,071
<u>Adjustments for:</u>		
Depreciation	420	450
Interest expenses	286	158
Interest income	-	(11)
Dividend income	-	(25)
	<hr/>	<hr/>
Operating profit before working capital changes	6,628	6,643
Inventories	(3,073)	(2,112)
Receivables	(2,128)	(7,606)
Payables	578	670
	<hr/>	<hr/>
Cash generated from/(used in) operations	2,005	(2,405)
Tax paid	(939)	(523)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	1,066	(2,928)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(283)	(291)
Purchase of investment property	(176)	-
Investment in associate	(24)	-
Interest received	-	36
	<hr/>	<hr/>
Net cash used in investing activities	(483)	(255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(286)	(158)
Repayment to directors	(50)	-
Repayments of lease liabilities	(645)	(629)
Net redemption from other investments	430	-
Placement of fixed deposit pledged	(133)	-
Drawdown of term loan	2,628	1,105
Repayment of term loans	(795)	(790)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	1,149	(472)
Cash and cash equivalents		
Net changes	1,732	(3,655)
Brought forward	(14)	3,641
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	1,718	(14)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
(UNAUDITED)

	Year-to-date ended	
	30.06.2024⁽¹⁾	30.06.2023
	RM'000	RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	4,022	264
Fixed deposits	699	506
Bank overdraft	(2,304)	(278)
	2,417	492
Less: Fixed deposit pledged with a licenced bank	(699)	(506)
	1,718	(14)

Note:

- (1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements and the accompanying explanatory notes attached to this interim financial report.*

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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 method unless otherwise stated. Any discrepancies in the tables between the amounts listed and the totals in this interim report are due to rounding.

These unaudited interim consolidated 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 of the LEAP Market Listing Requirements issued by Bursa Securities.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 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 December 2023.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of the unaudited consolidated interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 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 2024

- 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 and Disclosures 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*

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

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 commencing on or after 1 January 2024

- Amendments to MFRS 16: *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101: *Non-current Liabilities with Covenants*
- 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 FYE 2023 were not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATION

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

A5. UNUSUAL ITEMS

There were no material unusual items affecting assets, liabilities, equity, net income and cash flow of the Group during the current financial period.

A6. MATERIAL CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts during the period ended 30 June 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 and financial year under review.

A8. DIVIDEND PAID/ DECLARED

There was no dividend paid or declared during the semi-annual period under review.

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

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

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There was no material change in the composition of the group subsequent to the end of financial period under review that have not been reflected in this interim financial report.

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

There were no material capital commitments in respect of property, plant and equipment as at the date of the report.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

B1. Revenue

By geographical location

	Unaudited			
	6 months ended 30 June 2024 ("FPE 2024")		6 months ended 30 June 2023 ("FPE 2023")	
	RM'000	%	RM'000	%
Edible bird's nest	67,832	97.88	61,454	98.10
Pharmacy	1,470	2.12	1,190	1.90
Total	69,302	100.00	62,644	100.00

Commentaries

Our Group recorded total revenue of approximately RM69.30 million and RM62.64 million for the FPE 2024 and FPE 2023 respectively, representing an increase of approximately RM6.66 million compared to FPE 2023. This was primarily due to increase in revenue contribution from our edible bird's nest business segment of approximately RM6.38 million.

B2. Profitability level

	Unaudited	
	6 months ended 30 June 2024 ("FPE 2024")	6 months ended 30 June 2023 ("FPE 2023")
GP (RM'000)	10,423	8,840
GP margin (%)	15.04	14.11
PBT (RM'000)	5,922	6,071
PBT margin (%)	8.55	9.69
PAT	4,736	4,685
PAT margin (%)	6.83	7.48

Commentaries

Our Group recorded a GP of approximately RM10.42 million and RM8.84 million for the FPE 2024 and FPE 2023 respectively. This was primarily due to the increase in cost of sales associated with the increase in demand for our edible bird's nest.

Our Group's PBT stood at approximately RM5.92 million and RM6.07 million for the FPE 2024 and FPE 2023 respectively, whilst our Group's PAT stood at approximately RM4.74 million and RM4.69 million for the FPE 2024 and FPE 2023 respectively; this was due to cheaper tax rate in China, and also it was partially mitigated by an overall increase in administrative and other operating expenses.



B3. PROSPECTS

The Group's overall positive performance for the FPE 2024 was largely supported by the growing demand for our edible bird's nest.

Apart from our existing operations in the supply of edible bird's nest, the Group has also expanded its business to the pharmacy business segment since 2021. The Group currently operates two physical pharmacy outlets and an online pharmacy marketplace via our online platform and e-commerce marketplaces. In addition, the Group intent to further expands its product range in regards to its pharmacy business segment.

Furthermore, with the consistent growth in our edible bird's nest business segment, the group will continue to review its production and supply chain process to further enhance the operation efficiency and profitability to ensure sustainable growth.

Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic that the performance of the Group for the current financial year ending 30 June 2024 will remain stable and healthy.