



**KAWAN RENERGY BERHAD**  
(Registration No: 202201039658 (1485355-U))  
*(Incorporated in Malaysia)*

**INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 JANUARY 2024**

**UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME<sup>(1)(2)</sup>  
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2024**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.01.2024	31.01.2023	31.01.2024	31.01.2023
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	19,946	N/A	19,946	N/A
Cost of sales	(13,773)	N/A	(13,773)	N/A
<b>Gross profit</b>	<b>6,173</b>	<b>N/A</b>	<b>6,173</b>	<b>N/A</b>
Other income	70	N/A	70	N/A
Administrative expenses	(1,126)	N/A	(1,126)	N/A
Other expenses	(132)	N/A	(132)	N/A
<b>Profit from operations</b>	<b>4,985</b>	<b>N/A</b>	<b>4,985</b>	<b>N/A</b>
Finance income	281	N/A	281	N/A
Finance costs	(115)	N/A	(115)	N/A
<b>Profit before taxation</b>	<b>5,151</b>	<b>N/A</b>	<b>5,151</b>	<b>N/A</b>
Income tax expense	(948)	N/A	(948)	N/A
<b>Profit after taxation/ total comprehensive income for the period</b>	<b>4,203</b>	<b>N/A</b>	<b>4,203</b>	<b>N/A</b>
	B5			
<b>Profit after taxation/ total comprehensive income for the period attributable to:</b>				
Owners of the Group	4,203	N/A	4,203	N/A
<b>Earnings per share ("EPS")</b>	B11			
- Basic (sen) <sup>(3)</sup>	0.41	N/A	0.41	N/A
- Diluted (sen) <sup>(4)</sup>	0.01	N/A	0.01	N/A

**Notes:**

- (1) The basis of preparation of the above Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 April 2024 in relation to its initial public offering ("IPO") and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and period-to-date as the Company will only be listed on the ACE Market of Bursa Securities on 29 May 2024 and as such no interim financial report was prepared for the comparative financial period concerned.

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- (3) Basic EPS is calculated based on the Company's share capital of 10,200,001 ordinary shares upon completion of the acquisition of Kawan Engineering Sdn Bhd ("**KESB**") but before the IPO (refer to Note A11).
- (4) Diluted EPS is calculated based on the Company's enlarged share capital of 550,000,000 shares after the IPO of the Company.
- (5) N/A – Not applicable.

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**KAWAN RENERGY BERHAD**  
**Registration No.: 202201039658 (1485355-U)**  
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**UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>**  
**AS AT 31 JANUARY 2024**

	<b>Unaudited As at 31.01.2024 RM'000</b>	<b>Audited As at 31.10.2023 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	21,847	22,344
<b>Total non-current assets</b>	<b>21,847</b>	<b>22,344</b>
<b>Current assets</b>		
Inventories	2,386	2,451
Trade and other receivables	15,479	22,805
Contract assets	10,645	15,447
Current tax assets	25	-
Cash and short-term deposits	50,197	44,746
<b>Total current assets</b>	<b>78,732</b>	<b>85,449</b>
<b>TOTAL ASSETS</b>	<b>100,579</b>	<b>107,793</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	10,200	10,200
Merger reserve	(200)	(200)
Retained earnings	42,638	43,435
<b>TOTAL EQUITY</b>	<b>52,638</b>	<b>53,435</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	6,264	6,324
Deferred income	65	67
Deferred tax liabilities	670	1,103
<b>Total non-current liabilities</b>	<b>6,999</b>	<b>7,494</b>
<b>Current liabilities</b>		
Loans and borrowings	4,189	4,411
Deferred income	8	8
Current tax liabilities	1,115	1,023
Trade and other payables	8,202	12,524
Contract liabilities	27,428	28,898
<b>Total current liabilities</b>	<b>40,942</b>	<b>46,864</b>
<b>TOTAL LIABILITIES</b>	<b>47,941</b>	<b>54,358</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100,579</b>	<b>107,793</b>
Net assets per ordinary share attributable to owners of the Company (RM) <sup>(2)</sup>	0.10	0.10

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**Notes:**

- (1) The basis of preparation of the above Unaudited Condensed Combined Statement of Financial Position are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 April 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's share capital of 550,000,000 ordinary shares upon completion of the acquisition of KESB on 6 March 2024 but before the IPO (refer to Note A11).

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**KAWAN RENERGY BERHAD**  
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**UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY<sup>(1)(2)</sup>**  
**FOR THE PERIOD ENDED 31 JANUARY 2024**

	← Non-distributable →		Distributable	
	<b>Share Capital RM'000</b>	<b>Merger Reserve RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Total Equity RM'000</b>
<b>At 1 November 2023 (Audited)</b>	10,200	(200)	43,435	53,435
Profit after taxation/total comprehensive income for the financial period	-	-	4,203	4,203
Dividends	-	-	(5,000)	(5,000)
<b>At 31 January 2024 (Unaudited)</b>	<b>10,200</b>	<b>(200)</b>	<b>42,638</b>	<b>52,638</b>

**Notes:**

- (1) The basis of preparation of the above Unaudited Condensed Combined Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 April 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

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**KAWAN RENERGY BERHAD**  
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**UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS<sup>(1)(2)</sup>**  
**FOR THE PERIOD ENDED 31 JANUARY 2024**

	<b>CURRENT PERIOD-TO- DATE 31.01.2024 RM'000</b>	<b>PRECEDING PERIOD-TO- DATE 31.01.2023<sup>(2)</sup> RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,151	N/A
Adjustments for:		
Depreciation of property, plant and equipment	826	N/A
Finance cost	115	N/A
Finance income	(281)	N/A
Loss on disposal of plant and equipment	81	N/A
Net unrealised gain on foreign exchange	(47)	N/A
<b>Operating profit before changes in working capital</b>	<b>5,845</b>	<b>N/A</b>
<u>Changes in working capital:</u>		
Inventories	65	N/A
Contract assets	4,802	N/A
Contract liabilities	(1,470)	N/A
Trade and other receivables	7,251	N/A
Trade and other payables	(2,631)	N/A
<b>Cash generated from operations</b>	<b>13,862</b>	<b>N/A</b>
Income tax paid	(1,314)	N/A
Interest received	281	N/A
<b>Net cash from operating activities</b>	<b>12,829</b>	<b>N/A</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Proceeds from disposal of plant and equipment	536	N/A
Purchase of property, plant and equipment	(586)	N/A
Change in pledged deposits	(42)	N/A
<b>Net cash used in investing activities</b>	<b>(92)</b>	<b>N/A</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividends paid	(5,000)	N/A
Interest paid	(115)	N/A
Net repayment in loans and borrowings	(204)	N/A
Net repayment in bankers' acceptance	(250)	N/A
Net changes in amount owing to a director	(7)	N/A
Repayment of lease liabilities	(188)	N/A
<b>Net cash used in financing activities</b>	<b>(5,764)</b>	<b>N/A</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,973</b>	<b>N/A</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>39,148</b>	<b>N/A</b>
Effect of exchange rate changes on cash and cash equivalents	(1,564)	N/A
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>44,557</b>	<b>N/A</b>

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**Represented by:**

Cash and bank balances	19,493	N/A
Deposits with licensed banks	30,704	N/A
Less: pledged deposits	(5,640)	N/A
	<u>44,557</u>	<u>N/A</u>

**Notes:-**

- (1) The above Unaudited Condensed Combined Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 April 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) N/A – Not applicable.

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

**A1. Basis of Preparation**

This condensed combined 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.

This is the Company's first interim financial report on the unaudited condensed combined financial results for the financial period ended 31 January 2024 announced by the Company in compliance with the Listing Requirements 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 29 April 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.

**A2. 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 preparation of the Accountants' Report as disclosed in the Prospectus dated 29 April 2024 in relation to its IPO except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

**Effective for annual period beginning on or after 1 January 2024**

*Amendments to MFRS 7: Financial Instruments: Disclosures*

*Amendments to MFRS 16: Leases*

*Amendments to MFRS 101: Presentation of Financial Statements*

*Amendments to MFRS 107: Statement of Cash Flows*

**Effective for annual period beginning on or after 1 January 2025**

*Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates*

**Effective date yet to be confirmed**

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

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

**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 October 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 period-to-date under review.

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

**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 period-to-date under review.

**A6. Material Changes in Estimates**

There were no material changes in estimates in the current quarter and financial period-to-date under review save for those disclosed in Note B5.

**A7. Debt and Equity Securities**

The gearing ratio of the Group as at 31 January 2024 are as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31.01.2024</b>	<b>As at 31.10.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Total debt	10,453	10,735
Total equity	52,638	53,435
Gearing ratio (times)	0.2	0.2

The Group reported gearing ratio of 0.2 times as at 31 January 2024 which is consistent as compared to 31 October 2023.

Save as disclosed above, there were no issuances, cancellation, repurchase, resale or repayment of debt and equity securities for the current financial quarter under review.

**A8. Dividend Paid**

An interim single-tier dividend in respect of the financial year ended 31 October 2024 under review was declared and paid by KESB to its previous shareholders on 18 January 2024 as disclosed in Note B10.

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**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 segment**

	<b><u>QUARTER ENDED</u></b>		<b><u>PERIOD-TO-DATE ENDED</u></b>	
	<b>31.01.2024</b>	<b>31.01.2023<sup>(2)</sup></b>	<b>31.01.2024</b>	<b>31.01.2023<sup>(2)</sup></b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Design, fabrication, installation and/ or commissioning solutions:				
• Industrial process equipment	11,273	N/A	11,273	N/A
• Process plants	5,758	N/A	5,758	N/A
• Renewable energy and co-generation plants	2,872	N/A	2,872	N/A
Others <sup>(1)</sup>	43	N/A	43	N/A
	<b>19,946</b>	<b>N/A</b>	<b>19,946</b>	<b>N/A</b>

**Notes:**

- (1) Others comprise sales of electricity from the power generation.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) N/A – Not applicable.

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**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**

In conjunction with the Company's listing on the ACE Market of Bursa Securities ("**Listing**"), the Company proposes to undertake the IPO at an issue price of RM0.30 per share, comprising:

(I) Public Issue of 110,000,000 new ordinary shares in the Company (the "**Shares**") in the following manner ("**Public Issue**"):

- 27,500,000 new Shares available for application by the Malaysian public by way of balloting;
- 19,250,000 new Shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group; and
- 63,250,000 new Shares by way of private placement to Bumiputera investors approved by Ministry of Investment, Trade and Industry ("**MITI**"),

and

(II) Offer for sale of 34,500,000 existing shares in the following manner:

- 5,500,000 existing Shares by way of private placement to Bumiputera investors approved by MITI; and
- 29,000,000 existing Shares by way of private placement to selected investors.

Upon completion of the IPO, the Company is expected to be admitted to the Official List of Bursa Securities and the Company's entire enlarged issue share capital of 550,000,000 shares shall be listed and quoted on the ACE Market of Bursa Securities on 29 May 2024.

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

**A11. Changes in the composition of the Group**

**Acquisition of KESB**

The Company had on 13 July 2023, entered into a conditional share sale agreement to acquire the entire issued share capital of KESB comprising 10,000,000 ordinary shares for a purchase consideration of RM45,144,000. The acquisition of KESB was wholly satisfied by the issuance of 439,999,999 new shares at an issue price of RM0.1026 per share to the shareholders of KESB. KESB became the Company's wholly owned subsidiary upon completion of the acquisition on 6 March 2024.

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

**Distribution**

Concurrent with the acquisition of KESB, and after its completion, KESB declared a dividend-in-specie comprising the entire equity interest it holds in Kawan Green Energy Sdn Bhd, which amounts to RM52,206, being the audited net asset of Kawan Green Energy Sdn Bhd as at 31 October 2022. Arising therefrom, Kawan Green Energy Sdn Bhd became a wholly-owned direct subsidiary of the Group.

**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. Please refer to Note B9 on disclosure of a claim made against the Group of which the Board believes that there will not be any material adverse financial impact to the Group.

**A13. Related Party Transactions Disclosures**

There related party transactions between the Group and related party are as follows:

	<b><u>QUARTER ENDED 31.01.2024 Unaudited RM'000</u></b>	<b><u>PERIOD-TO- DATE ENDED 31.01.2024 Unaudited RM'000</u></b>
<b>Shareholders of the Group</b>		
Dividends paid	5,000	5,000

**A14. Capital Commitments**

There were no material commitments during the end of the interim financial period.

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

**B1. Review of Financial Performance**

	<u>QUARTER ENDED</u>		<u>PERIOD-TO-DATE ENDED</u>	
	<u>31.01.2024</u>	<u>31.01.2023<sup>(1)</sup></u>	<u>31.01.2024</u>	<u>31.01.2023<sup>(1)</sup></u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	19,946	N/A	19,946	N/A
Gross profit	6,173	N/A	6,173	N/A
Profit before tax	5,151	N/A	5,151	N/A
Profit after tax	4,203	N/A	4,203	N/A
Profit attributable to owners of the Company	4,203	N/A	4,203	N/A

**Notes:-**

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

(2) N/A – Not applicable.

The Group recorded revenue of approximately RM19.9 million for the current financial quarter under review mainly contributed from the Industrial Process Equipment which accounted for RM11.3 million, representing 56.8% of the total revenue.

The Group recognised profit before tax of RM5.2 million for current financial quarter under review after deducting administrative expenses of RM1.1 million. The administrative expenses mainly consist of staff-related cost, professional fees (including IPO related expenses), upkeep and depreciation of property, plant and equipment as well as bank charges and quit rent expenses.

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

**B2. Comparison with Immediate Preceding Quarter's Results**

There are no comparative figures for the immediate preceding quarter as this is the first interim financial report on the unaudited condensed combined financial results announced by the Company.

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

**B3. Prospects of the Group**

The prospects of the Group are favourable taking into consideration the Group's competitive strengths, business strategies and the outlook of the industrial process equipment industry and biogas industry.

As outlined in Sections 7.16 of the Company's Prospectus dated 29 April 2024 in relation to its IPO ("**Prospectus**"), the Group intends to construct a new 2 megawatt ("**MW**") biomass power plant to grow the power generation and sale of electricity business segment and diversify its income base to include more recurring income. In addition, the Group intends to improve the output of its landfill biogas power plant by installing an anaerobic digestion system, which will convert agricultural waste into biogas for generation of electricity.

Moreover, the Group plans to upgrade its production processes by purchasing additional machinery and equipment in order to improve production efficiency. This aims to reduce manpower, achieve higher precision and reduce wastage.

According to the Independent Market Research Report prepared by Smith Zander International Sdn Bhd, the industrial process equipment in Malaysia increased from RM15.6 billion in 2020 to RM23.5 billion in 2023 at a compound annual growth rate ("**CAGR**") of 14.6%. With increasing foreign direct investment ("**FDI**") inflows in Malaysia, this will drive the growth of the Malaysian economy including industries such as power generation, oil and gas as well as manufacturing industries which will also benefit the industrial process equipment industry.

Furthermore, the biogas industry in Malaysia is poised for continued growth, supported by the country's economic growth which drives increased electricity demand. The annual power generation of commissioned biogas installations in Malaysia grew from 416.9 gigawatt-hours ("**GWh**") in 2020 to 583.2 GWh in 2023 at a CAGR of 11.8%. In addition, government initiatives, including extended green technology tax incentives and efforts to promote renewable energy, further support the biogas industry's development.

Barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is optimistic about the future prospects of the Group.

**B4. Variance of actual profits from profit forecast**

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

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

**B5. Taxation**

The effective tax rate is slightly lower than statutory tax rate principally attributable to the reversal of over provision in the prior year deferred tax liabilities in the year of assessment 2024.

	<b>QUARTER ENDED</b>		<b>PERIOD-TO-DATE ENDED</b>	
	<b>31.01.2024</b>	<b>31.01.2023<sup>(1)</sup></b>	<b>31.01.2024</b>	<b>31.01.2023<sup>(1)</sup></b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax expense				
- Current period	948	N/A	948	N/A
Effective tax rate (%)	18.4	N/A	18.4	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A

**Notes:**

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

(2) N/A – Not applicable.

**B6. Status of Corporate Proposals**

On 29 April 2024, the Company issued its Prospectus in relation to the IPO in conjunction with the listing of the Company on the ACE Market of Bursa Securities, comprising the public issue of 110,000,000 new Shares and offer for sale of 34,500,000 existing Shares in the Company. The Listing is pending completion as the Company is expected to be listed on 29 May 2024.

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

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

**B7. Utilisation of proceeds from the Public Issue**

The gross proceeds of RM33.0 million from the Public Issue are intended to be utilised in the following manner:

<b>Details of utilisation of proceeds</b>	<b>Proposed utilisation RM'000</b>	<b>Percentage of utilisation %</b>	<b>Actual utilisation RM'000</b>	<b>Balance to be utilised RM'000</b>	<b>Estimated timeframe for utilisation<sup>(1)</sup></b>
Investment into a new 2MW power plant	5,000	15.1	-	5,000	Within 36 months
Improvement of Bercham Plant output	2,500	7.6	-	2,500	Within 15 months
Purchase of additional machinery	500	1.5	-	500	Within 12 months
Repayment of bank borrowings	6,000	18.2	-	6,000	Within 3 months
Working capital	15,000	45.5	-	15,000	Within 24 months
Estimated listing expenses	4,000	12.1	-	4,000	Within 1 month
	<b>33,000</b>	<b>100.0</b>	<b>-</b>	<b>33,000</b>	

**Note:**

(1) From the date of listing of the Company.

**B8. Group borrowings and debts securities**

	<b>31.01.2024 Unaudited RM'000</b>	<b>31.10.2023 Audited RM'000</b>
<b>Non-current:</b>		
Loans and borrowings	6,264	6,324
<b>Current:</b>		
Loans and borrowings	4,189	4,411
<b>Total loan and borrowings</b>	<b>10,453</b>	<b>10,735</b>

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

**B9. Material Litigations**

As listed in Section 12.7(a)(ii) of the Prospectus, on March 7, 2024, Crawford & Company Adjusters (Malaysia) Sdn Bhd ("**Crawford**") representing MSIG Insurance (Malaysia) Sdn Bhd ("**MSIG**") sent a letter to KESB claiming subrogation for damages resulting from a fire incident on 6 January 2023 and 7 January 2023. They alleged that welding defects in equipment supplied by KESB caused the damage, resulting in a total loss of RM3,142,529.08, including the insured's claim of RM3,032,075.34, adjusters' fees, and forensic investigators' fees.

The equipment in question, a vacuum economizer, was sold to Oiltek Sdn Berhad ("**Oiltek**") by KESB and installed at Pac Oils' facility by Southern Corner Sdn Bhd ("**Southern Corner**"). Despite the vacuum economizer was manufactured with design approval & hydrostatic tested as per ASME CODE by the Department of Occupational Safety and Health Malaysia, a fire occurred during commissioning, damaging the plant. The similar equipment is still being sold to date, to Oiltek in many of their projects within and outside Malaysia, all of which have been operating safely. KESB obligations were toward Oiltek, not Pac Oils or Southern Corner.

In response, KESB denied liability, asserting that they had no contractual relationship with Pac Oils or Southern Corner regarding the equipment installation. KESB provided a replacement unit to Oiltek after the incident as a gesture of goodwill as well as to foster long standing relationship with Oiltek.

No legal proceedings have been initiated against KESB, and the Board of Directors of the Company ("**Board**") believes the claim will not have any material adverse impact to our Group's business operations and financial performance.

Save as disclosed above, there were no material litigations by or against the Group as at 31 January 2024.

**B10. Dividends**

For information purposes, KESB, a wholly owned subsidiary of the Company, declared an interim single-tier dividend of RM 0.50 per ordinary share amounting to RM5,000,000 to its previous shareholders in respect of the financial year ending 31 October 2024. The said dividend was paid on 18 January 2024 and was funded by KESB's internally generated fund.

No dividend was declared or recommended for payment by the Board of the Company during the financial period under review.

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

**B11. Earnings Per Share**

The basic and diluted EPS for the current financial quarter under review and financial period-to-date are computed as follows:

	<b>QUARTER ENDED</b>		<b>PERIOD-TO-DATE ENDED</b>	
	<b>31.01.2024</b>	<b>31.01.2023<sup>(1)</sup></b>	<b>31.01.2024</b>	<b>31.01.2023<sup>(1)</sup></b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	4,203	N/A	4,203	N/A
Weighted average number of ordinary shares in issue ('000)	10,200	N/A	10,200	N/A
Weighted average number of diluted ordinary shares in issue ('000)	550,000	N/A	550,000	N/A
Basic EPS (sen) <sup>(2)</sup>	0.41	N/A	0.41	N/A
Diluted EPS (sen) <sup>(3)</sup>	0.01	N/A	0.01	N/A

**Notes:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic EPS is calculated based on the Company's issued share capital of 10,200,001 ordinary shares upon completion of the acquisition of KESB but before the IPO.
- (3) Diluted EPS is calculated based on the Company's enlarged share capital of 550,000,000 shares after the IPO of the Company.
- (4) N/A – Not applicable.

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

**B12. Notes to the Condensed Combined Statements of Profit or Loss and Other Comprehensive Income**

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

	<u>QUARTER ENDED</u>		<u>PERIOD-TO-DATE ENDED</u>	
	<u>31.01.2024</u>	<u>31.01.2023<sup>(1)</sup></u>	<u>31.01.2024</u>	<u>31.01.2023<sup>(1)</sup></u>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>After charging:</b>				
Depreciation of property, plant and equipment	826	N/A	826	N/A
Expense relating to short-term lease, lease of low value assets and variable lease payment	32	N/A	32	N/A
Interest expenses	115	N/A	115	N/A
Loss on disposal of plant and equipment	81	N/A	81	N/A
Listing expenses	24	N/A	24	N/A
Unrealised gain on foreign exchange	47	N/A	47	N/A
<b>And crediting:</b>				
Interest income	(281)	N/A	(281)	N/A

**Notes:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (2) N/A – Not applicable.

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