



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

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾**
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2024

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.07.2024	31.07.2023	31.07.2024	31.07.2023
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	31,823	N/A	73,955	N/A
Cost of sales	(20,136)	N/A	(48,591)	N/A
Gross profit	11,687	N/A	25,364	N/A
Other income	40	N/A	81	N/A
Administrative expenses	(3,064)	N/A	(5,418)	N/A
Other expenses	(388)	N/A	(416)	N/A
Profit from operations	8,275	N/A	19,611	N/A
Finance income	257	N/A	795	N/A
Finance costs	(122)	N/A	(327)	N/A
Profit before taxation	8,410	N/A	20,079	N/A
Income tax expense	(3,102)	N/A	(6,175)	N/A
Profit after taxation/ total comprehensive income for the period	5,308	N/A	13,904	N/A
	B5			
Profit after taxation/ total comprehensive income for the period attributable to:				
Owners of the Group	5,308	N/A	13,904	N/A
Earnings per share ("EPS")	B11			
- Basic (sen) ⁽³⁾	0.02	N/A	0.05	N/A
- Diluted (sen) ⁽⁴⁾	0.01	N/A	0.03	N/A

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated 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 was 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.

KAWAN REENERGY BERHAD
Registration No.: 202201039658 (1485355-U)
(Incorporated in Malaysia)

- (3) Basic EPS is calculated based on the Company's weighted average number of ordinary shares of 266,078,103 upon completion of the acquisition of Kawan Engineering Sdn Bhd ("KESB") and after 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.

The rest of this page is intentionally left blank

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 31 JULY 2024

	Unaudited As at 31.07.2024 RM'000	Audited As at 31.10.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,787	22,344
Total non-current assets	20,787	22,344
Current assets		
Inventories	1,842	2,451
Trade and other receivables	21,339	22,805
Contract assets	17,963	15,447
Current tax assets	100	-
Cash and short-term deposits	62,310	44,746
Total current assets	103,554	85,449
TOTAL ASSETS	124,341	107,793
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	77,144	10,200
Merger reserve	(35,144)	(200)
Retained earnings	47,339	43,435
TOTAL EQUITY	89,339	53,435
LIABILITIES		
Non-current liabilities		
Loans and borrowings	596	6,324
Deferred income	222	67
Deferred tax liabilities	839	1,103
Total non-current liabilities	1,657	7,494
Current liabilities		
Loans and borrowings	1,977	4,411
Deferred income	26	8
Current tax liabilities	3,403	1,023
Trade and other payables	11,443	12,524
Contract liabilities	16,496	28,898
Total current liabilities	33,345	46,864
TOTAL LIABILITIES	35,002	54,358
TOTAL EQUITY AND LIABILITIES	124,341	107,793
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾	0.16	0.10

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

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated 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 enlarged share capital of 550,000,000 ordinary shares after the IPO (refer to Note A10).

The rest of this page is intentionally left blank

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾
FOR THE PERIOD ENDED 31 JULY 2024

	← Non-distributable →		Distributable	
	Share Capital RM'000	Merger Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 November 2023 (Audited)	10,200	(200)	43,435	53,435
Arising from the Group internal restructuring	34,944	(34,944)	-	-
Arising from the Public Issue	33,000	-	-	33,000
Arising from Utilisation of proceeds	(1,000)	-	-	(1,000)
Profit after taxation/total comprehensive income for the financial period	-	-	13,904	13,904
Dividends	-	-	(10,000)	(10,000)
At 31 July 2024 (Unaudited)	77,144	(35,144)	47,339	89,339

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated 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 third 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.

The rest of this page is intentionally left blank

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾
FOR THE PERIOD ENDED 31 JULY 2024

	CURRENT PERIOD-TO- DATE 31.07.2024 RM'000	PRECEDING PERIOD-TO- DATE 31.07.2023⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,079	N/A
Adjustments for:		
Amortisation of government grant income	173	N/A
Depreciation of property, plant and equipment	2,462	N/A
Finance cost	327	N/A
Finance income	(795)	N/A
Loss on disposal of plant and equipment	106	N/A
Loss on lease modification	20	N/A
Net unrealised loss on foreign exchange	192	N/A
Operating profit before changes in working capital	22,564	N/A
<u>Changes in working capital:</u>		
Inventories	609	N/A
Contract assets	(2,516)	N/A
Contract liabilities	(12,402)	N/A
Trade and other receivables	1,262	N/A
Trade and other payables	(1,081)	N/A
Cash generated from operations	8,436	N/A
Income tax paid	(4,158)	N/A
Interest received	795	N/A
Net cash from operating activities	5,073	N/A
CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	546	N/A
Purchase of property, plant and equipment	(1,217)	N/A
Change in pledged deposits	(152)	N/A
Net cash used in investing activities	(823)	N/A
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(10,000)	N/A
Interest paid	(327)	N/A
Net proceed from shares issued	32,000	N/A
Net repayment in loans and borrowings	(6,345)	N/A
Net repayment in bankers' acceptance	(1,650)	N/A
Repayment of lease liabilities	(527)	N/A
Net cash used in financing activities	13,151	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,401	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	39,148	N/A
Effect of exchange rate changes on cash and cash equivalents	12	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	56,561	N/A

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

Represented by:

Cash and bank balances	18,995	N/A
Deposits with licensed banks	43,315	N/A
Cash and short-term deposits	62,310	N/A
Less: pledged deposits	(5,749)	N/A
	56,561	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 29 April 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third 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.

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.

This is the Company's third interim financial report on the unaudited condensed consolidated financial results for the financial period ended 30 April 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 for annual period beginning on or after 1 January 2026

Amendments to MFRS 7: Financial Instruments: Classification and Measurement

Amendments to MFRS 9: Financial Instruments: Classification and Measurement

Effective for annual period beginning on or after 1 January 2027

MFRS 18: Presentation and Disclosure in Financial Statements

Effective date yet to be confirmed

Amendments to MFRS 10: Consolidated Financial Statements

Amendments to MFRS 128: Investments in Associates and Joint Ventures

The Group is assessing the impact of the initial application of the above standards upon adoption by the Group.

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.

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

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.

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 July 2024 is as follows:

	Unaudited	Audited
	As at 31.07.2024	As at 31.10.2023
	RM'000	RM'000
Total debt	2,573	10,735
Total equity	89,339	53,435
Gearing ratio (times)	0.03	0.20

The Group reported gearing ratio of 0.03 times as at 31 July 2024 as compared to 0.20 times as at 31 October 2023. The decrease in gearing ratio was due to settlement of loans and borrowings amounted to RM5.8 million, utilization of the proceeds from Public Issue in the reported quarter.

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

There were no dividends paid in the current quarter and period ended 31 July 2024.

The rest of this page is intentionally left blank

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

	<u>QUARTER ENDED</u>		<u>PERIOD-TO-DATE ENDED</u>	
	31.07.2024	31.07.2023⁽²⁾	31.07.2024	31.07.2023⁽²⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Design, fabrication, installation and/ or commissioning solutions:				
• Industrial process equipment	17,904	N/A	40,606	N/A
• Process plants	10,847	N/A	19,230	N/A
• Renewable energy and co-generation plants	3,032	N/A	13,990	N/A
Others ⁽¹⁾	40	N/A	129	N/A
	31,823	N/A	73,955	N/A

Notes:

- (1) Others comprise sales of electricity from the power generation.
- (2) This is the third 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.

The rest of this page is intentionally left blank

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

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 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.

The IPO was completed and the Company was listed on the ACE Market of Bursa Securities on 29 May 2024 with the enlarged issue share capital of 550,000,000 shares.

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

Proposed acquisition of I Precision Sdn Bhd ("IPSB**")**

The Company's wholly owned subsidiary, KESB had on 24 September 2024, entered into:

- (a) conditional share subscription agreement, to subscribe for 51% of the enlarged issued share capital of IPSB for a cash consideration of RM2,400,000;
- (b) supplemental agreement in relation to the proposed share subscription in IPSB.

The proposed acquisition of IPSB set out in (a) and (b) is pending completion and the details of the abovementioned was announced on 24 September 2024.

The rest of this page is intentionally left blank

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

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.

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:

	<u>QUARTER ENDED 31.07.2024</u> Unaudited RM'000	<u>PERIOD-TO- DATE ENDED 31.07.2024</u> Unaudited RM'000
Shareholders of the Group		
Dividends paid	-	10,000

A14. Capital Commitments

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

The rest of this page is intentionally left blank

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>	
	31.07.2024	31.07.2023⁽¹⁾	31.07.2024	31.07.2023⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	31,823	N/A	73,955	N/A
Gross profit	11,687	N/A	25,364	N/A
Profit before tax	8,410	N/A	20,079	N/A
Profit after tax	5,308	N/A	13,904	N/A
Profit attributable to owners of the Company	5,308	N/A	13,904	N/A

Notes:-

(1) This is the third 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 RM31.8 million for the current financial quarter under review mainly contributed from the Industrial Process Equipment which accounted for RM17.9 million, representing 56.3% of the total revenue.

The Group recognised profit before tax of RM8.4 million for current financial quarter under review after deducting administrative expenses of RM3.1 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 third interim financial report being announced by the Company in compliance with the Listing Requirements.

The rest of this page is intentionally left blank

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	
	31.07.2024	30.04.2024	RM'000	%
	Unaudited	Unaudited		
	RM'000	RM'000		
Revenue	31,823	22,186	9,637	43.4
Gross profit	11,687	7,504	4,183	55.7
Profit before taxation	8,410	6,518	1,892	29.0
Profit after tax	5,308	4,393	915	20.8
Profit attributable to owners of the Company	5,308	4,393	915	20.8

The Group's revenue for the current quarter increased by RM9.6 million or 43.4% to RM31.8 million as compared with the immediate preceding quarter of RM22.2 million. The increase was mainly due to higher revenue contribution from both industrial process equipment and process plants business segment, which recorded combined increased amount by RM14.8 million or 104.6% to RM28.8 million as compared to the immediate preceding quarter of RM14.1 million. The increase was partially offset by decrease in revenue from renewable energy and co-generation plants business segment in line with the progress milestones by RM5.1 million or 62.5% to RM3.0 million as compared with the immediate preceding quarter of RM8.1 million.

The Group recognised profit before tax of RM8.4 million for current financial quarter under review, representing an increase of RM1.9 million or 29.0% compared to the immediate preceding quarter of RM6.5 million. The increase in PBT was mainly attributable to our overall GP margin improved from 33.8% of preceding quarter to 36.7% for the current financial quarter under review.

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

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.

In the reported quarter, a subsidiary of the Group changed its company name from Magenکو Renewables (Penang) Sdn. Bhd. to Magenکو Bio Energy Sdn. Bhd. to streamline existing businesses and better represent the performance by business segment of the Group.

Further, as of 31 July 2024, the Group has a healthy orderbook totaling RM130.5 million. 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 for period-to-date ended 31 July 2024 is higher than statutory tax rate principally attributable to the under provision in the prior year tax estimates of RM0.3 million in the year of assessment 2023 and certain non-deductible expenses including listing expenses.

	QUARTER ENDED		PERIOD-TO-DATE ENDED	
	31.07.2024	31.07.2023⁽¹⁾	31.07.2024	31.07.2023⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current period	3,102	N/A	6,175	N/A
Effective tax rate (%)	36.9	N/A	30.8	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A

Notes:

(1) This is the third 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 May 2024, the Company has been admitted to the Official List of Bursa Securities and the Company's entire enlarged share capital of 550,000,000 Shares was listed and quoted on the ACE Market of Bursa Securities.

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

The rest of this page is intentionally left blank

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:

Details of utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Re-allocation RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation⁽¹⁾
Investment into a new 2MW power plant	5,000	-	-	5,000	Within 36 months
Improvement of Bercham Plant output	2,500	-	-	2,500	Within 15 months
Purchase of additional machinery	500	-	-	500	Within 12 months
Repayment of bank borrowings	6,000	(5,748)	(252) ⁽²⁾	-	Within 3 months
Working capital	15,000	-	252 ⁽²⁾	15,252	Within 24 months
Estimated listing expenses	4,000	(4,000)	-	-	Within 1 month
	33,000	(9,748)	-	23,252	

Note:

- (1) From the date of listing of the Company.
- (2) Surplus of RM0.3 million (of the RM6.0 million allocated for the repayment of bank borrowings) was re-allocated to the general working capital requirements of the Group, in accordance with the Company's prospectus dated 29 April 2024.

B8. Group borrowings and debts securities

	31.07.2024 Unaudited RM'000	31.10.2023 Audited RM'000
Non-current:		
Loans and borrowings	596	6,324
Current:		
Loans and borrowings	1,977	4,411
Total loan and borrowings	2,573	10,735

The rest of this page is intentionally left blank

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 7 March, 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 July 2024.

B10. Dividends

There was no dividend declared or recommended for payment by the Board during the financial period under review.

The rest of this page is intentionally left blank

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:

	QUARTER ENDED		PERIOD-TO-DATE ENDED	
	31.07.2024	31.07.2023⁽¹⁾	31.07.2024	31.07.2023⁽¹⁾
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit attributable to owners of the Company	5,308	N/A	13,904	N/A
Weighted average number of ordinary shares in issue ('000)	266,078	N/A	266,078	N/A
Weighted average number of diluted ordinary shares in issue ('000)	550,000	N/A	550,000	N/A
Basic EPS (sen) ⁽²⁾	0.02	N/A	0.05	N/A
Diluted EPS (sen) ⁽³⁾	0.01	N/A	0.03	N/A

Notes:

- (1) This is the third 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 weighted average number of ordinary shares of 266,078,103 upon completion of the acquisition of KESB and after 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.

The rest of this page is intentionally left blank

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

B12. Notes to the Condensed Consolidated 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>31.07.2024</u>	<u>31.07.2023⁽¹⁾</u>	<u>31.07.2024</u>	<u>31.07.2023⁽¹⁾</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>
After charging/ (crediting):				
Depreciation of property, plant and equipment	825	N/A	2,462	N/A
Expense relating to short-term lease, lease of low value assets and variable lease payment	95	N/A	166	N/A
Interest expenses	122	N/A	327	N/A
Loss on disposal of plant and equipment	-	N/A	106	N/A
Loss on lease modification	20	N/A	20	N/A
Listing expenses	937	N/A	1,077	N/A
Unrealised loss on foreign exchange	192	N/A	192	N/A
Interest income	(257)	N/A	(795)	N/A

Notes:

- (1) This is the third 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.

B13. Authorisation for Issue

This interim financial report was authorised for issue by the Board on 27 September 2024.