



EPB GROUP BERHAD

Registration No.: 202201007128 (1452825-U)
(Incorporated in Malaysia under the Companies Act, 2016)

INTERIM FINANCIAL REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

EPB GROUP BERHAD

Registration No.: 202201007128 (1452825-U)
(Incorporated in Malaysia under the Companies Act, 2016)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)⁽¹⁾

	Note	Individual quarter		Cumulative period	
		Current quarter ended 30-Sep-24 RM'000	Comparative quarter ended 30-Sep-23 ⁽²⁾ RM'000	Current period-to-date ended 30-Sep-24 RM'000	Comparative period-to-date ended 30-Sep-23 ⁽²⁾ RM'000
Revenue	A13	38,475	N/A	77,688	N/A
Cost of sale		(26,308)	N/A	(52,626)	N/A
Gross profit		12,167	N/A	25,062	N/A
Other income		305	N/A	2,668	N/A
Selling and distribution costs		(2,640)	N/A	(7,110)	N/A
Administrative and other expenses		(5,572)	N/A	(10,921)	N/A
Finance costs		(78)	N/A	(234)	N/A
Profit before taxation	B11	4,182	N/A	9,465	N/A
Taxation	B5	(1,042)	N/A	(2,464)	N/A
Profit for the financial period attributable to owners of the Company		3,140	N/A	7,001	N/A
Other comprehensive loss		(3,001)	N/A	(2,543)	N/A
Total comprehensive income for the financial period attributable to owners of the Company		139	N/A	4,458	N/A
Earnings per share ("EPS") attributable to equity holders of the Company: -					
Basic/Diluted EPS ⁽³⁾ (sen)	B9	0.95	N/A	2.26	N/A

Notes: -

- (1) The basis of preparation of the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Prospectus of EPB Group Berhad ("**EPB**" or "**Company**") dated 27 June 2024 ("**Prospectus**"), the Accountants' Report disclosed therein, and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)⁽¹⁾

Notes (cont'd): -

(3) Diluted EPS is equivalent to the basic EPS as EPB and its subsidiaries ("**Group**") does not have any convertible securities at the end of the reporting period. Please refer to Note B9 for further details.

N/A Not applicable.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)⁽¹⁾

	As at 30-Sep-24 (unaudited) RM'000	As at 31-Dec-23 (audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	10,505	11,168
Right-of-use assets	5,243	4,967
Intangible assets	543	562
	<u>16,291</u>	<u>16,697</u>
Current Assets		
Inventories	12,510	13,210
Trade receivables	13,938	10,271
Other receivables, deposits and prepayments	10,212	4,532
Tax recoverable	2,150	236
Fixed deposits with licensed banks	40,345	467
Cash and bank balances	26,036	33,845
	<u>105,191</u>	<u>62,561</u>
TOTAL ASSETS	<u>121,482</u>	<u>79,258</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	68,878	*
Merger deficit	(24,491)	-
Invested equity [#]	-	5,552
Foreign currency translation reserve	(1,421)	1,122
Retained profits	55,038	48,037
Total Equity	<u>98,004</u>	<u>54,711</u>
Non-current Liabilities		
Deferred tax liabilities	3,438	2,499
Bank borrowings	1,413	2,152
Lease liabilities	501	425
	<u>5,352</u>	<u>5,076</u>
Current Liabilities		
Bank borrowings	1,011	1,076
Lease liabilities	377	319
Trade payables	2,269	6,109
Other payables, deposits and accrued liabilities	13,736	11,340
Current tax liabilities	733	627
	<u>18,126</u>	<u>19,471</u>
Total Liabilities	<u>23,478</u>	<u>24,547</u>
TOTAL EQUITY AND LIABILITIES	<u>121,482</u>	<u>79,258</u>
Number of ordinary shares ('000)	372,000	300,430
Net assets per share (RM)	0.26	0.18

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)⁽¹⁾

Notes: -

(1) The basis of preparation of the Unaudited Consolidated Statements of Financial Position is disclosed in Note A1 and should be read in conjunction with the Prospectus, the Accountants' Report disclosed therein, and the accompanying explanatory notes attached to this interim financial report.

* Represents RM2.

Represents the aggregate of the share capital of the subsidiaries.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)⁽¹⁾

	<i>Non-Distributable</i>			<i>Distributable</i>		Total equity RM'000
	Share capital RM'000	Merger deficit RM'000	Invested equity RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	
At 1 January 2024	*	-	5,552	1,122	48,037	54,711
Shares issued for acquisitions of subsidiaries	30,043	(24,491)	(5,552)	-	-	-
New ordinary shares issued pursuant to IPO	40,079	-	-	-	-	40,079
Share issue expenses	(1,244)	-	-	-	-	(1,244)
Profit for the financial period	-	-	-	-	7,001	7,001
Other comprehensive loss	-	-	-	(2,543)	-	(2,543)
At 30 September 2024	68,878	(24,491)	-	(1,421)	55,038	98,004

Notes: -

(1) The basis of preparation of the Unaudited Consolidated Statements of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Prospectus, the Accountants' Report disclosed therein, and the accompanying explanatory notes attached to this interim financial report.

* Represents RM2.

There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)⁽¹⁾

	Current period-to- date ended 30-Sep-24 RM'000	Comparative period-to- date ended 30-Sep-23 ⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,465	N/A
<u>Adjustments for: -</u>		
Amortisation of intangible assets	7	N/A
Bad debts recovered	(66)	N/A
Bad debt written off	192	N/A
Depreciation of property, plant and equipment	820	N/A
Depreciation of rights-of-use assets	397	N/A
Gain on disposal of property, plant and equipment	*	N/A
Interest expenses / finance costs	234	N/A
Interest income	(375)	N/A
Property, plant and equipment written off	1	N/A
Reversal of allowance for impairment loss on trade receivables - net	(1,658)	N/A
Unrealised loss on foreign exchange - net	950	N/A
Write-down in value of inventories - net	150	N/A
	<hr/>	
Operating profit before working capital changes	10,117	N/A
Decrease in inventories	550	N/A
Increase in trade and other receivables	(2,823)	N/A
Decrease in trade and other payables	(1,680)	N/A
	<hr/>	
	6,164	N/A
Interest paid	(234)	N/A
Tax paid	(3,250)	N/A
Net cash generated from operating activities	2,680	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(162)	N/A
Addition of right-of-use assets	(230)	N/A
Deposit paid for purchase of property, plant and equipment	(4,499)	N/A
Proceeds from disposal of property, plant and equipment	3	N/A
Interest received	375	N/A
Net cash used in investing activities	(4,513)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares, net of share issue expenses	38,835	N/A
Net repayment of term loans	(804)	N/A
Net repayment of lease liabilities	(310)	N/A
Net cash generated from financing activities	37,721	N/A
	<hr/>	
Net increase in cash and cash equivalents	35,888	N/A
Exchange difference on cash and cash equivalents	(3,819)	N/A
Cash and cash equivalents at beginning of year	34,312	N/A
Cash and cash equivalents at end of the financial period	66,381	N/A
	<hr/>	
Cash and cash equivalents comprise: -		
Cash and bank balances	26,036	N/A
Fixed deposits pledged to financial institutions	40,345	N/A
	<hr/>	
	66,381	N/A

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)⁽¹⁾

Notes: -

(1) The basis of preparation of the Unaudited Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Prospectus, the Accountants' Report disclosed therein, and the accompanying explanatory notes attached to the interim financial report.

(2) There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

* Less than RM1,000.

N/A Not applicable.

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EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134

A1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 and Appendix 9B of the Listing Requirements.

There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

This interim financial report should be read in conjunction with the Prospectus, the Accountants' Report disclosed therein, and the accompanying explanatory notes attached to this interim financial report. Any discrepancies in the tables between the amounts listed and the totals in this interim financial report are due to rounding.

A2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 27 June 2024 except for the adoption of the following MFRSs and amendments to MFRSs: -

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 – Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7 – Supplier Finance Arrangements

The adoption of the above MFRSs and amendments to MFRSs did not have any significant financial impact to the Group upon their initial application.

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

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 – Lack of Exchangeability

Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 and MFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- Annual Improvements to MFRS Accounting Standards – Volume 11: -
 - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
 - Amendments to MFRS 7 Financial Instruments: Disclosures
 - Amendments to MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
 - Amendments to MFRS 10 Consolidated Financial Statements
 - Amendments to MFRS 107 Statement of Cash Flows

Effective for annual periods beginning on or after 1 January 2027

- MFRS 18 – Presentation and Disclosure in Financial Statements
- MFRS 19 – Subsidiaries without Public Accountability: Disclosures

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A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Effective for annual periods beginning on or after a date to be determined by the 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 periods.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A4. SEASONALITY OR CYCLICALITY OF OPERATION

The business operations of the Group were not affected by any seasonal or cyclical trend during the current quarter and financial period-to-date under review.

A5. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period-to-date under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial years that have a material impact on the current quarter and financial period-to-date under review.

A7. DEBTS AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period-to-date under review save for the issuance of ordinary shares as disclosed below: -

(a) Public issue of 71,570,000 new ordinary shares by the Company in August 2024

In conjunction with the Company's listing on the ACE Market of Bursa Securities which was completed on 23 August 2024, the Company's entire enlarged issued share capital of 372,000,002 shares have been listed and quoted on the ACE Market of Bursa Securities, including the following: -

- (i) Public issue of 71,570,000 new ordinary shares in the Company issued in August 2024 at an issue price of RM0.56 per share, payable in full upon application, in the following manner: -
 - 19,570,000 new shares made available for application by the Malaysian public;
 - 21,196,000 new shares made available for application by directors, key senior management, eligible employees and business associates (including any other persons who have contributed to the success of the Group); and
 - 30,804,000 new shares by way of private placement to Bumiputera investors approved by the Ministry of Investment, Trade and Industry.

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A7. DEBTS AND EQUITY SECURITIES (cont'd)

(b) Issuance of 300,430,000 new ordinary shares by the Company in April 2024

In conjunction with and as an integral part of the listing of and quotation for the entire issued share capital comprising 372,000,002 ordinary shares in the Company ("Shares"), EPB has entered into share sale agreements dated 9 December 2022 for the acquisitions of the entire issued share of Bestworld Engineering Sdn Bhd ("BW Engineering"), Bestworld Perkasa Ltd ("BW Perkasa Labuan"), Easy Pack Machinery Sdn Bhd ("EP Machinery"), Easy Pack Machinery (KL) Sdn Bhd ("EP Machinery KL") and Easy Pack Manufacturing (M) Sdn Bhd ("EP Manufacturing") ("Pre-Listing Exercise"). Total purchase consideration for the Pre-Listing Exercise amounting to RM30,043,000 to be satisfied through the issuance of 300,430,000 new Shares at an issue price of RM0.10 each. The Pre-Listing Exercise was completed on 18 April 2024.

A8. DIVIDEND PAID/DECLARED

No dividends were paid/declared during the current quarter and financial period-to-date under review.

A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT QUARTER AND FINANCIAL PERIOD-TO-DATE UNDER REVIEW

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

A10. CHANGES IN THE COMPOSITION OF THE GROUP

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

A11. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material contingent assets and contingent liabilities during the current quarter and financial period-to-date under review.

A12. MATERIAL CAPITAL COMMITMENTS

Save as disclosed below, there is no material commitment for capital expenditure, which upon becoming enforceable, may have a material effect on the Group's financial position during the current quarter and financial period-to-date under review. Capital commitments as at 30 September 2024 were as follows: -

Approved and contracted for

RM'000

18,262

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A13. SEGMENT INFORMATION

The Group's operations consist of provision of food processing and packaging machinery solutions, trading of cellulose casings, and manufacturing and trading of flexible packaging materials, which are collectively considered as single reportable segment. Accordingly, the operating revenue and results of the single reportable segment are as reflected in the Group's consolidated statements of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the Group's consolidated statements of financial position. Entity-wide disclosures as required by MFRS 8 for the current quarter and financial period-to-date under review were as follows: -

Products and services information

	Individual quarter		Cumulative quarter	
	Current quarter ended 30-Sep-24 RM'000	Comparative quarter ended 30-Sep-23 ⁽¹⁾ RM'000	Current period-to-date ended 30-Sep-24 RM'000	Comparative period-to-date ended 30-Sep-23 ⁽¹⁾ RM'000
Revenue from: -				
• Food processing and packaging machinery solutions	31,798	N/A	59,932	N/A
• Trading of cellulose casings	3,464	N/A	9,732	N/A
• Manufacturing and trading of flexible packaging materials	3,213	N/A	8,024	N/A
	38,475	N/A	77,688	N/A

Geographical information

In determining geographical information of the Group, "Revenue" is based on the geographical location of customers and "Non-current Assets" are based on the geographical location of the assets.

	Individual quarter		Cumulative quarter	
	Current quarter ended 30-Sep-24 RM'000	Comparative quarter ended 30-Sep-23 ⁽¹⁾ RM'000	Current period-to-date ended 30-Sep-24 RM'000	Comparative period-to-date ended 30-Sep-23 ⁽¹⁾ RM'000
Revenue from: -				
• Malaysian customers	5,692	N/A	15,930	N/A
• Overseas customers				
- Indonesia	28,938	N/A	42,861	N/A
- Philippines	498	N/A	7,372	N/A
- Others	3,347	N/A	11,525	N/A
	38,475	N/A	77,688	N/A

The Group's non-current assets are all located within Malaysia for the current quarter and financial period-to-date under review.

Notes: -

(1) There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

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A14. RELATED PARTY TRANSACTIONS (“RPTs”)

	Individual quarter		Cumulative quarter	
	Current quarter ended 30-Sep-24 RM'000	Comparative quarter ended 30-Sep-23 ⁽¹⁾ RM'000	Current period-to-date ended 30-Sep-24 RM'000	Comparative period-to-date ended 30-Sep-23 ⁽¹⁾ RM'000
<u>Recurrent RPTs</u>				
(i) PT Bestworld Perkasa				
• Marketing fees	104	N/A	331	N/A
• Technical fees	-	N/A	131	N/A
• Sales of machinery	3	N/A	146	N/A
(ii) Director				
• Rental of premises	23	N/A	68	N/A
<u>Other RPTs</u>				
(i) PT Bestworld Perkasa				
• Other expenses	17	N/A	86	N/A
• Sub-contract fees	-	N/A	2	N/A

Notes: -

(1) There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

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ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. REVIEW OF PERFORMANCE

Financial review for Current Quarter (Q3'24) vs Comparative Quarter (Q3'23) and Current Period-To-Date (9 months YTD' 24) vs Comparative Period-To-Date (9 months YTD'23)

	Individual quarter				Cumulative quarter Comparative			
	Current quarter ended 30-Sep-24 RM'000	Comparative quarter ended 30-Sep-23 ⁽¹⁾ RM'000	Variance RM'000	%	Current period- to-date ended 30-Sep-24 RM'000	period-to-date ended 30-Sep-23 ⁽¹⁾ RM'000	Variance RM'000	%
Revenue	38,475	N/A	N/A	N/A	77,688	N/A	N/A	N/A
Gross Profit ("GP")	12,167	N/A	N/A	N/A	25,062	N/A	N/A	N/A
Profit before taxation ("PBT")	4,182	N/A	N/A	N/A	9,465	N/A	N/A	N/A
Profit for the financial period attributable to owners of the Company ("PAT")	3,140	N/A	N/A	N/A	7,001	N/A	N/A	N/A

The Group recorded revenue of approximately RM38.48 million and RM77.69 million for the current quarter and current period-to-date respectively. The Group's revenue for the current quarter and current period-to-date was mainly derived from provision of food processing and packaging machinery solutions business segment, accounting for approximately RM31.80 million or 82.64% and RM59.93 million or 77.14% of the Group's total revenue respectively.

The Group recorded PBT of RM4.18 million and RM9.47 million for the current quarter and current period-to-date respectively; and PAT of RM3.14 million and RM7.00 million for the current quarter and current period-to-date respectively.

Notes: -

(1) There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

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B2. CURRENT QUARTER (Q3'2024) vs IMMEDIATELY PRECEDING QUARTER (Q2'2024)

	30-Sep-2024 RM'000	30-Jun-2024 RM'000	Variance RM'000	Changes %
Revenue	38,475	21,125	17,350	82.13
Gross Profit ("GP")	12,167	7,084	5,083	71.75
Profit before taxation ("PBT")	4,182	3,450	732	21.22
Profit for the financial period attributable to owners of the Company ("PAT")	3,140	2,573	567	22.04

The Group recorded a higher revenue of approximately RM38.48 million during the current quarter ended 30 September 2024 ("**Current Quarter**"), as compared to revenue of approximately RM21.13 million recorded in the immediately preceding quarter ended 30 June 2024 ("**Q2'2024**"). This was mainly contributed by the following: -

- (i) increase in revenue from food processing and packaging machinery solutions business segment by approximately RM16.73 million or 111.02% from RM15.07 million for Q2'2024 to RM31.80 million for the Current Quarter, mainly due to higher delivery of customers' orders; and
- (ii) increase in revenue from manufacturing and trading of flexible packaging materials business segment by approximately RM0.75 million or 30.49% from RM2.46 million for Q2'2024 to RM3.21 million for the Current Quarter, in line with the overall increase in customers' orders.

Backed by the growth in revenue, the Group recorded improvement in GP during the Current Quarter, increased by RM5.09 million or 71.75% as compared to Q2'2024.

The Group recorded improvement in both PBT and PAT during the Current Quarter, increased by RM0.73 million or 21.22% and RM0.57 million or 22.04% respectively as compared to Q2'2024; mainly attributable to the improved GP backed by the growth in revenue.

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B3. PROSPECTS

As the Group moves through the second half of 2024, the global economic outlook remains cautiously optimistic, with a projected growth rate of 3.2% in 2024 and 3.3% in 2025. (Source: *World Economy Outlook July 2024, International Monetary Fund*) However, the recently concluded United States of America presidential election is expected to introduce some changes to the global trade dynamics and supply chains. Notwithstanding that, economic activities in key regions are expected to remain steady, presenting potential opportunities for growth.

Looking at the key regional markets, The World Bank recently revised its 2024 and 2025 economic growth projections for the Philippines, projected to grow by 6.0% in 2024 and 6.1% in 2025. (Source: *Philippine Economic Growth Outlook, Philippine News Agency*) Similarly, Indonesia's economy is expected to grow by 5.0% to 5.2% in 2024, with 2025 budget plan projecting an expansion of 5.2% in 2025. (Source: *Indonesia Proposes 2025 Budget Targeting Narrower Deficit, Reuters*) These key regional markets present significant growth opportunities for the Group, particularly in the food and beverage processing machinery industry. This sector is expected to grow at a compound annual growth rate (CAGR) of 10.4% from 2024 to 2028, reaching RM2.84 billion in 2028. (Source: *Protégé's Independent Market Research Report, Prospectus dated 27 June 2024*)

The growth is largely driven by several factors, including increasing automation due to ongoing labour shortages, the diversification of food and beverage products that require advanced processing solutions, and a rising consumer preference for convenient, processed food items.

In the local context, Malaysia's economic momentum continues to strengthen. According to the Economic Outlook 2025, the country's economy is projected to grow by 4.5% to 5.5% in 2025. (Source: *Economic Outlook 2025, Ministry of Finance Malaysia*) BMI, a unit of Fitch Solutions, recently upgraded Malaysia's economic growth forecast to 5.0% in 2024, following stronger than anticipated gross domestic product expansion in the third quarter. (Source: *Improved Malaysia's Economy Growth by BMI, Business Times*) Household spending saw an uplift driven by positive labour market conditions and greater policy support. Investment activity remained robust, underpinned by multi-year projects and capacity expansions across firms. Exports continued to improve amid stronger external demand and positive impacts from the global tech upcycle.

Budget 2025's emphasis on boosting private spending is expected to stimulate domestic investment in Malaysia's food and beverage industry. Additionally, the introduction of the Food Security Enhancement Programme is anticipated to further strengthen this sector, ensuring long-term growth and resilience. (Source: *Budget 2025, MIDF Research*) This upward trend reflects strong consumer demand, particularly within the food and beverage sector, a critical part of Malaysia's economic fabric.

Following the completion of the IPO of the Company, the Group has raised RM40.08 million through the public issue. The proceeds will be strategically allocated towards factory expansion, including land acquisition, construction of factory, and the purchase of machinery. Additionally, a portion of the proceeds raised from the public issue has been earmarked for the repayment of bank borrowings, working capital, and listing expenses.

Aligning with the plans as mentioned above, EP Machinery, a wholly-owned subsidiary of EPB, entered into a sale and purchase agreement with Penang Development Corporation ("PDC") on 23 September 2024 to acquire a 7.8424 acres industrial land parcel in Penang Science Park North. The land will be used for the construction of a new factory, corporate office, warehouse, and showroom, enhancing production capacity, expanding robotics offerings, and enabling the Group to meet growing demand in the food processing and packaging machinery industry. The land acquisition is expected to be completed by the second half of 2025. (Source: *Company's announcement dated 23 September 2024, Bursa Securities*)

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B3. PROSPECTS (cont'd)

As at 31 October 2024, being the latest practicable date prior to the announcement of this interim report, the order book stood at RM80.70 million; which are expected to be fulfilled and billed progressively in the last quarter of financial year ending ("FYE") 31 December 2024 and over the FYE 31 December 2025. The breakdown of order book by business segment are as follows: -

	Expected to be fulfilled and billed in		
	FYE 2024	FYE 2025	Total
Order book by business segment	RM'000	RM'000	RM'000
Food processing and packaging machinery solutions	43,734	26,520	70,254
Trading of cellulose casings	1,720	6,358	8,078
Manufacturing and trading of flexible packaging materials	2,365	-	2,365
Total	47,819	32,878	80,697

As the Group moves forward, the Group remains committed to pursuing growth opportunities while being mindful of the political, economic, and regulatory risks inherent in its key markets, including Malaysia and the broader ASEAN region. The Group acknowledges the potential challenges that may arise but remain confident in its strategic planning and partnerships to navigate these hurdles effectively.

In conclusion, the Group continues to position itself to capitalise on the strong growth within the global and local food and beverage sectors. The IPO served as a catalyst to strengthen the Group's market presence and enhance its capabilities, ensuring the Group delivers long-term value for the shareholders while driving sustained growth across the key markets.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

The Group did not provide any profit forecast or profit guarantee in any public documents or any announcements made.

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B5. TAXATION

	Individual quarter Current quarter ended 30-Sep-24 RM'000	Comparative quarter ended 30-Sep-23 ⁽¹⁾ RM'000	Cumulative quarter Current period-to- date ended 30-Sep-24 RM'000	Comparative period-to- date ended 30-Sep-23 ⁽¹⁾ RM'000
Current income tax:				
- current year income tax	798	N/A	1,615	N/A
- over provision in prior year	(90)	N/A	(90)	N/A
	708	N/A	1,525	N/A
Deferred tax:				
- origination of temporary differences	334	N/A	939	N/A
Total tax expenses	1,042	N/A	2,464	N/A
Effective tax rate	24.92%	N/A	26.03%	N/A
<u>Applicable statutory tax rate:</u>				
Malaysia:				
• On the first RM150,000 of chargeable income ⁽²⁾	15.00%	N/A	15.00%	N/A
• On the subsequent RM450,000 of chargeable income ⁽²⁾	17.00%	N/A	17.00%	N/A
• Balance of chargeable income ⁽²⁾	24.00%	N/A	24.00%	N/A
Labuan	3.00%	N/A	3.00%	N/A
United Arab Emirates ⁽³⁾ ("UAE")	9.00%	N/A	9.00%	N/A

Notes: -

(1) There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

(2) Applicable to company with paid-up capital not more than RM2.50 million. Upon completion of the Pre-Listing Exercise, the Group will no longer enjoy this preferential tax rate, and the chargeable income will be subject to the prevailing statutory tax rate of 24.00% (or such applicable tax rate as determined and announced by the Malaysian Government) effective from year of assessment 2025.

(3) Pursuant to the amendment of paragraph 28 of Schedule 6, Income Tax Act 1967, the dividend received from BW Perkasa Ltd ("BW Perkasa UAE") is subject to prevailing income tax rate on remittance to Malaysia, with tax credit allowed for foreign tax charged in UAE effective from year of assessment 2024.

N/A Not applicable

The Group's effective tax rate stood at 24.92% and 26.03% for the current quarter and financial period-to-date under review respectively, higher as compared to the statutory tax rate; mainly attributable to the following: -

- (i) non-allowable expenses added back in the estimation of income tax expenses; and
- (ii) no group relief was accounted for in the estimation of income tax expenses in relation to expenses incurred by the Company.

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B6. STATUS OF CORPORATE PROPOSALS

Saved as disclosed below, there is no corporate proposal announced but not completed as at the date of this interim financial report: -

- (i) Proposed acquisition of a piece of land. EP Machinery had on 23 September 2024 entered into a sale and purchase agreement with PDC to acquire a piece of industrial land measuring 7.8424 acres (31,737.20 square meter) for a total cash consideration of RM22,494,931.10. Please refer to the Company's announcement dated 23 September 2024, which is accessible on the website of Bursa Securities for further details.

B7. UTILISATION OF PROCEEDS

As at 30 September 2024, the gross proceeds from the IPO amounting to RM40.08 million is expected to be utilised in the following manner: -

Details of utilisation ⁽¹⁾	Proposed utilisation		Actual utilisation	Deviation	Balance to be utilised	Estimated timeframe for utilisation from the date of listing
	RM'000	%	RM'000	RM'000	RM'000	
Factory expansion: -						
(a) Acquisition of land	13,000	32.43	4,499	-	8,501	Within 12 months
(b) Construction of factory	10,500	26.20	-	-	10,500	Within 36 months
(c) Purchase of machinery	1,100	2.74	-	-	1,100	Within 36 months
Repayment of bank borrowings	3,000	7.49	-	-	3,000	Within 6 months
Working capital	8,479	21.16	-	-	8,479	Within 12 months
Estimated listing expenses	4,000	9.98	4,000	-	-	Within 3 months
Total	40,079	100.00	8,499	-	31,580	

Note: -

- 1) The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus dated 27 June 2024.

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B8. BANK BORROWINGS

The Group's bank borrowings as at 30 September 2024 are as follows: -

	Short Term (within 12 months) RM'000	Long Term (over 12 months) RM'000	Total RM'000
Term loans:			
– secured and guaranteed	942	1,146	2,088
– unsecured but guaranteed	69	267	336
Total bank borrowings	1,011	1,413	2,424

All the bank borrowings are denominated in Ringgit Malaysia (RM), and obtained from financial institutions based in Malaysia.

B9. EARNINGS PER SHARE (“EPS”)

Basic and Diluted EPS

	Individual quarter		Cumulative quarter	
	Current quarter ended 30-Sep-24	Comparative quarter ended 30-Sep-23 ⁽¹⁾	Current period-to- date ended 30-Sep-24	Comparative period-to- date ended 30-Sep-23 ⁽¹⁾
Profit attributable to owners of the Company (RM'000)	3,140	N/A	7,001	N/A
Weighted average number of ordinary shares in issue ('000)	329,992	N/A	310,356	N/A
Basic/Diluted EPS⁽²⁾ (sen)	0.95	N/A	2.26	N/A

Notes: -

(1) There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

(2) Diluted EPS is equivalent to basic EPS as the Group does not have any convertible securities at the end of the reporting period.

N/A Not applicable.

B10. CHANGES IN MATERIAL LITIGATION

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

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B11. DISCLOSURE ON SELECTED (INCOME)/EXPENSE ITEMS

Included in PBT comprised the following (income)/expense items: -

	Individual quarter		Cumulative period	
	Current quarter ended 30-Sep-2024 RM'000	Comparative quarter ended 30-Sep-2023 ⁽¹⁾ RM'000	Current period-to-date ended 30-Sep-2024 RM'000	Comparative period-to-date ended 30-Sep-2023 ⁽¹⁾ RM'000
Profit before taxation is stated after charging/(crediting): -				
Amortisation of intangible assets	2	N/A	7	N/A
Bad debts written off	-	N/A	192	N/A
Bad debts recovered	(66)	N/A	(66)	N/A
Depreciation of: -				
• Property, plant and equipment	263	N/A	820	N/A
• Rights-of-use assets	126	N/A	397	N/A
Directors' salaries and allowances	459	N/A	1,388	N/A
Gain on disposal of property, plant and equipment	*	N/A	*	N/A
Interest expenses / Finance costs	78	N/A	234	N/A
Interest income	(218)	N/A	(375)	N/A
Loss on foreign exchange: -				
• Realised - net	203	N/A	231	N/A
• Unrealised - net	1,073	N/A	950	N/A
Property, plant and equipment written off	1	N/A	1	N/A
Provision for/(Reversal of) allowance for impairment loss on trade receivables - net	203	N/A	(1,658)	N/A
Rental income	(1)	N/A	(4)	N/A
Short term and low value leases: -				
• Rental of premises	45	N/A	93	N/A
• Rental of plant, machinery and equipment	14	N/A	24	N/A
• Rental of office equipment	3	N/A	7	N/A
• Rental of motor vehicle	*	N/A	*	N/A
Write down in value of inventories - net	49	N/A	150	N/A

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B11. DISCLOSURE ON SELECTED (INCOME)/EXPENSE ITEMS (cont'd)

Notes: -

(1) There are no comparative figures for the comparative quarter and period-to-date, as this interim financial report ended 30 September 2024 is the third interim financial report issued and announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

* Less than RM1,000.

B12. FINANCIAL INSTRUMENTS

Derivatives

The Group does not have any derivative financial instruments for the current quarter and financial period-to-date under review.

Disclosures of Gain/Losses arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities reported by the Group for the current quarter and financial period-to-date under review.

By Order of the Board

27 November 2024