

Registration No.: 198001009827 (63611 - U)

PBS BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

30 JUNE 2024

PBS BERHAD (Registration No.: 198001009827 (63611-U))
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial period ended 30 June 2024
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Continuing operations:					
Revenue		18,668	5,102	49,657	7,894
Other operating income		2,751	63	5,116	104
Expenses excluding finance costs and tax		(20,612)	(18,223)	(52,515)	(23,882)
Finance costs		(86)	(865)	(170)	(1,453)
Profit/(Loss) before tax		721	(13,923)	2,088	(17,337)
Tax expense	B1	(89)	38	(22)	185
Profit/(Loss) from continuing operations		632	(13,885)	2,066	(17,152)
Discontinued operations:					
Profit from discontinued operations, net of tax		-	38,717	-	46,260
Profit for the financial period		632	24,832	2,066	29,108
Other comprehensive (loss)/income: Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations		(835)	37,548	44	46,356
Other comprehensive (loss)/income for the financial period, net of tax		(835)	37,548	44	46,356
Total comprehensive (loss)/income for the financial period		(203)	62,380	2,110	75,464
Total profit attributable to:					
Owners of the parent		623	24,164	2,062	28,812
Non-controlling interests		9	668	4	296
		632	24,832	2,066	29,108
Total comprehensive (loss)/income attributable to:					
Owners of the parent		318	63,353	2,510	77,045
Non-controlling interests		(521)	(973)	(400)	(1,581)
		(203)	62,380	2,110	75,464
		sen	sen	sen	sen
Basic earnings per ordinary share attributable to equity holders of the parent	B9	0.10	4.01	0.34	4.78

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

PBS BERHAD (Registration No.: 198001009827 (63611-U))
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Interim report as at 30 June 2024
The figures have not been audited.

	Note	30/06/2024 RM'000	31/12/2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		500	686
Investments in associates		1,362	1,362
Other financial assets		1,591	1,642
Deferred tax assets		642	598
		<u>4,095</u>	<u>4,288</u>
Current assets			
Inventories		6,530	5,593
Receivables, deposits and prepayments		47,111	56,407
Tax recoverable		265	335
Deposits, cash and bank balances		105,609	578,971
		<u>159,515</u>	<u>641,306</u>
TOTAL ASSETS		<u>163,610</u>	<u>645,594</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		187,869	640,273
Foreign currency translation reserves		(12,668)	(13,116)
Accumulated losses		(98,656)	(88,654)
Treasury shares, at cost		(5,150)	(5,150)
		<u>71,395</u>	<u>533,353</u>
Non-controlling interests		(480)	6,828
Total equity		<u>70,915</u>	<u>540,181</u>
Non-current liabilities			
Post-employment benefit obligations		6,249	6,270
Payables		73,665	73,665
Lease liabilities		141	197
Deferred tax liabilities		323	324
		<u>80,378</u>	<u>80,456</u>
Current liabilities			
Payables		7,234	18,740
Borrowings	B2	4,825	5,560
Lease liabilities		228	343
Current tax liabilities		30	314
		<u>12,317</u>	<u>24,957</u>
Total liabilities		<u>92,695</u>	<u>105,413</u>
TOTAL EQUITY AND LIABILITIES		<u>163,610</u>	<u>645,594</u>
Net assets per share attributable to owners of the parent (RM)		0.12	0.88

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

PBS BERHAD (Registration No.: 198001009827 (63611-U))
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Interim report for the financial period ended 30 June 2024
The figures have not been audited.

	Share Capital	Foreign currency translation reserves (non distributable)	Accumulated losses	Treasury shares, at cost	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	640,273	(13,116)	(88,654)	(5,150)	533,353	6,828	540,181
Profit for the financial period	-	-	2,062	-	2,062	4	2,066
Other comprehensive income/(loss)	-	448	-	-	448	(404)	44
Total comprehensive income/(loss)	-	448	2,062	-	2,510	(400)	2,110
Transaction with owners:							
Capital repayment	(452,404)	-	-	-	(452,404)	-	(452,404)
Dividends	-	-	(12,064)	-	(12,064)	-	(12,064)
Dividends paid to non-controlling interests	-	-	-	-	-	(6,908)	(6,908)
At 30 June 2024	187,869	(12,668)	(98,656)	(5,150)	71,395	(480)	70,915
At 1 January 2023	640,273	(79,508)	(40,295)	(5,150)	515,320	4,056	519,376
Profit for the financial period	-	-	28,812	-	28,812	296	29,108
Other comprehensive income/(loss)	-	48,233	-	-	48,233	(1,877)	46,356
Total comprehensive income/(loss)	-	48,233	28,812	-	77,045	(1,581)	75,464
At 30 June 2023	640,273	(31,275)	(11,483)	(5,150)	592,365	2,475	594,840

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

PBS BERHAD (Registration No.: 198001009827 (63611-U))
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Interim report for the financial period ended 30 June 2024
The figures have not been audited.

	Financial period ended	
	30/06/2024	30/06/2023
	RM'000	RM'000
Cash Flows From Operating Activities		
Cash receipts from customers	61,406	495,734
Cash paid to suppliers and employees	<u>(61,638)</u>	<u>(485,849)</u>
	(232)	9,885
Interest received	2,573	2,693
Interest paid	(170)	(9,811)
Taxation paid	<u>(285)</u>	<u>(6,592)</u>
Net cash from/(used in) operating activities	<u>1,886</u>	<u>(3,825)</u>
Cash Flows From Investing Activities		
Interest paid	-	(79)
Purchase of property, plant and equipment	(7)	(5,111)
Proceeds from disposal of property, plant and equipment	1	487
Purchase of intangible assets	-	(126)
Proceeds from disposal of other financial assets	<u>-</u>	<u>247</u>
Net cash used in investing activities	<u>(6)</u>	<u>(4,582)</u>
Cash Flows From Financing Activities		
Deposits uplifted	1,007	-
Drawdowns of bank borrowings	776	109,096
Repayments of bank borrowings	(765)	(92,786)
Payments of lease liabilities	(171)	(13,772)
Capital repayment	(452,404)	-
Dividends paid	(12,064)	-
Dividends paid to non-controlling interests of a subsidiary	<u>(6,908)</u>	<u>-</u>
Net cash (used in)/from financing activities	<u>(470,529)</u>	<u>2,538</u>
Net decrease in cash and cash equivalents during the financial period	(468,649)	(5,869)
Effects of exchange rate changes on cash and cash equivalents	(2,971)	(4,026)
Cash and cash equivalents at beginning of the financial period	<u>572,153</u>	<u>67,647</u>
Cash and cash equivalents at end of the financial period	<u><u>100,533</u></u>	<u><u>57,752</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

**A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2024**

A1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 June 2024 and has been prepared in accordance with applicable disclosure provisions of paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia. They do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Group as at end of the financial year ended 31 December 2023.

A2. Significant Accounting Policies

The accounting policies applied by the Group in this interim financial report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2023.

A3. Report of the Auditors to the Members

The report of the auditors on the annual financial statements for the financial year ended 31 December 2023 was not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 266 of the Companies Act 2016.

A4. Seasonality or Cyclicity of Interim Operations

The Group's operations were not significantly affected by any seasonal or cyclical factors.

A5. Exceptional and/or Extraordinary Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no exceptional and/or extraordinary items affecting assets, liabilities, equity, net income or cash flows for the current quarter ended 30 June 2024.

A6. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial period or prior financial years.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current quarter ended 30 June 2024.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2024

A8. Dividends Paid

The Company paid a single-tier special dividend of 2 sen per ordinary share for the financial year ended 31 December 2023 on 22 April 2024.

A9. Segment Information

	Rest of World RM'000	Asia RM'000	Elimination RM'000	Group RM'000
6 months ended				
30 June 2024				
External revenue	3,902	45,755	-	49,657
Intersegment revenue	-	1,445	(1,445)	-
	<u>3,902</u>	<u>47,200</u>	<u>(1,445)</u>	<u>49,657</u>
Segment result	<u>(775)</u>	<u>3,069</u>	<u>(36)</u>	<u>2,258</u>
3 months ended				
30 June 2024				
External revenue	2,484	16,184	-	18,668
Intersegment revenue	-	871	(871)	-
	<u>2,484</u>	<u>17,055</u>	<u>(871)</u>	<u>18,668</u>
Segment result	<u>(790)</u>	<u>1,613</u>	<u>(16)</u>	<u>807</u>

Rest of World

Rest of World comprise sales from Greece, representing 7.9% of the Group's revenue. The inflation situation in European countries continued to restrain the purchasing power of households in the current quarter.

Asia

Asia which comprise 92.1% of the Group's revenue consist of sales generated from the companies in Asia. For the current quarter, RM14.0 million relates to the procurement center in Malaysia which procurement service contract ended on 31 May 2024.

The region achieved segment results of RM1.6 million during the current quarter, mainly comprising interest income.

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**A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2024**

A10. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter ended 30 June 2024.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2024.

A12. Events Subsequent to the End of the Reporting Period

There was no event subsequent to the financial period ended 30 June 2024.

A13. Contingent Liabilities

The Group has classified certain tax liabilities amounting to RM31.8 million as contingent liabilities following MFRS 137 Provisions, Contingent Liabilities and Contingent Assets as there are uncertainty in the outcome of tax rulings being challenged in the courts. The challenge has existed since 2010 for the earliest case and 2015 for a latter case involving the subsidiaries.

A14. Utilisation of Proceeds Raised From Corporate Proposals

The Company together with its subsidiary companies, namely Pelikan Holding AG and MOLKARI Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG (collectively, the "Vendors"), had on 29 June 2023 entered into a conditional sale and purchase agreement ("CSPA") with Holdham SAS ("Holdham" or "Purchaser") in relation to the disposal of the entire equity interests in Pelikan Group GmbH, Pelikan PBS-Produktionsgesellschaft mbH & Co. Kg and Pelikan PBS-Produktion Verwaltungs GmbH ("Disposal").

On 13 December 2023, all CSPA have been fulfilled or waived and hence the CSPA become unconditional and completed on 14 December 2023.

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A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2024

A14. Utilisation of Proceeds Raised From Corporate Proposals (cont'd)

As at 15 August 2024, the status of utilisation of the proceeds from the Disposal was as follows:

Purpose	Proposed Utilisation* RM'000	Amount Transferred RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Proposed distribution	512,724	(48,257)^	(464,467)	-
Working capital and settlement of liabilities	139,712	48,257	(110,304)	77,665
Repayment of bank borrowings	40,000	-	(40,000)	-
Estimated expenses	3,000	-	(3,000)	-
Total	695,436	-	(617,771)	77,665

^ After considering the requirements of Section 131 of the Companies Act 2016 as at the date of the declaration of the proposed special dividend, the Board declared a special dividend of only 2 sen instead of 10 sen on 22 March 2024. The unutilised amount has been adjusted towards the allocation for the group's working capital.

* As per Circular to Shareholders dated 7 September 2023.

B. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements**B1. Tax Expense**

	3 months ended		Financial period ended	
	30/06/24	30/06/23	30/06/24	30/06/23
	RM'000	RM'000	RM'000	RM'000
Tax expense charged in respect of current financial period				
Continuing operations:				
- income tax	68	6	68	15
- deferred tax	21	(44)	(46)	(200)
	89	(38)	22	(185)
Discontinued operations:				
- income tax	-	8,520	-	13,942
- deferred tax	-	(116)	-	(437)
	-	8,404	-	13,505
Total tax expense	89	8,366	22	13,320

For the current quarter and financial period ended 30 June 2024, the effective tax rate is lower due to the utilisation of unused tax losses.

B2. Borrowings

Details of the Group's borrowings as at 30 June 2024 are as set out below:

Currency	Short Term		Total
	Secured RM'000	Unsecured RM'000	RM'000
Euro	4,825	-	4,825
Total	4,825	-	4,825

B3. Capital Commitments

There was no capital commitments not provided for in the financial statements as at 30 June 2024.

B. Additional Information Required by the Bursa Malaysia Securities Berhad’s Listing Requirements

B4. Review of Performance

The Group’s generated sales of RM18.7 million in the current quarter compared to RM5.1 million in the previous year’s corresponding quarter. The increase in turnover was due to the continued revenue generated for purchasing of Pelikan branded products which is now classified as 3rd party revenue.

The Group achieved a profit before tax of RM0.7 million in the current quarter as opposed to a loss of RM13.9 million in the corresponding quarter last year.

B5. Variation of Results Against Preceding Quarter

	Current Quarter 30/06/24 RM’000	Immediate Preceding Quarter 31/03/24 RM’000	Changes %
Revenue	18,668	30,989	-39.8
Profit before interest and tax	807	1,451	-44.4
Profit before tax	721	1,367	-47.3
Profit for the financial period	<u>632</u>	<u>1,434</u>	-55.9

The Group’s revenue decreased to RM18.7 million in the current quarter as compared to RM31.0 million in the preceding quarter. The decrease in revenue is due to the cessation of procurement services for the former Pelikan subsidiaries on 31 May 2024.

B6. Prospects

Following the completion of the Disposal, the Company is classified as an affected listed issuer under paragraph 8.03(A) of the Bursa Malaysia Listing Requirements. The Company has until 13 December 2024 to submit a regularisation plan to the relevant authorities for approval to address the Company’s affected listed issuer status. Nevertheless, the Group will continue to promote and build the remaining stationery business that it has, particularly in the Asian region, as a distributor for the “Pelikan” and “herlitz” brands. At the same time, the Group will be evaluating any other opportunities that could increase the Group’s turnover and income.

B. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements

B7. Dividend

The Board of Directors does not recommend any dividend for the current quarter.

B8. Variance on Profit Forecast/Shortfall in Profit Guarantee

Not applicable.

B9. Earnings Per Ordinary Share

Basic earnings per ordinary share:	3 months ended		Financial period ended	
	30/06/24	30/06/23	30/06/24	30/06/23
Profit attributable to owners of the parent (RM'000)	623	24,164	2,062	28,812
Weighted average number of ordinary shares in issue ('000)	603,205	603,205	603,205	603,205
Basic earnings per ordinary share (sen)	0.10	4.01	0.34	4.78

B10. Additional Notes to the Statement of Comprehensive Income

Profit for the financial period is arrived at after charging/(crediting):	3 months ended		Financial period ended	
	30/06/24 RM'000	30/06/23 RM'000	30/06/24 RM'000	30/06/23 RM'000
Interest income	(1,326)	(1,818)	(2,573)	(2,693)
Interest expense	86	5,887	170	9,773
Depreciation, amortisation and impairment	96	9,071	192	15,656
Impairment losses on receivables	-	197	-	272
Inventories written down/(Reversal of inventories written down)	10	171	15	(31)
Gain on disposal of property, plant and equipment	-	(120)	-	(99)
Foreign exchange loss	340	14,703	263	15,882