

ILB GROUP BERHAD [199101019353 (229690 K)]
Interim Report For The Financial Period Ended 31 March 2023

(The figures have not been audited)



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Revenue	13,860	8,927	13,860	8,927
Direct operating costs	<u>(12,319)</u>	<u>(7,280)</u>	<u>(12,319)</u>	<u>(7,280)</u>
Gross profit	1,541	1,647	1,541	1,647
Other income	4,017	517	4,017	517
Administrative expenses	(1,706)	(1,754)	(1,706)	(1,754)
Other expenses	<u>(21)</u>	<u>(12)</u>	<u>(21)</u>	<u>(12)</u>
Operating profit	3,831	398	3,831	398
Finance income	1,232	707	1,232	707
Finance costs	(658)	(399)	(658)	(399)
Share of results of associates	<u>(1,284)</u>	<u>(1,228)</u>	<u>(1,284)</u>	<u>(1,228)</u>
Profit/(Loss) before tax	3,121	(522)	3,121	(522)
Tax expense	<u>(165)</u>	<u>(236)</u>	<u>(165)</u>	<u>(236)</u>
Profit/(Loss) for the period	<u>2,956</u>	<u>(758)</u>	<u>2,956</u>	<u>(758)</u>
Profit/(Loss) attributable to:				
Owners of the Company	3,364	(364)	3,364	(364)
Non-controlling interests	<u>(408)</u>	<u>(394)</u>	<u>(408)</u>	<u>(394)</u>
Profit/(Loss) for the period	<u>2,956</u>	<u>(758)</u>	<u>2,956</u>	<u>(758)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Profit/(Loss) for the period	2,956	(758)	2,956	(758)
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(25)	375	(25)	375
Other comprehensive (loss)/income for the period	(25)	375	(25)	375
Total comprehensive income/(loss) for the period, net of tax	2,931	(383)	2,931	(383)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	3,344	(107)	3,344	(107)
Non-controlling interests	(413)	(276)	(413)	(276)
	2,931	(383)	2,931	(383)
Basic/Diluted earnings per share attributable to owners of the Company (sen)	1.8	(0.2)	1.8	(0.2)

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2022.

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Interim Report For The Financial Period Ended 31 March 2023

(The figures have not been audited)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.03.2023 RM'000	AS AT 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	140,643	141,414
Intangible assets	1,914	1,946
Interest in associates	39,332	40,633
Other investment	300	300
	<u>182,189</u>	<u>184,293</u>
Current assets		
Inventories	824	824
Receivables	21,224	9,909
Contract assets	16	9
Deposits, cash & bank balances	89,539	93,779
	<u>111,603</u>	<u>104,521</u>
TOTAL ASSETS	<u><u>293,792</u></u>	<u><u>288,814</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	225,671	225,671
Reserves	282	(3,062)
Treasury shares	(4,797)	(4,797)
	<u>221,156</u>	<u>217,812</u>
Non-controlling interests	8,820	9,233
Total equity	<u>229,976</u>	<u>227,045</u>
Non-current liabilities		
Term loans	22,130	23,338
Deferred tax liabilities	2,205	2,213
	<u>24,335</u>	<u>25,551</u>
Current liabilities		
Payables	14,761	11,568
Contract liabilities	2	2
Term loans	24,515	24,518
Tax liabilities	203	130
	<u>39,481</u>	<u>36,218</u>
Total liabilities	63,816	61,769
TOTAL EQUITY AND LIABILITIES	<u><u>293,792</u></u>	<u><u>288,814</u></u>
Net assets per share attributable to owners of the Company (RM)	<u><u>1.17</u></u>	<u><u>1.15</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Operating Activities		
Profit/(Loss) before tax	3,121	(522)
Adjustments for :-		
Depreciation and amortisation	1,107	1,190
Interest expense	658	399
Interest income	(1,232)	(707)
Share of results of associates	1,284	1,228
Unrealised loss/(gain) on foreign exchange	21	(22)
Operating profit before working capital changes	4,959	1,566
Changes in working capital :-		
Contract assets	(7)	1,650
Contract costs	-	(13)
Receivables	(14,628)	(3,911)
Payables	3,197	(1,742)
Net cash used in operations	(6,479)	(2,450)
Interest paid	(658)	(399)
Tax paid	(100)	(68)
Net cash used in operating activities	(7,237)	(2,917)
Investing Activities		
Cash received from a third party receivable	3,964	3,856
Interest received	601	707
Purchase of property, plant and equipment	(304)	(22)
Placement of deposits with licensed banks	(440)	(123)
Net cash from investing activities	3,821	4,418
Financing Activity		
Repayments of term loans	(1,201)	(1,200)
Net cash used in financing activity	(1,201)	(1,200)
Net (decrease)/increase in cash and cash equivalents	(4,617)	301
Effects of exchange rate changes on cash and cash equivalents	(64)	119
Cash and cash equivalents at the beginning of the period	43,172	62,763
Cash and cash equivalents at the end of the period	38,491	63,183
Cash and cash equivalents comprise the following:-		
Deposits with licensed banks	62,753	53,695
Cash & bank balances	26,786	32,880
	89,539	86,575
Less : Deposits with maturity period more than 3 months	(47,752)	(20,169)
Deposits pledged to a financial institution	(3,296)	(3,223)
Cash and cash equivalents at the end of the period	38,491	63,183

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←-----Non-Distributable-----→					←-----Distributable-----→		Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Foreign exchange translation reserve RM'000	Fair value reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Accumulated losses RM'000			
At 1 January 2023										
- As previously reported	225,671	9,906	(2,420)	30	9,876	(4,797)	(20,454)	217,812	9,233	227,045
- Retrospective restatements	-	-	(129)	-	-	-	129	-	-	-
At 1 January 2023, as restated	225,671	9,906	(2,549)	30	9,876	(4,797)	(20,325)	217,812	9,233	227,045
Profit for the period	-	-	-	-	-	-	3,364	3,364	(408)	2,956
Other comprehensive loss	-	-	(20)	-	-	-	-	(20)	(5)	(25)
Total comprehensive (loss)/income for the period	-	-	(20)	-	-	-	3,364	3,344	(413)	2,931
At 31 March 2023	225,671	9,906	(2,569)	30	9,876	(4,797)	(16,961)	221,156	8,820	229,976
At 1 January 2022, as reclassified	225,671	-	9,346	-	9,876	(4,797)	(20,623)	219,473	21,190	240,663
Loss for the period	-	-	-	-	-	-	(364)	(364)	(394)	(758)
Other comprehensive income	-	-	257	-	-	-	-	257	118	375
Total comprehensive income/(loss) for the period	-	-	257	-	-	-	(364)	(107)	(276)	(383)
At 31 March 2022	225,671	-	9,603	-	9,876	(4,797)	(20,987)	219,366	20,914	240,280

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A. Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (MFRS) 134

A.1 Accounting Policies

This condensed consolidated interim financial statements (Condensed Report) is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2022.

The accounting policies and methods of computation adopted in this Condensed Report are consistent with those adopted in the Group's annual audited financial statements for the financial year ended 31 December 2022 except for the following:

The amendments/improvements to MFRSs effective for financial periods beginning on or after 1 January 2023:

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 141	Agriculture

The above pronouncements are either not relevant or do not have any material impact on the interim financial statements of the Group upon their initial application. The Group has adopted the relevant standards from 1 January 2023 with practical expedients permitted under the standards.

The Group have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued but yet to be effective:

		Effective for annual periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
Amendments to MFRS 3	Business Combinations	1 January 2023#
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
Amendments to MFRS 7	Financial Instruments: Disclosures	1 January 2023#
Amendments to MFRS 9	Financial Instruments	1 January 2023#
Amendments to MFRS 10	Consolidated Financial Statements	Deferred
Amendments to MFRS 15	Revenue from Contracts with Customers	1 January 2023#
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2023/1 January 2023#/1 January 2024
Amendments to MFRS 107	Statements of Cash Flows	1 January 2023#
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112	Income Taxes	1 January 2023
Amendments to MFRS 116	Property, Plant and Equipment	1 January 2023#
Amendments to MFRS 119	Employee Benefits	1 January 2023#
Amendments to MFRS 128	Investments in Associate and Joint Ventures	Deferred/1 January 2023#
Amendments to MFRS 132	Financial Instruments: Presentation	1 January 2023#
Amendments to MFRS 136	Impairment of Assets	1 January 2023#
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
Amendments to MFRS 138	Intangible Assets	1 January 2023#
Amendments to MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The directors expect that the adoption of the new MFRS and amendments/improvements to MFRSs above will not have any impact on the interim financial report in the year of initial application.

A.2 Qualification of Preceding Annual Financial Statements

The auditors report of the preceding annual financial statements was without qualification.

A.3 Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

A.4 Unusual Material Event

There were no material unusual events affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A.5 Material Changes in Estimates

There were no significant changes in estimates of amounts reported which would have a material effect in the current financial quarter under review.

A.6 Debts and Equity Securities

During the current financial quarter, the Company had not repurchased any ordinary shares of its issued share capital from the open market. As at 31 March 2023, a total of 6,125,175 treasury shares were held by the Company. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act, 2016.

Apart from the above, there were no other issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale/repurchase of treasury shares during the current financial year-to-date.

A.7 Dividend Paid

There was no dividend paid during the current financial quarter under review.

A.8 Operating Segments

The segmental information of the Group for the financial period to date 31 March 2023 are summarised as below :-

a. By Activity

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER	
	Current year quarter 31.03.2023 RM'000	Preceding year corresponding quarter 31.03.2022 RM'000	Current year to date 31.03.2023 RM'000	Preceding year corresponding period 31.03.2022 RM'000
External revenue				
Solar energy & related businesses	<u>13,860</u>	<u>8,927</u>	<u>13,860</u>	<u>8,927</u>

Reconciliation of reportable segment profit/(loss)

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER	
	Current year quarter 31.03.2023 RM'000	Preceding year corresponding quarter 31.03.2022 RM'000	Current year to date 31.03.2023 RM'000	Preceding year corresponding period 31.03.2022 RM'000
Total profit for reportable segments	830	974	830	974
Other non-reportable segments	3,575	(268)	3,575	(268)
Share of results of associates	<u>(1,284)</u>	<u>(1,228)</u>	<u>(1,284)</u>	<u>(1,228)</u>
Profit/(Loss) before tax	3,121	(522)	3,121	(522)
Tax expense	<u>(165)</u>	<u>(236)</u>	<u>(165)</u>	<u>(236)</u>
Profit/(Loss) for the period	<u>2,956</u>	<u>(758)</u>	<u>2,956</u>	<u>(758)</u>

A.8 Operating Segments (cont'd)

b. By Geographical Location

External revenue

The external revenue of the Group is solely generated in Malaysia.

Profit/(Loss) for the period

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER	
	Current year quarter 31.03.2023 RM'000	Preceding year corresponding quarter 31.03.2022 RM'000	Current year to date 31.03.2023 RM'000	Preceding year corresponding period 31.03.2022 RM'000
Malaysia	1,039	868	1,039	868
The People's Republic of China (incl. Hong Kong)	2,082	(1,390)	2,082	(1,390)
Profit/(Loss) before tax	<u>3,121</u>	<u>(522)</u>	<u>3,121</u>	<u>(522)</u>
Tax expense	<u>(165)</u>	<u>(236)</u>	<u>(165)</u>	<u>(236)</u>
Profit/(Loss) for the period	<u><u>2,956</u></u>	<u><u>(758)</u></u>	<u><u>2,956</u></u>	<u><u>(758)</u></u>

A.9 Valuations of Property, Plant and Equipment

There were no valuation of property, plant and equipment of the Group during the current financial quarter under review.

A.10 Material Subsequent Events

There were no material events subsequent to the current financial quarter under review.

A.11 Changes in The Composition of the Group

On 10 February 2023, ILB Properties Sdn. Bhd. and Telaga Prospek Sdn. Bhd., both wholly-owned subsidiaries of ILB, had been struck off.

A.12 Contingent Liabilities and Contingent Assets

As at the end of the reporting quarter, corporate guarantees given by the Company to financial institutions for banking facilities granted to subsidiary amounted to RM25.4 million.

Apart from the above, there were no other contingent liabilities and contingent assets since the last annual reporting date.

A.13 Capital Commitment

As at the end of the reporting quarter, the Group has capital commitments totalling RM0.2 million and RM9.2 million in respect of the improvement to solar photovoltaic at Bukit Kayu Hitam, Kedah and acquisition of assets respectively.

B. Explanatory Notes As Per Bursa Malaysia - Listing Requirements Chapter 9.22 of Part K

B.1 Review of Performance

For the current quarter under review, the Group posted revenue of RM13.9 million which was 55.3% higher than the revenue of RM8.9 million for the corresponding quarter in the preceding year. The higher revenue was mainly due to revenue from trading of solar panels obtained in the current quarter under review.

The Group posted a pre-tax profit of RM3.1 million for the current quarter as compared to the pre-tax loss for the corresponding quarter in the preceding year of RM0.5 million. The increase in pre-tax profit of RM3.6 million for the current quarter was mainly due to the write back of payables amounted to RM3.3 million and the net increase in the finance income of RM0.3 million.

B.2 Comparison With Immediate Preceding Quarter's Results

	Current quarter ended 31.03.2023 RM'000	Immediate preceding quarter ended 31.12.2022 RM'000 (Restated)
Revenue	<u>13,860</u>	<u>2,013</u>
Profit before tax	<u>3,121</u>	<u>17,148</u>

For the current quarter, the Group recorded revenue of RM13.9 million which was 588.5% higher than the RM2.0 million in the preceding quarter. The higher revenue was mainly due to revenue from trading of solar panels from the solar energy & related business segment of the Group's operations in Malaysia.

The current quarter pre-tax profit of RM3.1 million when compared against the immediate preceding quarter pre-tax profit of RM17.1 million represent a reduction of profit of RM14.0 million. This was mainly due to the reversal of impairment loss of RM15.0 million and a reduction in profit of RM3.8 million from investment in an associate listed on Singapore Exchange (SGX) in the preceding quarter.

The impact was offsetted with the write back of payables amounted to RM3.3 million, higher operating profit of RM0.9 million and net savings in operating costs of RM0.6 million in the current quarter.

B.3 Prospects

With ILB Group's proven track record in implementing and operating solar projects coupled with the improved cashflow, we are well positioned to scale up our solar businesses to generate higher sustainable earnings for ILB Group.

In March 2023, the Malaysian Government has set target to reach 70% of renewable energy share in the national installed electricity mix by 2050.

With the continuing encouragement from the Malaysian Government through initiatives and proactive measures, ILB Group sees great potential and vast opportunities in this growing renewable energy industry.

Moving forward, ILB Group will continue to participate in all related programmes initiated by the government such as the Corporate Green Power Programme.

In addition, ILB Group will enhance our market presence in providing Rooftop Solar Power System to commercial and industrial market.

B.4 Variance of Actual Profit from Forecast Profit

Not applicable as there was no profit forecast issued.

B.5 Tax Expense

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Tax expense comprises :-				
Current income tax				
- Current income tax charge	173	244	173	244
Deferred tax				
- Reversal of temporary differences	(8)	(8)	(8)	(8)
Tax expense for the financial period	<u>165</u>	<u>236</u>	<u>165</u>	<u>236</u>

The Group's effective tax rate for the current year quarter and current year to date under review are lower than the statutory income tax rate of 24% mainly due to utilisation of unabsorbed capital allowances brought forward and tax incentives enjoyed by some of the Malaysian subsidiaries.

B.6 Status of Corporate Proposals

There was no corporate proposal announced but not completed during the current quarter and financial year-to-date.

B.7 Group Borrowings and Debt Securities

	As at 31.03.2023					
	Long term borrowings		Short term borrowings		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured :-						
Term loans						
- HKD	-	-	19,695	-	19,695	-
- RM	-	22,130	-	4,820	-	26,950
	-	22,130	19,695	4,820	19,695	26,950

	As at 31.03.2022					
	Long term borrowings		Short term borrowings		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured :-						
Term loans						
- HKD	-	-	18,802	-	18,802	-
- RM	-	26,945	-	4,809	-	31,754
	-	26,945	18,802	4,809	18,802	31,754

B.8 Financial Instruments

a. Derivatives

There were no outstanding derivatives (including instruments designated as hedging instruments) in the current financial quarter under review.

b. Gains/(losses) arising from fair value changes in financial liabilities

There were no gain/(loss) arising from the fair value changes in financial liabilities in the current financial quarter under review.

B.9 Material Litigation

As at the date of this announcement, there were no material litigations since the last annual reporting date.

B.10 Dividend

No dividend is payable as at the end of the financial quarter.

B.11 Earnings Per Share ("EPS")

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER	
	Current year quarter 31.03.2023 RM'000	Preceding year corresponding quarter 31.03.2022 RM'000	Current year to date 31.03.2023 RM'000	Preceding year corresponding period 31.03.2022 RM'000
Profit/(Loss) attributable to owners of the Company (RM'000)	3,364	(364)	3,364	(364)
Weighted average number of ordinary shares for basic EPS ('000)	188,900	188,900	188,900	188,900
Basic/Diluted EPS (sen)	<u>1.8</u>	<u>(0.2)</u>	<u>1.8</u>	<u>(0.2)</u>

The diluted earnings per share for the current quarter are the same as the basic earnings per share as there is no dilutive potential ordinary shares.

B.12 Profit/(Loss) before tax

The following items have been charged/(credited) in arriving at profit/(loss) before tax:-

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER	
	Current year quarter 31.03.2023 RM'000	Preceding year corresponding quarter 31.03.2022 RM'000	Current year to date 31.03.2023 RM'000	Preceding year corresponding period 31.03.2022 RM'000
Depreciation and amortisation	1,107	1,190	1,107	1,190
Interest expense	658	399	658	399
Interest income	(1,232)	(707)	(1,232)	(707)
(Gain)/Loss on foreign exchange				
- realised	(237)	(74)	(237)	(74)
- unrealised	21	(22)	21	(22)

B.13 Comparative Figures

Certain comparative figures have been restated to reflect the material variances between the unaudited financial statements and audited financial statements from an associate listed on Singapore Exchange (SGX).

By Order of the Board

Wong Youn Kim
Company Secretary

Selangor
22 May 2023