

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

(The figures have not been audited)



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)
Revenue	3,898	2,013	46,181	16,275
Direct operating costs	<u>(3,103)</u>	<u>(1,366)</u>	<u>(41,724)</u>	<u>(12,041)</u>
Gross profit	795	647	4,457	4,234
Other income	206	415	6,242	1,963
Administrative expenses	(1,611)	(1,796)	(6,759)	(7,987)
Other expenses	<u>(432)</u>	<u>(31)</u>	<u>(1,554)</u>	<u>(2,324)</u>
Operating (loss)/profit	(1,042)	(765)	2,386	(4,114)
Finance income	576	1,010	2,923	3,372
Finance costs	(337)	(597)	(5,772)	(1,916)
Gain on dissolution of subsidiaries	-	-	-	7,488
Share of results of associates	(227)	2,508	(3,756)	3,244
Reversal of impairment/(Impairment loss) on interest in an associate	<u>2,738</u>	<u>14,991</u>	<u>4,962</u>	<u>(9,444)</u>
Profit/(Loss) before tax	1,708	17,147	743	(1,370)
Tax expense	<u>(174)</u>	<u>(489)</u>	<u>(225)</u>	<u>(837)</u>
Profit/(Loss) for the period/year	<u>1,534</u>	<u>16,658</u>	<u>518</u>	<u>(2,207)</u>
Profit/(Loss) attributable to:				
Owners of the Company	801	11,421	194	298
Non-controlling interests	<u>733</u>	<u>5,237</u>	<u>324</u>	<u>(2,505)</u>
Profit/(Loss) for the period/year	<u>1,534</u>	<u>16,658</u>	<u>518</u>	<u>(2,207)</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 (Q4)		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)
Profit/(Loss) for the period/year	1,534	16,658	518	(2,207)
<i>Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss</i>				
Revaluation (loss)/gain on freehold land	-	(165)	-	9,906
Fair value (loss)/gain on other investment	(30)	30	(30)	30
<i>Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(2,473)	(11,823)	498	(6,415)
Reclassification adjustment of foreign exchange translation reserve upon dissolution of subsidiaries	-	-	-	(7,488)
Other comprehensive (loss)/income for the period/year	(2,503)	(11,958)	468	(3,967)
Total comprehensive (loss)/income for the period/year, net of tax	<u>(969)</u>	<u>4,700</u>	<u>986</u>	<u>(6,174)</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(1,059)	2,931	722	(1,661)
Non-controlling interests	90	1,769	264	(4,513)
	<u>(969)</u>	<u>4,700</u>	<u>986</u>	<u>(6,174)</u>
Basic/Diluted earnings per share attributable to owners of the Company (sen)				
	<u>0.4</u>	<u>6.0</u>	<u>0.1</u>	<u>0.2</u>

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 and the accompanying explanatory notes attached to this interim financial report..

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.12.2023 RM'000	AS AT 31.12.2022 RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	142,295	141,414
Intangible assets	1,817	1,946
Interest in associates	41,686	40,633
Other investment	270	300
	<u>186,068</u>	<u>184,293</u>
Current assets		
Inventories	851	824
Receivables	9,841	9,909
Contract assets	9	9
Tax assets	184	-
Deposits, cash & bank balances	60,305	93,779
	<u>71,190</u>	<u>104,521</u>
TOTAL ASSETS	<u><u>257,258</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	(2,340)	(3,062)
Treasury shares	(4,797)	(4,797)
	<u>218,534</u>	<u>217,812</u>
Non-controlling interests	9,497	9,233
Total equity	<u>228,031</u>	<u>227,045</u>
Non-current liabilities		
Term loans	18,502	23,338
Deferred tax liabilities	2,334	2,213
	<u>20,836</u>	<u>25,551</u>
Current liabilities		
Payables	3,237	11,568
Contract liabilities	317	2
Term loans	4,837	24,518
Tax liabilities	-	130
	<u>8,391</u>	<u>36,218</u>
Total liabilities	29,227	61,769
TOTAL EQUITY AND LIABILITIES	<u><u>257,258</u></u>	<u><u>288,814</u></u>
Net assets per share attributable to owners of the Company (RM)	<u><u>1.16</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 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 restated	225,671	9,906	(2,549)	30	9,876	(4,797)	(20,325)	217,812	9,233	227,045
Profit for the year	-	-	-	-	-	-	194	194	324	518
Other comprehensive income/(loss)	-	-	558	(30)	-	-	-	528	(60)	468
Total comprehensive income/(loss) for the year	-	-	558	(30)	-	-	194	722	264	986
As 31 December 2023	225,671	9,906	(1,991)	-	9,876	(4,797)	(20,131)	218,534	9,497	228,031
At 1 January 2022, as reclassified	225,671	-	9,346	-	9,876	(4,797)	(20,623)	219,473	21,191	240,664
Profit/(Loss) for the year	-	-	-	-	-	-	298	298	(2,505)	(2,207)
Other comprehensive income/(loss)	-	9,906	(11,895)	30	-	-	-	(1,959)	(2,008)	(3,967)
Total comprehensive income/(loss) for the year	-	9,906	(11,895)	30	-	-	298	(1,661)	(4,513)	(6,174)
Dividends paid to non-controlling interests, representing total transaction with owners	-	-	-	-	-	-	-	-	(7,445)	(7,445)
As 31 December 2022, as restated	225,671	9,906	(2,549)	30	9,876	(4,797)	(20,325)	217,812	9,233	227,045

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)
Operating Activities		
Profit/(Loss) before tax	743	(1,370)
Adjustments for :-		
Depreciation and amortisation	4,296	4,723
Gain on disposal of property, plant and equipment	(78)	-
Gain on dissolution of subsidiaries	-	(7,488)
Impairment loss on property, plant and equipment	590	406
Interest expense	5,772	1,916
Interest income	(2,923)	(3,372)
(Reversal of impairment)/Impairment loss on interest in an associate	(4,962)	9,444
Reversal of provision for employee benefits	(24)	(4)
Share of results of associates	3,756	(3,244)
Unrealised (gain)/loss on foreign exchange	(685)	402
Operating profit before working capital changes	6,485	1,413
Changes in working capital :-		
Inventories	(27)	(824)
Contract assets	-	1,869
Contract liabilities	314	2
Receivables	(7,936)	(832)
Payables	(3,221)	(1,314)
Net cash (used in)/generated from operations	(4,385)	314
Interest paid	(5,772)	(1,916)
Tax paid	(419)	(847)
Net cash used in operating activities	(10,576)	(2,449)
Investing Activities		
Cash received from a third party receivable	8,155	12,339
Interest received	2,923	3,372
Proceed from disposal of property, plant and equipment	78	-
Purchase of property, plant and equipment	(4,006)	(1,470)
Withdrawal/(Placement) of deposits with licensed banks	20,063	(27,338)
Net cash from/(used in) investing activities	27,213	(13,097)
Financing Activity		
Repayment to corporate shareholder	(6,904)	-
Repayments of term loans	(24,506)	(4,803)
Net cash used in financing activity	(31,410)	(4,803)
Net decrease in cash and cash equivalents	(14,773)	(20,349)
Effects of exchange rate changes on cash and cash equivalents	1,361	758
Cash and cash equivalents at the beginning of the year	43,172	62,763
Cash and cash equivalents at the end of the year	29,760	43,172
Cash and cash equivalents comprise the following:-		
Deposits with licensed banks	51,135	65,029
Cash & bank balances	9,170	28,750
	60,305	93,779
Less : Deposits with maturity period more than 3 months	(27,167)	(47,335)
Deposits pledged to a financial institution	(3,378)	(3,272)
Cash and cash equivalents at the end of the year	29,760	43,172

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.

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

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 112	Income Taxes

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
Amendments to MFRS 7	Financial Instruments: Disclosures	1 January 2024
Amendments to MFRS 10	Consolidated Financial Statements	Deferred
Amendments to MFRS 16	Leases	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2024
Amendments to MFRS 107	Statements of Cash Flows	1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
Amendments to MFRS 128	Investments in Associate and Joint Ventures	Deferred

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 December 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 principal activity of the Group is engaging in solar energy and related businesses in Malaysia. As such, segmental reporting by business segment is deemed not necessary. Accordingly, the information regarding its financial position and results is represented by the financial statements as a whole.

A.9 Valuations of Property, Plant and Equipment

During the quarter under review, the properties were valued based on valuations performed by an independent registered valuer. There is no change arising from the valuations.

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

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

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 RM22.2 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 totaling RM0.6 million and RM1.2 million in respect of u-drain installation at Bukit Kayu Hitam, Kedah and acquisition of solar systems respectively.

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

B.1 Review of Performance

a. Comparison Between Current Financial Year and Preceding Financial Year's Results

For the current financial year under review, the Group posted revenue of RM46.2 million which was 183.8% higher than the revenue of RM16.3 million for the corresponding period in the preceding year. The higher revenue was mainly due to revenue from solar related business obtained in the current year under review.

The Group posted a pre-tax profit of RM0.7 million for the current financial year as compared to the pre-tax loss for the corresponding period in the preceding year of RM1.4 million. The reduce in pre-tax loss of RM2.1 million was mainly due to reversal of impairment loss on interest in an associate listed on Singapore Exchange (SGX) amounted to RM14.4 million, increase in other income of RM4.3 million and reduced in administrative & other expenses of RM1.9 million in the current financial year, offsetted against gain on dissolution of subsidiaries amounted to RM7.5 million in prior financial year, reduce in share of profit of RM7.0 million from investment in an associate and increase in finance costs of RM3.8 million from the full settlement of short term loan denominated in foreign currency in the current financial year.

b. Comparison Between Current Quarter and Corresponding Period In The Preceding Financial Year's Results

For the current quarter review, the Group posted revenue of RM3.9 million which was 93.6% higher than the revenue of RM2.0 million for the corresponding quarter in the preceding year. The higher revenue was mainly due to revenue from solar related business obtained in the current quarter under review.

The Group posted a pre-tax profit of RM1.7 million for the current quarter as compared to the pre-tax profit for the corresponding quarter in the preceding year of RM17.1 million. The reduce in pre-tax profit of RM15.4 million for the current quarter was mainly due to decrease on reversal of impairment loss on interest amounted to RM12.2 million and reduce in share of profit of RM2.7 million from investment in an associate listed on Singapore Exchange (SGX) in the current quarter.

B.2 Comparison With Immediate Preceding Quarter's Results

	Current quarter ended 31.12.2023 RM'000	Immediate preceding quarter ended 30.09.2023 RM'000
Revenue	<u>3,898</u>	<u>14,313</u>
Profit/(Loss) before tax	<u>1,708</u>	<u>(10,774)</u>

For the current quarter, the Group recorded revenue of RM3.9 million which was 72.8% lower than the RM14.3 million in the preceding quarter. The lower revenue was mainly due to revenue decrease from solar related business of the Group's operations in Malaysia.

The current quarter pre-tax profit of RM1.7 million when compared against the immediate preceding quarter pre-tax loss of RM10.8 million represent an incremental profit of RM12.5 million. This was mainly due to reversal of impairment loss of RM12.6 million and increase in share of profit of RM0.9 million from investment in an associate listed on Singapore Exchange (SGX) in the current quarter.

The impact was offsetted with lower profit generated from decrease in revenue of RM0.3 million from the Group business operations 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.

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 (Q4)		CUMULATIVE QUARTER	
	Current year quarter 31.12.2023 RM'000	Preceding year corresponding quarter 31.12.2022 RM'000	Current year to date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000
Tax expense comprises :-				
Current income tax				
- Current income tax charge	30	77	386	491
- Adjustment in respect of prior years	-	272	(282)	229
	<u>30</u>	<u>349</u>	<u>104</u>	<u>720</u>
Deferred tax				
- Reversal of temporary differences	144	115	121	92
- Adjustment in respect of prior years	-	25	-	25
	<u>144</u>	<u>140</u>	<u>121</u>	<u>117</u>
Tax expense for the financial period/year	<u><u>174</u></u>	<u><u>489</u></u>	<u><u>225</u></u>	<u><u>837</u></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 31.12.2023					
	Long term borrowings		Short term borrowings		Total borrowings	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured :-						
Term loans						
- RM	-	18,502	-	4,837	-	23,339
	-	18,502	-	4,837	-	23,339
	As at 31.12.2022					
	Long term borrowings		Short term borrowings		Total borrowings	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured :-						
Term loans						
- HKD	-	-	19,705	-	19,705	-
- RM	-	23,338	-	4,813	-	28,151
	-	23,338	19,705	4,813	19,705	28,151

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 (Q4)		CUMULATIVE QUARTER	
	Current year quarter 31.12.2023 RM'000	Preceding year corresponding quarter 31.12.2022 RM'000 (Restated)	Current year to date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000 (Restated)
Profit attributable to owners of the Company (RM'000)	801	11,421	194	298
Weighted average number of ordinary shares for basic EPS ('000)	188,900	188,900	188,900	188,900
Basic/Diluted EPS (sen)	<u>0.4</u>	<u>6.0</u>	<u>0.1</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 (Q4)		CUMULATIVE QUARTER	
	Current year quarter 31.12.2023 RM'000	Preceding year corresponding quarter 31.12.2022 RM'000 (Restated)	Current year to date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000 (Restated)
Depreciation and amortisation	1,063	1,168	4,296	4,723
Gain on disposal of property, plant and equipment	-	-	(78)	-
Gain on dissolution of subsidiaries	-	-	-	(7,488)
Impairment loss on property, plant and equipment	590	406	590	406
Interest expense	337	597	5,772	1,916
Interest income	(576)	(1,010)	(2,923)	(3,372)
Loss/(Gain) on foreign exchange				
- realised	(158)	(289)	623	1,244
- unrealised	180	(77)	(685)	402
(Reversal of impairment)/Impairment loss on interest in an associate	(2,738)	(14,991)	(4,962)	9,444
Reversal of provision for employee benefits	<u>(24)</u>	<u>(4)</u>	<u>(24)</u>	<u>(4)</u>

B.13 Comparative Figures

During the financial year, the Group made retrospective adjustments to reflect the material variances between the unaudited financial statements and audited financial statements from an associate listed on Singapore Exchange (SGX).

The effect of prior year adjustments as follows:

	As previously reported RM'000	Effects of prior year adjustments RM'000	As restated RM'000
31.12.2022			
Statements of comprehensive income and other comprehensive income			
Share of results of associates	(1,450)	4,694	3,244
Impairment loss on interest in an associate	(4,934)	(4,510)	(9,444)
Exchange differences on translation of foreign operations	<u>(6,231)</u>	<u>(184)</u>	<u>(6,415)</u>
Statement of financial position			
Equity			
Foreign exchange translation reserve	2,420	129	2,549
Accumulated losses	<u>20,454</u>	<u>(129)</u>	<u>20,325</u>

By Order of the Board

Ching Chun Keong
Company Secretary

Selangor
28 February 2024