



RENEUCO BERHAD
(formerly known as KPOWER BERHAD)
(Company No: 199701003731 (419227-X))
(Incorporated in Malaysia)

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS FOR THE
QUARTER AND PERIOD ENDED
31 MARCH 2023**

(The Figures in this Quarterly Report have not been Audited)

RENEUCO BERHAD
(formerly known as KPOWER BERHAD)
199701003731 (419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Quarter and Period ended 31 March 2023

	Individual quarter			Cumulative quarter		
	3 months ended		Changes %	9 months ended		Changes %
	31/3/2023	31/3/2022		31/3/2023	31/3/2022	
	RM'000	RM'000		RM'000	RM'000	
Revenue	22,206	50,288	(56)	52,130	152,655	(66)
Cost of sales	(13,406)	(35,820)	(63)	(32,613)	(120,984)	(73)
Gross profit	8,800	14,468	(39)	19,517	31,671	(38)
Other income	1,530	301	408	2,404	1,272	89
Selling and distribution expenses	(4)	-	(1)	(24)	(34)	(29)
Administrative expenses	(4,012)	(4,219)	(5)	(11,990)	(11,537)	4
Other expenses	(1,428)	(132)	982	(1,492)	(455)	228
Profit from operations	4,886	10,418	(53)	8,415	20,917	(60)
Finance costs	(567)	(339)		(1,084)	(1,500)	
Profit before tax	4,319	10,079	(57)	7,331	19,417	(62)
Taxation	(1,546)	(3,487)	(56)	(4,716)	(8,586)	
Profit net of tax	2,773	6,592	(58)	2,615	10,831	(76)
Other comprehensive income:						
Item that is or may be reclassified subsequently to profit or loss						
Foreign currency translation	(18)	(325)		(17)	(420)	
Total comprehensive income for the financial period	2,755	6,267		2,598	10,411	
Profit attributable to:						
Owners of the parent	1,883	6,677		3,499	11,723	
Non-controlling interests	890	(85)		(884)	(892)	
	2,773	6,592		2,615	10,831	
Total comprehensive income attributable to:						
Owners of the parent	1,865	6,352		3,482	11,303	
Non-controlling interests	890	(85)		(884)	(892)	
	2,755	6,267		2,598	10,411	
Earnings per share attributable to owners of the parent (sen per share) *						
- basic	0.35	1.35		0.64	2.36	
- diluted	0.35	1.35		0.64	2.36	

* Earnings per share is based on weighted average number of shares of 544,214,585 (2022: 496,200,524) and 544,214,585 (2022: 496,200,524) for the period of 3 months and cumulative 9 months respectively.

The unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to the interim financial report.

RENEUCO BERHAD
(formerly known as KPOWER BERHAD)
199701003731 (419227-X)

Unaudited Condensed Consolidated Statements of Financial Position as at 31 March 2023

	(Unaudited) 31/3/2023 RM'000	(Audited) 30/6/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,780	12,316
Construction work-in-progress	68,562	25,470
Right-of-use assets	11,968	13,805
Intangible assets	14,168	13,552
Deferred tax assets	474	474
Total non-current assets	<u>110,952</u>	<u>65,617</u>
Current assets		
Inventories	1,187	1,264
Contract assets	122,913	86,831
Contract cost assets	-	735
Trade and other receivables	190,669	146,624
Deposits and prepayments	7,489	7,906
Tax assets	1,944	1,944
Cash and bank balances	18,954	33,978
Total current assets	<u>343,156</u>	<u>279,282</u>
TOTAL ASSETS	<u>454,108</u>	<u>344,899</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	162,992	156,379
Reserves	67	84
Retained earnings	52,777	49,278
Total equity attributable to owners of the Company	<u>215,836</u>	<u>205,741</u>
Non-controlling interests	(485)	399
Total equity	<u>215,351</u>	<u>206,140</u>
Non-current liabilities		
Lease liabilities	12,037	12,417
Deferred tax liabilities	415	415
Borrowings	66,886	10,752
Total non-current liabilities	<u>79,338</u>	<u>23,584</u>
Current liabilities		
Trade and other payables	124,517	81,511
Contract liabilities	3,339	11,263
Lease liabilities	411	1,548
Borrowings	20,175	14,196
Tax liabilities	10,977	6,657
Total current liabilities	<u>159,419</u>	<u>115,175</u>
Total liabilities	<u>238,757</u>	<u>138,759</u>
TOTAL EQUITY AND LIABILITIES	<u>454,108</u>	<u>344,899</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.40</u>	<u>0.40</u>

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to the interim financial report.

RENEUCO BERHAD
(formerly known as KPOWER BERHAD)
199701003731 (419227-X)

Unaudited Condensed Consolidated Statements of Changes in Equity for the period ended 31 March 2023

	← Attributable to owners of the Company →						
	← Non-distributable →		→ Distributable				
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Retained earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
As at 1 July 2022	156,379	84	-	49,278	205,741	399	206,140
Net profit for the financial period	-	-	-	3,499	3,499	(884)	2,615
Foreign currency translation	-	(17)	-	-	(17)	-	(17)
Total comprehensive income for the period	-	(17)	-	3,499	3,482	(884)	2,598
<u>Transaction with owners:</u>							
Issue of share capital	6,613	-	-	-	6,613	-	6,613
As at 31 March 2023	162,992	67	-	52,777	215,836	(485)	215,351
As at 1 July 2021	97,730	512	4,912	38,413	141,567	1,413	142,980
Net profit for the financial period	-	-	-	5,953	5,953	(1,034)	4,919
Foreign currency translation	-	(428)	-	-	(428)	-	(428)
Total comprehensive income for the period	-	(428)	-	5,953	5,525	(1,034)	4,491
<u>Transaction with owners:</u>							
Issue of share capital	61,517	-	-	-	61,517	-	61,517
Share issue expenses	(2,868)	-	-	-	(2,868)	-	(2,868)
Reclassification	-	-	(4,912)	4,912	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	20	20
As at 30 June 2022	156,379	84	-	49,278	205,741	399	206,140

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to the interim financial report.

RENEUCO BERHAD
(formerly known as KPOWER BERHAD)
199701003731 (419227-X)

Condensed Consolidated Statements of Cash Flow for the period ended 31 March 2023

	Unaudited 31/3/2023 RM'000	Unaudited 31/3/2022 RM'000
Cash flows from operating activities		
Profit before taxation	7,331	19,417
Adjustments for :-		
Amortisation of intangible assets	108	310
Depreciation for property, plant and equipment	2,276	2,390
Depreciation of right-of-use assets	1,627	883
Gain on disposal of property, plant and equipment	25	(278)
Gain on remeasurement of right-of-use assets	(1)	(3)
Interest expense	763	1,426
Interest expense on lease liabilities	475	74
Unrealised gain/loss in foreign exchange	(135)	102
Interest income	(234)	(748)
Operating profit before changes in working capital	<u>12,235</u>	<u>23,573</u>
Inventories	77	439
Contract assets	(104,674)	(108,511)
Contract cost assets	-	319
Contract liabilities	77,973	(1,390)
Trade and other receivables	(97,564)	40,189
Trade and other payables	86,598	(1,557)
Cash (used in) operations	<u>(25,355)</u>	<u>(46,938)</u>
Interest received	234	674
Tax paid	(634)	(6,446)
Tax refund	-	10
Net cash (used in) operating activities	<u>(25,755)</u>	<u>(52,700)</u>
Cash flows from investing activities		
Construction cost incurred on solar plant	(49,938)	(24,708)
Proceeds from disposal of asset held for sale	-	7,279
Purchase of property, plant and equipment	(5,764)	(3,299)
Proceeds from disposal of property, plant and equipment	-	307
Net cash inflow/(outflow) from acquisition of a subsidiary	-	23
Purchase of intangible assets	(9)	-
Net cash used in investing activities	<u>(55,711)</u>	<u>(20,398)</u>

RENEUCO BERHAD
(formerly known as KPOWER BERHAD)
199701003731 (419227-X)

Condensed Consolidated Statements of Cash Flow for the period ended 31 March 2023 (continued)

	Unaudited 31/3/2023 RM'000	Unaudited 31/3/2022 RM'000
Cash flows from financing activities		
Net proceeds from issuance of share capital	6,613	58,649
Placements in bank restricted for use	(17,042)	(26,026)
Reversal placements in bank restricted for use	25,348	53,180
Proceeds from hire purchase	5,161	2,341
Utilization of Trade Financing	472	-
Repayment of borrowings	(10,500)	(13,454)
Repayment of hire purchase	(2,111)	(2,230)
Repayment of term loans	(142)	(1,558)
Repayment of revolving credits	-	(35,000)
Payment for the principal portion of lease liabilities	(1,152)	(744)
Interest paid	(763)	(1,737)
Interest paid on lease liabilities	(475)	(74)
Drawdown of term loans	54,237	-
Drawdown of revolving credits	15,000	-
Net cash generated from financing activities	<u>74,646</u>	<u>33,347</u>
Net decrease in cash and cash equivalents	<u>(6,820)</u>	<u>(39,751)</u>
Effect of exchange rate changes	153	(297)
Cash and cash equivalents at 1 July	<u>8,312</u>	<u>51,555</u>
	<u>8,465</u>	<u>51,258</u>
Cash and cash equivalents at the end of year	<u>1,645</u>	<u>11,507</u>
Cash and cash equivalents at the end of year comprised :-		
Cash and bank balances	1,645	11,507
Fixed deposits with licensed banks *	17,309	25,391
	<u>18,954</u>	<u>36,898</u>
Less: Fixed deposits held as security	(17,309)	(25,391)
	<u>1,645</u>	<u>11,507</u>

* Fixed deposits with licensed banks is disclosed separately from cash and bank balances for consistency of presentation.

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to the interim financial report.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS PER MFRS 134**

A1. Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 30 June 2022, except for the newly-issued Malaysian Financial Reporting Standards ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 July 2022:

- Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concession beyond 30 June 2021
- Amendments to MFRS 9 Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)
- Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)

MFRS/ Amendment/ Interpretation	Effective date
• Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies)	1 January 2023
• Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
• Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial application for the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS PER MFRS 134 (CONTINUED)**

A2. Changes in accounting policies (continued)

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

A3. Changes in debt and equity securities

Save as disclosed in Note A18 in Part A of this report, there were no other issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares during the financial year-to-date.

A4. Dividend paid

There were no dividend paid during the current quarter ended 31 March 2023.

A5. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2022 was not subject to any qualification.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS PER MFRS 134 (CONTINUED)**

A6. Seasonal or cyclical factors

The results of the operations of the Group for the current financial quarter and financial year-to-date were not significantly affected by seasonal or cyclical factors.

A7. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual in nature, size or incidence during the current interim period under review.

A8. Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or in prior financial year, which have material effects on the financial position or performance in the current interim period under review.

[This page is intentionally left blank]

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS PER MFRS 134 (CONTINUED)

A9. Segment information

The segment information for the current period ended 31 March 2023 are as follows:

	<u>Individual quarter</u> <u>3 months ended</u> <u>31/3/2023</u> <u>RM'000</u>	<u>Cumulative quarter</u> <u>9 months ended</u> <u>31/3/2023</u> <u>RM'000</u>
Revenue		
Construction related activities	15,128	27,133
Logistics	4,455	11,954
Property development and investment	2,571	12,875
Healthcare	52	168
Total revenue	<u>22,206</u>	<u>52,130</u>
Profit/(loss) before taxation		
Construction related activities	8,488	12,931
Logistics	183	(769)
Property development and investment	(3,574)	(2,459)
Healthcare	(778)	(2,372)
Total profit/(loss) before taxation	<u>4,319</u>	<u>7,331</u>
	(Unaudited) 31/3/2023	(Audited) 30/6/2022
	RM'000	RM'000
Assets		
Construction related activities	558,958	484,851
Logistics	32,028	29,299
Property development and investment	185,368	36,706
Healthcare	10,979	11,851
Elimination of inter-segment	(333,225)	(217,808)
Total assets	<u>454,108</u>	<u>344,899</u>
Liabilities		
Construction related activities	303,594	253,703
Logistics	26,516	22,678
Property development and investment	180,220	28,807
Healthcare	28,594	25,208
Elimination of inter-segment	(300,167)	(191,637)
Total liabilities	<u>238,757</u>	<u>138,759</u>

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A10. Material event subsequent to the end of the financial period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current financial quarter under review.

A11. Changes in composition of the Group

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

A12. Contingent liabilities

There were no contingent liabilities which become enforceable that may have a material effect on the assets or financial position of the Group for the current financial period.

A13. Capital commitments

Capital expenditure at the end of the financial year as follows:

	31/3/2023	31/3/2022
	RM'000	RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements		
- Approved and contracted for	-	-

A14. Property, plant and equipment

There was no change to the valuation of property, plant and equipment brought forward from the most recent audited annual financial statements.

	Current financial quarter as at 31/3/2023
	RM'000
Cost	
As at 1 July 2022	30,702
Additions	5,764
Disposals	(1,076)
As at 31 March 2023	<u>35,390</u>
Accumulated depreciation	
As at 1 July 2022	(18,386)
Charge for the financial year	(2,276)
Disposals	1,052
As at 31 March 2023	<u>(19,610)</u>
Net carrying amount	
As at 31 March 2023	<u>15,780</u>

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A15. Intangible assets

Cost	Current financial quarter as at 31/3/2023			
	Software RM'000	Intellectual property RM'000	Goodwill on consolidation RM'000	Total RM'000
As at 1 July 2022	38	1,360	12,236	13,634
Additions	9	715	-	724
As at 31 March 2023	47	2,075	12,236	14,358
Accumulated depreciation				
As at 1 July 2022	(8)	(74)	-	(82)
Charge for the financial year	(7)	(101)	-	(108)
As at 31 March 2023	(15)	(175)	-	(190)
Net carrying amount				
As at 31 March 2023	32	1,900	12,236	14,168

A16. Inventories

Stated at cost	Current financial quarter as at 31/3/2023 RM'000
- Manufacturing:	
Raw materials	2
Work-in-progress	94
Consumables	201
Manufactured inventories	890
Total inventories	1,187

A17. Finance income and finance expense

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	31/3/2023 RM'000	31/3/2022 RM'000	31/3/2023 RM'000	31/3/2022 RM'000
Finance income	32	148	234	748
Finance expense:				
- Hire purchase	(27)	(110)	(51)	(366)
- Term loan	-	(13)	(44)	(55)
- Revolving credits	(402)	(142)	(402)	(882)
- Trade financing	(2)	(10)	(2)	(32)
- Others	(3)	(31)	(135)	(91)
	(434)	(306)	(634)	(1,426)
- Lease liabilities	(133)	(33)	(450)	(74)
	(567)	(339)	(1,084)	(1,500)

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A18. Share Capital

	Number of ordinary shares		Amount	
	31/3/2023	30/6/2022	31/3/2023	30/6/2022
	'000	'000	RM'000	RM'000
Issued and fully paid:				
At 1 July	542,797	452,331	156,379	97,730
Issuance of ordinary shares:				
- Cash	28,750	90,466	6,613	61,517
Share issue expenses	-	-	-	(2,868)
As at 31 March / 30 June	<u>571,547</u>	<u>542,797</u>	<u>162,992</u>	<u>156,379</u>

On 13 March 2023, the Company issued 28,750,000 new ordinary shares at a price of RM0.23 per ordinary share by way of private placement.

The net proceeds derived from the Private Placement was RM6,612,500.

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

[This page is intentionally left blank]

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Performance Review By Segments

	Individual quarter		Cumulative quarter		Variance	
	3 months ended		9 months ended		3 months	9 months
	31/3/2023	31/3/2022	31/3/2023	31/3/2022	ended	ended
	RM'000	RM'000	RM'000	RM'000	%	%
Revenue						
Construction related activities	15,128	43,960	27,133	137,350	(66)	(80)
Logistics	4,455	5,278	11,954	13,443	(16)	(11)
Property development and investment	2,571	819	12,875	1,228	214	948
Healthcare	52	231	168	634	(77)	(74)
Total revenue	22,206	50,288	52,130	152,655	(56)	(66)
Profit/(loss) before taxation						
Construction related activities	8,488	10,885	12,931	22,784	(22)	(43)
Logistics	183	383	(769)	206	(52)	(473)
Property development and investment	(3,574)	103	(2,459)	18	(3,570)	(13,761)
Healthcare	(778)	(1,292)	(2,372)	(3,591)	(40)	(34)
Total profit/(loss) before taxation	4,319	10,079	7,331	19,417	(57)	(62)

For the quarter and period ended 31 March 2023:

(a) Construction Related Activities Segment

The construction related activities recorded cumulative revenue and profit before taxation of RM27.13 million and RM12.93 million respectively, a decrease of 80% and 43% respectively as compared to its corresponding period ("Q3FY2022") because of slower progress work.

(b) Logistics

Logistics segment recorded cumulative revenue of RM11.95 million as compared to RM13.44 million, a decrease of 11% as compared to Q3FY2022 due to lower chemical transport volume. Profit before taxation has shown a decrease to RM0.77 million or by 473% due to higher finance costs arising from business expansion and newly acquired transport vehicles during this financial year.

(c) Property Development and Investment Segment

The property development and investment segment recorded a cumulative revenue of RM12.88 million and loss before taxation of RM2.46 million derived from the progress of completion during the current quarter for the units sold in Sentul of RM5.58 million. Additionally, investment segments generated cumulative revenue of RM7.21 million from Network Telecommunication contract.

(d) Healthcare Segment

The healthcare segment recorded a cumulative revenue of RM0.17 million, a decrease of 74% as compared to Q3FY2022. As the result, the loss before taxation has shown a decrease to RM2.37 million, a decrease of 34% as compared to Q3FY2022.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B2. Comments On Material Changes In Result Before Taxation In The Current Financial Quarter As Compared With The Immediate Preceding Financial Quarter

	Current financial quarter 31/3/2023	Immediate preceding quarter 31/12/2022	Variance Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Group revenue	22,206	8,656	13,550	157
Group profit/(loss) from operations	4,886	201	4,685	2,331
Group profit/(loss) before taxation	4,319	12	4,307	35,892
Group profit/(loss) net of tax	2,773	(1,424)	4,197	295

As at 31 March 2023, the Group recorded an increase in revenue of 157% as compared to the immediate preceding quarter ("Q2FY2023"). The Group's overall revenue was mainly contributed from construction progress from on-going projects and income from chemical transport services from logistics segment, progress of completion during the current quarter for the units sold in Sentul and contracts from Network Telecommunication.

B3. Prospects

GLOBAL GROWTH OUTLOOK

The International Monetary Fund ("IMF") has released its latest World Economic Outlook ("WEO") report in April 2023, providing insights into the current state and projected growth of the global economy. While global growth continues to be moderate, the report shows that several factors contribute to this slowdown, including ongoing geopolitical tensions, supply chain disruptions, and the persistent pandemic.

According to the IMF, the global economy is projected to grow by 2.8% in 2023, slightly lower than the previous projection of 2.9%. This reflects the challenges that many economies are currently facing, particularly in emerging markets and developing economies that are still struggling to recover from the pandemic. These economies are expected to grow by just 4.2% in 2023, slightly lower than the previous projection.

One of the major challenges facing the global economy is inflation. The report highlighted that inflation rates remain elevated, particularly in emerging markets, and are expected to remain above pre-pandemic levels through 2023. The IMF warned that high food and energy prices could put additional pressure on households and businesses, particularly in those economies already struggling.

Despite these challenges, the report also highlights some positive developments. Global trade has rebounded more quickly than expected, supporting growth in many economies. Additionally, some countries have successfully implemented policies to support their economies, such as fiscal stimulus and structural reforms.

The report also warned of ongoing geopolitical tensions that could have a negative impact on the global economy. In particular, the IMF highlighted the ongoing trade tensions between the United States and China, as well as the situation in Ukraine, as potential risks to the global economy. Looking ahead, the IMF suggested that several factors could impact the global economy in the coming years, which include the ongoing pandemic and its impact on the global economy, as well as geopolitical tensions and the potential for further trade disruptions.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

To address these challenges, the IMF recommended for countries to work together to implement policies that support growth and reduce risks. This could include measures to improve access to vaccines and reduce supply chain disruptions, as well as efforts to reduce trade tensions and increase cooperation between countries.

Overall, based on the latest WEO report, the global economy will continue to face significant challenges, particularly regarding inflation and geopolitical tensions. However, there are some positive developments, including the rebound in global trade and the successful implementation of supportive policies in some countries. By working together, countries can address these challenges and support continued economic growth in the years ahead.

MALAYSIAN ECONOMY

According to the latest report from Bank Negara Malaysia (“BNM”) in March 2023, the Malaysian economy is projected to experience slower growth in 2023 compared to 2022. The forecast is based on the expectation that domestic demand, particularly from the private sector, will remain weak due to the ongoing impact of the COVID-19 pandemic. The report predicted a growth rate of 5.5% in 2023, down from 6.5% in 2022.

Despite the anticipated sluggish growth, the Malaysian economy will be supported by a gradual recovery in external demand and the implementation of policy measures to boost domestic demand. However, there are still risks to the outlook, including the ongoing COVID-19 pandemic, supply chain disruptions, and geopolitical tensions.

The report also highlighted the issue of persistent inflation, where it expects the headline inflation rate to range between 2.5% and 3.5% in 2023, primarily driven by supply-side factors such as higher commodity prices and supply chain disruptions. However, core inflation, which excludes volatile items such as food and energy, is projected to remain stable at around 1.5%.

Regarding the labour market, the report acknowledged that while the unemployment rate is expected to gradually decline in 2023, it may remain higher than pre-pandemic levels. The government's employment and economic support measures are anticipated to mitigate the pandemic's impact on the labour market.

Despite the cautious optimism expressed in the report, risks to the outlook persist. The ongoing COVID-19 pandemic and uncertainties surrounding the global economic recovery pose significant challenges to the Malaysian economy. Additionally, geopolitical tensions and supply chain disruptions can further dampen growth prospects.

The report emphasised the need for policymakers to remain vigilant and take prompt action to mitigate risks to the Malaysian economy. It underscored the importance of government measures to support domestic demand and promote investment in sustaining the economic recovery. Furthermore, the report highlighted the significance of maintaining a flexible and accommodative monetary policy to support the economy and facilitate the recovery process.

In conclusion, BNM's report shed light on the ongoing challenges faced by the Malaysian economy as it continues to recover from the COVID-19 pandemic. While growth is expected to continue in 2023, it will be at a slower pace compared to 2022. Policymakers need to maintain vigilance and readiness to address risks, and government initiatives to support domestic demand and investment will be pivotal in sustaining the recovery.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

The importance of a flexible and accommodative monetary policy to support the economy cannot be overstated. Overall, the report provided valuable insights into the state of the Malaysian economy and served as a reminder of the need for continued efforts to ensure a sustained and robust recovery.

RENEUCO'S PERSPECTIVE

As sustainable and environmentally conscious business practices become increasingly important, our Group is committed to enhancing our expertise in this area. We are proud to offer a comprehensive range of solutions that address the growing demand for environmental compliance, while also strengthening our position as a leader in the sustainable energy space.

The Group is encouraged by the widespread recognition of the importance of sustainability and are pleased to report that we have resumed normal business activities and relationships with state governments, authorities, business partners, and financial institutions. As we look to the future, we are confident and optimistic on our continued growth and success.

CONSTRUCTION RELATED ACTIVITIES / ENERGY AND UTILITIES

In the construction industry, there has been a growing trend towards sustainable building practices, with many companies incorporating green technology and materials into their projects. In the energy and utilities sector, there have been several notable developments. The Malaysian government has placed a strong emphasis on renewable energy as part of its National Energy Policy ("NEP"). A target has been set for renewable energy to comprise 20% of the country's energy mix by 2025. This commitment aligns with Malaysia's obligations under the Paris Agreement on climate change.

It is evident that Malaysia's construction, energy, and utilities sectors are undergoing a significant shift towards sustainable practices. This transition is driven by government initiatives, private sector engagement, and a commitment to addressing environmental concerns. Such efforts contribute to Malaysia's sustainable development goals and its path towards a more resilient and environmentally conscious economy.

Overall, the construction related activities and energy and utilities sectors are evolving to meet the demands of a more sustainable future. With continued government support and increasing awareness of the importance of environmental stewardship, these sectors are poised for continued growth and innovation in the years ahead. Parallel to the aforementioned Government's initiatives, it is foreseen that the installation of renewable energy, specifically on solar PV system, will increase in private sector companies as part of their efforts towards Environmental, Social and Governance ("ESG") commitment, which is a good prospect for the company to power on its core competency and experience in providing end-to-end services for potential solar PV and other non-solar projects.

Should there be no unforeseen circumstances, the Group is cautiously optimistic that the growth of renewable energy will remain satisfactory for the remaining period to the end of the financial year ending 30 June 2023.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

PROPERTIES

The Malaysian property sector has continued to show resilience and growth despite the challenges posed by the pandemic. In 2021 and 2022, the real estate market saw an increase in both the volume and value of transactions, indicating a strong recovery. The residential market, in particular, has exhibited substantial growth, with an increase in the value of loans approved for property purchases, according to Bank Negara Malaysia.

Looking ahead, the Malaysian government has taken steps to further support the property sector. The 2023 Budget, which is expansive and accommodating, included measures aimed at easing the demands on house purchasers. These measures are expected to provide further support to the growth of the sector in the coming years. Despite ongoing uncertainties in the global economic environment, the Malaysian property sector remains a promising investment opportunity.

Overall, the Malaysian property sector has demonstrated its resilience and ability to thrive amidst challenges. The increase in transaction volume and value, particularly in the residential market, reflects a strong recovery. With supportive measures from the government, the sector is poised for continued growth in the future. Despite global economic uncertainties, investing in the Malaysian property sector offers promising prospects.

Currently, the Group has two ongoing projects in this segment. The first project involves property development in Sentul, Kuala Lumpur, which has been fully sold. The second project is a recent undertaking awarded by the state of Terengganu. It entails the development of affordable and mixed housing on government land in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu.

LOGISTICS

In recent developments in the logistics sector, Malaysia has taken steps to improve its transportation infrastructure and supply chain capabilities. In the 2022 Budget, the government allocated funds for the expansion and upgrading of ports, as well as improvements to rail and road networks. The country's strategic location and access to major shipping lanes also make it an attractive destination for logistics companies.

Despite the lowered global trade growth forecast by the World Trade Organization ("WTO"), the country's logistics sector is predicted to grow modestly in 2023 and beyond, supported by the government's plans to increase logistical capacity. Furthermore, the rise of e-commerce and online marketplaces has also contributed to the growth of the logistics sector in Malaysia, with companies investing in last-mile delivery solutions to meet the increasing demand for fast and efficient delivery services.

The Group takes pride in its significant ownership of Chemtrax Sdn. Bhd. ("**Chemtrax**"), which operates as its logistics arm. Chemtrax remains highly optimistic about the future of the Malaysian logistics industry, firmly positioning itself as the preferred choice of transporter for chemical manufacturers across the country. The company is unwavering in its commitment to complying with stringent national and international safety and quality standards. Furthermore, Chemtrax continually strives to adopt and implement the most effective and efficient practices in the transportation of hazardous materials. These ongoing efforts highlight the company's steadfast dedication to ensuring excellence, thereby solidifying its prominent standing within the logistics sector.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

HEALTHCARE AND TECHNOLOGIES

In 2023, Malaysia continues to attract medical tourists from around the world with its advanced healthcare technologies and services. The Malaysia Healthcare Travel Council (“MHTC”) reported that the country received a total of 400,000 healthcare travellers in the first half of 2023, indicating a steady recovery from the pandemic's impact on the healthcare tourism industry. The MHTC also announced that it would launch a new digital platform to connect international patients with healthcare providers in Malaysia, further streamlining the healthcare travel experience. Overall, Malaysia's healthcare and technology industries are poised for growth in 2023 and beyond, with continued advancements in technology and services driving the country's position as a leading medical tourism destination in the region.

Considering this, Granulab (M) Sdn. Bhd., in which the Company holds a 70% ownership stake, is dedicated to the production and delivery of top-quality products. Granulab consistently meets consumer requirements, upholds ethical standards, and complies with legal and regulatory obligations. The company is committed to maintaining and enhancing the effectiveness of its quality management system in line with ISO 13485:2016, BSI Netherlands, and the European Medical Device Regulation (“MDR”). Moving forward, Granulab will prioritise product performance, effectiveness, and patient safety as its utmost concerns. The company is also dedicated to implementing continuous improvement and risk management practices in accordance with industry standards.

END NOTE

The past few years have presented unprecedented challenges to businesses worldwide, and our company has been no exception. Despite these adversities, we have consistently showcased our expertise and resilience, earning widespread recognition and appreciation from our esteemed business partners and stakeholders. We take immense pride in our ability to seize new opportunities even in the most trying times, underscoring our unwavering commitment to excellence.

As the global and regional economy gradually rebounds, we maintain a steadfast optimism regarding our company's future performance. Our unwavering focus remains on fortifying our capabilities and expertise, with a particular emphasis on sustainability and green business. We strive to offer comprehensive solutions that cater to the growing demand for environmental compliance while solidifying our position as a leader in the sustainable sector.

We extend our heartfelt gratitude to our valued business partners and financial institutions for their unwavering support and trust throughout these challenging times. It is with their continued backing and the increasing recognition of the paramount importance of sustainability that we are confident in our company's ability to thrive and prosper in the years to come.

Looking ahead, we look forward to build upon our accomplishments and leverage emerging opportunities within the dynamic business landscape. With our dedicated team and collaborative partnerships, we are in a good position to make a meaningful impact and contribute to a sustainable and prosperous future.

B4. Variance of Actual Profit from Profit Forecast

The Group did not provide any revenue or profit estimate, forecast, projection or internal targets in any previous announcement of public document.

PART B: EXPLANATION NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B5. Corporate Proposal

Utilisation of Proceeds for Private Placement

On 12 January 2023, the Company had proposed to undertake a private placement of up to 54,279,600 new ordinary Shares ("Placement Shares") in the Company representing up to ten per cent (10%) of the existing total number of issued Shares in the Company ("Private Placement IV").

Subsequently, the Company announced that Bursa Securities had on even date, resolved to approve the listing and quotation of the Placement Shares on 19 January 2023.

On 6 March 2023, the Company announced that the issue price for 28,750,000 Placement Shares, being the first tranche of the Private Placement had been fixed at RM0.2300 per Placement Share ("First Tranche"). The issue price represents a discount of RM0.0251 or approximately 9.84% to the five (5)-day weighted average market price ("VWAP") of the Company from 27 February 2023 to 3 March 2023 of approximately RM0.2551 per Share. The First Tranche of the Private Placement was completed on 13 March 2023, following the listing of and quotation for 28,750,000 Placement Shares on the even date.

On 10 May 2023, the Company announced that the issue price for 17,400,000 Placement Shares, being the second tranche of the Private Placement had been fixed at RM0.2000 per Placement Share ("Second Tranche"). The issue price represents a discount of RM0.0134 or approximately 6.28% to the five (5)-day VWAP of the Company from 2 May 2023 to 9 May 2023 of approximately RM0.2134 per Share. The Second Tranche of the Private Placement was completed on 18 May 2023, following the listing of and quotation for 17,400,000 Placement Shares on the even date.

As at 22 May 2023, the total aggregate number of Placement Shares issued and allotted by the Company as at the end of this quarter is 46,150,000 Placement Shares. The Company raised a total of RM10.02 million from the First Tranche and the Second Tranche of Private Placement IV. The Company has utilised RM5.55 million of the total proceeds raised and is pending the utilisation of the remaining proceeds, which will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

The Company may place out the remaining 8,129,600 Placement Shares pursuant to the Private Placement IV.

The proceeds raised from the Private Placement IV have been partially utilised as follows:-

PART B: EXPLANATION NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

Details of utilisation of proceeds	Proposed Utilisation of Proceeds (RM'000)	Actual Utilisation of Proceeds (RM'000)	% Utilised	Estimated Timeframe for Utilisation	Notes
• Working capital requirements for the following on-going projects:					
a) East Coast Rail Link ("ECRL") Independent Power Producer Project ("ECRL Project")	4,942	1,642	16.27	Within 6 months	(i)
b) Development of affordable and mixed housing development at Kuala Nerus, Terengganu ("Kuala Nerus Project")	4,942	2,094	20.75	Within 6 months	(ii)
• Working capital requirements for existing operations	5,000	1,427	14.14	Within 12 Months	(iii)
• Business expansion through the future investments and/or acquisitions	1,000	70	0.69	Within 12 Months	(iv)
• Estimated expenses for the 10% Private Placement	400	313	3.10	Immediate	(v)

Notes:

- (i) On 20 April 2023, the Company has entered into a Consortium Agreement with Citaglobal Berhad (formerly known as WZ Satu Berhad) to regulate the parties' relationship, understanding, shareholding and investment as shareholders to undertake the ECRL Project. The ECRL Project is expected to commence on the second half of 2023. As at 22 May 2023, approximately RM1.64 million of the total proceeds raised has been utilised for the establishment of project team and consultancy fees for the ECRL Project.
- (ii) As at 22 May 2023, the Company has commenced pre-development works for the Kuala Nerus Project and the construction is expected to commence in the second half of 2023. Approximately RM2.09 million of the total proceeds raised has been utilised for the operation costs such as staff cost and utilities for the Kuala Nerus Project.
- (iii) The Company had utilised RM1.43 million of the proceeds raised from the Proposed Private Placement to fund the working capital requirements of its day-to-day operations. The breakdown of the amount utilised are as follows:-

Description	RM'000
Staff related costs such as staff salaries, statutory contribution and welfare expenses	908
General administrative and operating expenses such as rental, utilities, telephone charges and sundry expenses	519
Total	1,427

PART B: EXPLANATION NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

- (iv) The Group has been seeking for suitable and viable business projects/investment opportunities which are in the similar or complementary industry to Reneuco's existing business. In line with the above, RM1.00 million of the proceeds raised from the Proposed Private Placement shall be utilised for the mobilisation costs for any potential acquisitions and/or investment(s) within 12 months from the completion of the Proposed Private Placement.

On 2 March 2023, Reneuco Logistics Sdn Bhd (formerly known as KPower Logistics Sdn Bhd) ("Reneuco Logistics") had entered into a Shares Sale Agreement ("SSA") with Yang Chie Yun, Yeow Chee Hui and Tung Siew Hun (collectively referred as the "Vendors") for the acquisition of 475,000 ordinary shares in Pengangkutan Sri Tanjung Sepat Sdn Bhd, ("PSTS"), representing the entire equity interest in PSTS ("Sale Shares") for a purchase consideration of RM700,000 ("Purchase Consideration"), to be satisfied via cash. Upon completion of the acquisition, PSTS will become a wholly-owned subsidiary company of Reneuco Logistics. The SSA is currently pending completion.

The company has utilised approximately RM70,000 of the total proceeds being the 10% deposit of the Purchase Consideration for the acquisition of PSTS.

- (v) The estimated expenses comprise fees payable to the relevant authorities, advisory and placement fees as well as other miscellaneous expenses incurred for the Proposed Private Placement. The breakdown of the amount utilised are as follows:-

Description	RM'000
Professional fees (Principal Adviser, solicitor and placement fees in relation to the Proposed Private Placement)	292
Fees payable to authorities	21
Total	313

PART B: EXPLANATION NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

Proposed Acquisition

On 19 October 2022, Reneuco RE, a wholly-owned subsidiary of the Company entered into a conditional SSA with OHP Ventures Sdn Bhd (“OVSB”) for the acquisition by Reneuco RE of 10,000 ordinary shares in Adat Sanjung Sdn Bhd (“ASSB”), representing the entire equity interest in ASSB for a purchase consideration of RM90.0 million to be satisfied via a combination of RM20.0 million cash consideration and the allotment and issuance of 318,181,819 new ordinary shares in the Company (“Consideration Shares”) at an issue price of RM0.22 per Consideration Share.

The circular to shareholders for the Proposed Acquisition has been issued by the Company on 12 April 2023 and the shareholders’ approval was obtained during the Extraordinary General Meeting held on 27 April 2023. The SSA is currently pending completion.

Proposed Issuance of Redeemable Convertible Bonds

On 12 April 2023, the Company announced that the Company proposes to undertake an issuance of redeemable convertible bonds (“RCB”) with an aggregate nominal value of up to RM350.0 million, which will mature on the date falling 36 months from the closing date of the first sub-tranche of Main Tranche 1 RCB (“Maturity Date”).

On the same date, Reneuco had entered into a conditional subscription agreement with Triton Capital Fund VCC, a variable capital company incorporated in Singapore, acting on behalf of and for the account of TCF Fund A (“Subscription Agreement”), pursuant to which the RCB will be issued by the Company in 4 main tranches subject to the terms and conditions of the Subscription Agreement. The Subscription Agreement is currently pending completion.

Save as disclosed above, there was no other corporate proposal announced but not completed as at the date of this report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B6. Borrowings

The Group's financing/borrowings are as follows:

	As at 31/3/2023		As at 30/6/2022	
	Current RM'000	Non-current RM'000	Current RM'000	Non-current RM'000
Term loan	187	54,775	184	688
Hire purchase	3,516	7,921	2,512	5,874
Trade financing	472	-	10,500	-
Revolving credits	15,000	-	-	-
Loan from shareholder	1,000	4,190	1,000	4,190
Total borrowings	20,175	66,886	14,196	10,752

Currently, the Group does not have any hedging policy for borrowing denominated in foreign currency due to borrowing is used to finance the Group's international business. The Group monitors the foreign currency movement and will take the necessary steps to minimise the risk whenever deemed appropriate.

B7. Material Litigation

There was no material litigation against the Group as at the reporting date.

B8. Dividend payable

There were no dividend paid during the current quarter ended 31 March 2023

B9. Earnings Per Share ("EPS")

	Individual quarter	Cumulative quarter
	3 months ended 31/3/2023	9 months ended 31/3/2023
Profit attributable to owners of the Company (RM'000)	1,883	3,499
Weighted average number of ordinary shares in issue ('000)	544,215	544,215
Basic and diluted EPS (Sen)	0.35	0.64

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue.

No warrants were exercised during the financial period. The warrants are anti-dilutive and hence the diluted EPS is equal to the basic EPS.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B10. Profit Before Taxation

	<u>Individual quarter</u>	<u>Cumulative quarter</u>
	3 months ended 31/3/2023 RM'000	9 months ended 31/3/2023 RM'000
Profit before taxation has been arrived at after charging/(crediting):		
Interest income	(32)	(234)
Depreciation of property, plant and equipment	1,329	2,276
Gain on disposal of property, plant and equipment	25	25
Gain/Loss on foreign exchange:		
- realised	-	(83)
- unrealised	686	199