



RENEUCO BERHAD
(Company No: 199701003731 (419227-X))
(Incorporated in Malaysia)

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS FOR THE
QUARTER AND PERIOD ENDED
30 JUNE 2023**

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

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Quarter and Period ended
30 June 2023

	Individual quarter			Cumulative quarter		
	3 months ended		Changes %	12 months ended		Changes %
	30/06/2023 RM'000	30/06/2022 RM'000		30/06/2023 RM'000	30/06/2022 RM'000	
Revenue	10,049	19,796	(49)	62,179	172,451	(64)
Cost of sales	(12,887)	(9,511)	(35)	(45,500)	(130,495)	65
Gross profit	(2,838)	10,285	(128)	16,679	41,956	(60)
Other income	31,359	1,805	1,637	33,763	3,077	997
Selling and distribution expenses	(2)	-	(100)	(26)	(34)	24
Administrative expenses	(5,020)	(4,679)	(7)	(17,010)	(16,216)	(5)
Other expenses	(15,295)	(10,694)	(43)	(16,787)	(11,149)	(51)
Profit/(Loss) from operations	8,204	(3,283)	350	16,619	17,634	(6)
Finance costs	(18)	(440)	96	(1,102)	(1,940)	43
Profit/(Loss) before tax	8,186	(3,723)	320	15,517	15,694	(1)
Taxation	(5,493)	(2,189)	(151)	(10,209)	(10,775)	5
Profit/(Loss) net of tax	2,693	(5,912)	146	5,308	4,919	8

Other comprehensive income/(loss):

Item that is or may be reclassified subsequently to profit or loss

Foreign currency translation	19	(8)	2	(428)
Total comprehensive income/(loss) for the financial period	2,712	(5,920)	5,310	4,491

Profit/(Loss) attributable to:

Owners of the parent	2,870	(5,844)	6,369	5,879
Non-controlling interests	(177)	(68)	(1,061)	(960)
	2,693	(5,912)	5,308	4,919

Total comprehensive income/(loss) attributable to:

Owners of the parent	2,889	(5,852)	6,371	5,451
Non-controlling interests	(177)	(68)	(1,061)	(960)
	2,712	(5,920)	5,310	4,491

Earnings per share attributable to owners of the parent (sen per share) *

- basic	0.52	(1.13)	1.15	1.13
- diluted	0.52	(1.13)	1.15	1.13

* Earnings per share is based on weighted average number of shares of 553,677,258 (2022: 518,755,093) and 553,677,258 (2022: 518,755,093) for the period of 3 months and cumulative 12 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.

Unaudited Condensed Consolidated Statements of Financial Position as at 30 June 2023

	(Unaudited) 30/06/2023 RM'000	(Audited) 30/06/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,344	12,316
Investment properties - work-in-progress	20,298	-
Construction work-in-progress	72,431	25,470
Right-of-use assets	11,606	13,805
Intangible assets	14,127	13,552
Deferred tax assets	420	474
Total non-current assets	134,226	65,617
Current assets		
Inventories	183	1,264
Contract assets	120,349	86,831
Contract cost assets	2,224	735
Trade and other receivables	169,489	146,624
Deposits and prepayments	6,462	7,906
Tax assets	156	1,944
Cash and bank balances	18,384	33,978
Total current assets	317,247	279,282
TOTAL ASSETS	451,473	344,899
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	168,200	156,379
Reserves	86	84
Retained earnings	55,347	49,278
Total equity attributable to owners of the Company	223,633	205,741
Non-controlling interests	(662)	399
Total equity	222,971	206,140
Non-current liabilities		
Lease liabilities	10,287	12,417
Deferred tax liabilities	465	415
Borrowings	68,051	10,752
Total non-current liabilities	78,803	23,584
Current liabilities		
Trade and other payables	113,204	81,511
Contract liabilities	-	11,263
Lease liabilities	1,718	1,548
Borrowings	20,338	14,196
Tax liabilities	14,439	6,657
Total current liabilities	149,699	115,175
Total liabilities	228,502	138,759
TOTAL EQUITY AND LIABILITIES	451,473	344,899
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.40	0.40

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.

Unaudited Condensed Consolidated Statements of Changes in Equity for the period ended 30 June 2023

	← Attributable to owners of the Company →				Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Retained earnings RM'000			
As at 1 July 2022	156,379	84	-	49,278	205,741	399	206,140
Net profit for the financial period	-	-	-	6,369	6,369	(1,061)	5,308
Foreign currency translation	-	2	-	-	2	-	2
Total comprehensive income for the period	-	2	-	6,369	6,371	(1,061)	5,310
Dividend to non-controlling interest	-	-	-	(300)	(300)	-	(300)
<u>Transaction with owners:</u>							
Issue of share capital	11,821	-	-	-	11,821	-	11,821
Acquisition of a subsidiary	-	-	-	-	-	-	-
As at 30 June 2023	168,200	86	-	55,347	223,633	(662)	222,971
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.

Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2023

	Unaudited 30/06/2023 RM'000	Audited 30/06/2022 RM'000
Cash flows from operating activities		
Profit before taxation	32,141	15,694
Adjustments for :-		
Allowance for impairment loss on:		
- trade and other receivables	-	73
- investment property	-	-
- contract assets	16,655	895
Trade receivables written off	-	2
Other receivables written off	-	55
Amortisation of intangible assets	150	78
Depreciation for property, plant and equipment	3,193	3,162
Depreciation of right-of-use assets	1,132	1,404
Gain on disposal of property, plant and equipment	(766)	(1,739)
Gain on remeasurement of right-of-use assets	(7)	(3)
Inventories written off	-	1,282
Interest expense	169	1,701
Interest expense on lease liabilities	242	239
Interest expense on revolving credit	691	-
Unrealised loss in foreign exchange	(1,149)	578
Interest income	(320)	(872)
Operating profit before changes in working capital	52,131	22,549
Inventories	1,080	248
Contract assets	(8,933)	(81,513)
Contract cost assets	(40,622)	686
Contract liabilities	-	(2,240)
Trade and other receivables	(58,913)	(2,868)
Trade and other payables	45,438	(6,235)
Cash (used in) from operations	(9,819)	(69,373)
Interest received	127	689
Tax paid	309	(7,416)
Tax refund	21	10
Net cash (used in) operating activities	(9,362)	(76,090)
Cash flows from investing activities		
Construction cost incurred on solar plant	(53,337)	(25,470)
Proceeds from disposal of asset held for sale	-	7,281
Purchase of property, plant and equipment	(5,454)	(5,202)
Addition of investment properties	(20,298)	-
Proceeds from disposal of property, plant and equipment	-	12,753
Net cash inflow/(outflow) from acquisition of a subsidiary	-	23
Increase in investment in subsidiaries	(4,900)	-
Purchase of intangible assets	(725)	(17)
Withdrawal of fixed deposit	11,720	-
Net cash (used in) investing activities	(72,994)	(10,632)

Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2023 (continued)

	Unaudited 30/06/2023 RM'000	Audited 30/06/2022 RM'000
Cash flows from financing activities		
Net proceeds from issuance of share capital	16,720	58,649
Placements in bank restricted for use	(49,590)	(26,135)
Reversal placements in bank restricted for use	22,464	53,180
Repayment of Trade Financing	(1,534)	(13,454)
Repayment of term loans	(10,688)	(1,542)
Repayment of revolving credits	(691)	(35,000)
Repayment of finance lease	(3,517)	(3,095)
Payment for the principal portion of lease liabilities	(1,228)	(1,077)
Proceeds from finance lease	5,905	4,124
Interest paid	(169)	(1,982)
Interest paid on lease liabilities	(242)	(239)
Dividend paid	(300)	-
Drawdown of trade financing	2,191	10,500
Drawdown of term loans	55,971	-
Drawdown of revolving credits	15,000	-
Net cash generated from financing activities	<u>50,292</u>	<u>43,929</u>
Net decrease in cash and cash equivalents	<u>(32,064)</u>	<u>(42,793)</u>
Effect of exchange rate changes	1,149	(284)
Cash and cash equivalents at 1 July	<u>33,699</u>	<u>51,555</u>
	<u>34,848</u>	<u>51,271</u>
Cash and cash equivalents at the end of year	<u>2,784</u>	<u>8,478</u>
Cash and cash equivalents at the end of year comprised :-		
Cash and bank balances	2,784	6,761
Fixed deposits with licensed banks *	15,600	27,217
	<u>18,384</u>	<u>33,978</u>
Less: Fixed deposits held as security	(15,600)	(25,500)
	<u>2,784</u>	<u>8,478</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 A19 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 30 June 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.

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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 30 June 2023 are as follows:

	Individual quarter	Cumulative quarter
	3 months ended	12 months ended
	30/06/2023	30/06/2023
	RM'000	RM'000
Revenue		
Construction related activities	306	27,439
Logistics	3,623	15,577
Property development and investment	5,966	18,841
Healthcare	154	322
Total revenue	10,049	62,179
Profit/(loss) before taxation		
Construction related activities	11,687	24,618
Logistics	371	(398)
Property development and investment	(22)	(2,481)
Healthcare	(3,850)	(6,222)
Total profit/(loss) before taxation	8,186	15,517
	(Unaudited)	(Audited)
	30/06/2023	30/06/2022
	RM'000	RM'000
Assets		
Construction related activities	555,120	484,851
Logistics	31,429	29,299
Property development and investment	189,137	36,706
Healthcare	9,886	11,851
Elimination of inter-segment	(334,099)	(217,808)
Total assets	451,473	344,899
Liabilities		
Construction related activities	278,149	253,703
Logistics	26,134	22,678
Property development and investment	179,341	28,807
Healthcare	30,625	25,208
Elimination of inter-segment	(285,747)	(191,637)
Total liabilities	228,502	138,759

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:

	30/06/2023	30/06/2022
	RM'000	RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements		
- Approved and contracted for	<u>-</u>	<u>-</u>

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 30/06/2023
	RM'000
Cost	
As at 1 July 2022	30,702
Additions	5,454
Disposals	<u>(2,654)</u>
As at 30 June 2023	<u>33,502</u>
Accumulated depreciation	
As at 1 July 2022	(18,386)
Charge for the financial year	(3,193)
Disposals	<u>3,421</u>
As at 30 June 2023	<u>(18,158)</u>
Net carrying amount	
As at 30 June 2023	<u>15,344</u>

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

A15. Investment Properties

	Current financial quarter as at 30/06/2023 RM'000
As at 1 July 2022	-
Additions	20,298
Disposals	-
As at 30 June 2023	<u>20,298</u>

A16. Intangible assets

	Current financial quarter as at 30/6/2023			
	Software RM'000	Intellectual property RM'000	Goodwill on consolidation RM'000	Total RM'000
Cost				
As at 1 July 2022	38	1,360	12,236	13,634
Additions	9	716	-	725
As at 30 June 2023	<u>47</u>	<u>2,076</u>	<u>12,236</u>	<u>14,359</u>
Accumulated depreciation				
As at 1 July 2022	(8)	(74)	-	(82)
Charge for the financial year	(10)	(140)	-	(150)
As at 30 June 2023	<u>(18)</u>	<u>(214)</u>	<u>-</u>	<u>(232)</u>
Net carrying amount				
As at 30 June 2023	<u>29</u>	<u>1,862</u>	<u>12,236</u>	<u>14,127</u>

A17. Inventories

	Current financial quarter as at 30/06/2023 RM'000
Stated at cost	
- Manufacturing:	
Raw materials	2
Work-in-progress	-
Consumables	178
Manufactured inventories	3
Total inventories	<u>183</u>

A18. Finance income and finance expense

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
Finance income	<u>32</u>	<u>124</u>	<u>234</u>	<u>872</u>
Finance expense:				
- Hire purchase	(94)	(104)	(145)	(470)
- Term loan	(16)	(129)	(60)	(184)
- Revolving credits	(288)	-	(690)	(882)
- Trade financing	-	(12)	(2)	(44)
- Others	(17)	(30)	(152)	(121)
	<u>(415)</u>	<u>(275)</u>	<u>(1,049)</u>	<u>(1,701)</u>
- Lease liabilities	<u>397</u>	<u>(165)</u>	<u>(53)</u>	<u>(239)</u>
	<u>(18)</u>	<u>(440)</u>	<u>(1,102)</u>	<u>(1,940)</u>

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

A19. Share Capital

	Number of ordinary shares		Amount	
	30/06/2023 '000	30/06/2022 '000	30/06/2023 RM'000	30/06/2022 RM'000
Issued and fully paid:				
As at 1 July	542,797	452,331	156,379	97,730
Issuance of ordinary shares:				
- Cash	54,280	90,466	11,821	61,517
Share issue expenses	-	-	-	(2,868)
As at 30 June	<u>597,077</u>	<u>542,797</u>	<u>168,200</u>	<u>156,379</u>

On 14 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 RM6,404,096 after deducting transactions costs pursuant to the Private Placement of RM208,404.

On 19 May 2023, the Company issued 17,400,000 new ordinary shares at a price of RM0.20 per ordinary share by way of private placement.

The net proceeds derived from the Private Placement was RM3,406,224 after deducting transactions costs pursuant to the Private Placement of RM73,776.

On 20 June 2023, the Company issued 8,129,600 new ordinary shares at a price of RM0.2125 per ordinary share by way of private placement.

The net proceeds derived from the Private Placement was RM1,690,916 after deducting transactions costs pursuant to the Private Placement of RM36,624.

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

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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		12 months ended		3 months	12 months
	30/06/2023	30/06/2022	30/06/2023	30/06/2022	ended	ended
	RM'000	RM'000	RM'000	RM'000	%	%
Revenue						
Construction related activities	306	13,043	27,439	150,393	(98)	(82)
Logistics	3,623	4,118	15,577	17,561	(12)	(11)
Property development and investment	5,966	2,323	18,841	3,551	157	431
Healthcare	154	312	322	946	(51)	(66)
Total revenue	10,049	19,796	62,179	172,451	(49)	(64)
Profit/(loss) before taxation						
Construction related activities	11,687	(1,570)	24,618	21,214	(844)	16
Logistics	371	(104)	(398)	102	(457)	(490)
Property development and investment	(22)	(1,003)	(2,481)	(985)	(98)	152
Healthcare	(3,850)	(1,046)	(6,222)	(4,637)	268	34
Profit/(loss) before taxation	8,186	(3,723)	15,517	15,694	(320)	(1)

For the quarter and period ended 30 June 2023:

(a) Construction Related Activities Segment

The construction related activities recorded cumulative revenue of RM27.44 million, a decrease of 82%. Whilst profit before taxation is recorded at RM24.62 million, an increase of 16% as compared to its corresponding period ("Q4FY2022"). The revenue decreased due to slow progress work. The profit before taxation increased due to other income which was generated from demobilisation and discontinuation of international contract work.

(b) Logistics

Logistics segment recorded cumulative revenue of RM15.58 million for this period ("Q4FY2023") as compared to RM17.56 million for Q4FY2022, a decrease by 11% due to lower chemical transport volume. Profit before taxation has shown a decrease to RM0.40 million or by 490% due to higher finance and operating 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 revenue of RM18.84 million and loss before taxation of RM2.48 million. The revenue derived from the progress of completion for the units sold in Sentul during the year is amounting to RM5.58 million. Additionally, investment segment generated cumulative revenue of RM8.47 million for Q4FY2023.

(d) Healthcare Segment

The healthcare segment constitutes manufacturing and healthcare activities recorded cumulative revenue of RM0.32 million, a decrease of 66% as compared to Q4FY2022. This resulted in higher loss before taxation of RM6.22 million, an increase of 34% as compared to Q4FY2022.

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 30/06/2023 RM'000	Immediate preceding quarter 31/03/2023 RM'000	Variance Increase/ (Decrease) RM'000	%
Group revenue	10,049	22,206	(12,157)	(55)
Group profit/(loss) from operations	8,204	4,886	3,318	68
Group profit/(loss) before taxation	8,186	4,319	3,867	90
Group profit/(loss) net of tax	2,693	2,773	(80)	3

As at 30 June 2023, the Group recorded a decrease in revenue of 55% as compared to the immediate preceding quarter ("Q3FY2023"). The Group's overall revenue was mainly contributed from construction progress from on-going projects, income from chemical transport services from logistics segment and from Network Telecommunication contracts.

The profit before taxation were significantly increased by RM3.87 million representing an increase of 90%. This is due to other income recorded in Q4FY2023 which was derived from withdrawal of international contracts.

B3. Prospects

GLOBAL GROWTH OUTLOOK

The International Monetary Fund ("IMF") has released its latest World Economic Outlook ("WEO") report in July 2023, providing insights into the current state and projected growth of the global economy. While global real GDP growth is forecasted with a slight increase of 0.2% from its April forecast to 3.0%, the report shows that persistent challenges will dampen the medium-term outlook, including rising interest rates, ongoing geopolitical tensions, and extreme weather-related events.

According to the IMF, global real GDP growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. The 2023 - 2024 growth forecast remains weak by historical standards, well below the annual average of 3.8% seen in 2000 - 2019, largely due to weaker manufacturing in advanced economies and most likely to remain at that level in years to come. The IMF also reported world trade growth is declining and will reach just 2.0% in 2023 before rising to 3.7% in 2024, but both growth rates are well below the 2000 - 2019 average of 4.9%.

One of the major challenges facing the global economy is interest rates. Assumptions regarding global interest rates have been revised upward, reflecting actual and signalled policy tightening by major central banks since April 2023. The Federal Reserve and Bank of England are now expected to raise rates by more than assumed in the WEO Report published in April 2023 to a peak of approximately 5.6%, in the case of the Federal Reserve, before reducing them in 2024. The European Central Bank is assumed to raise its policy rate to a peak of 3.8% in 2023 and to ease gradually in 2024.

Another key risk which could impact the global economy would be climate change. Extreme weather-related events such as El Nino in which increases more extreme weather than expected, would worsen drought conditions and push up the commodity prices. Thus, this could lead to further rate hikes. In order to mitigate climate change, a push on clean energy investment is necessary to ensure sufficient energy supplies given countries' decarbonization goals. Multilateral cooperation is essential to speed the green transition and regulate potentially disruptive emerging technologies such as artificial intelligence.

IMF warned that fragmentation of the global economy given the war in Ukraine and other geopolitical tensions remained another key risk, especially for developing economies. The geopolitical tensions could lead to more restrictions on trade, especially in strategic goods such as critical minerals, cross-border movements of capital, technology, workers and international payments.

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

B3. Prospects (continued)

Despite these challenges, the report also forecasted that global headline inflation will drop to 6.8% this year, down from 8.7% last year and predicted a further fall to 5.2% next year. However, core inflation is likely to drop in slower pace, expecting that inflation will be back in line with national targets in 2023 or early 2025.

To address these challenges, the IMF recommended for central banks in most economies to prioritise on restoring price stability, strengthening financial supervision and risk monitoring. All countries should build fiscal buffers, with the composition of fiscal adjustment ensuring targeted support for the most vulnerable. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels.

Overall, based on the latest WEO report, the global economy will continue to face persistent challenges, particularly regarding inflation and geopolitical tensions. However, the World Health Organization has announced in May 2023 that COVID-19 is no longer a global health emergency due to the declining mortality and cases. This in turn will recover the global trade by time due to delivery times and shipping costs resuming as to pre-pandemic levels. By working together, countries can address these challenges and support continued economic growth in the years ahead.

MALYSIAN ECONOMY

According to the latest report from Bank Negara Malaysia ("BNM") in August 2023, the Malaysian economy is projected to experience slower growth in second quarter of 2023 at 2.9% compared to the 5.6% growth in the first quarter of the year. BNM reported that Malaysia's economic growth hit the lowest in nearly two years in the second quarter due to the reduce in exports and a global slowdown.

Despite the anticipated sluggish growth, the Malaysian economy will be supported by resilient domestic demand, improved labour market conditions and recovery in services activity, particularly tourism. However, there are still risks to the outlook, including persistently elevated inflation, a slower momentum in major economies, escalation of geopolitical tensions and a slowdown in recovery of the main trading partner, China.

The report also highlighted the issue of persistent inflation, for the second half of 2023, both headline and core inflation are projected to trend lower within expectations, partly due to the higher base in the corresponding period last year. Both headline and core inflation are expected to average between 2.8% and 3.8% for the year. In line with expectations, headline inflation has continued to moderate to 2.8% in second quarter of 2023 from the peak of 4.5% in third quarter of 2022 amid lower cost factors. While core inflation has also moderated, it has been more persistent and remains elevated relative to the long-term average, amid lingering demand and cost factors.

Nonetheless, near-term upside risks to the inflation outlook remain subject to the changes to domestic policy on subsidies and price controls, as well as global commodity prices which impacted from geopolitical conflicts and adverse weather events like El Nino, and financial market developments. These risks could be offset by subdued global commodity prices due to a weaker global growth outlook, and a faster dissipation of domestic pent-up demand.

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

B3. Prospects (continued)

For the remainder of 2023, the report anticipated that the economic growth to remain moderate amid external headwinds but continues to be supported by resilient domestic demand. With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023 as a whole, anchored by domestic demand. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising, which would support tourism-related activities.

While the growth outlook is subject to some downside risks stemming from weaker-than-expected global growth, upside risks mainly emanate from domestic factors such as stronger-than-expected tourism activity and faster implementation of domestic projects.

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. Domestic demand, tourism activities and investment will be pivotal in sustaining the recovery of Malaysian economy for the rest of 2023. Government initiatives such as the New Industrial Master Plan, the National Energy Transition Roadmap and the tabling of the Fiscal Responsibility Act under MADANI Economy Framework are vital to drive comprehensive restructuring of the Malaysian economy to achieve sustainable growth over the long-term. 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 continue to offer a comprehensive range of solutions that address the growing demand for environmental compliance, whilst also strengthening our position as a leader in the sustainable energy space.

Our Group is set to leverage on the widespread recognition of the importance of sustainability and post-pandemic, we have fully resumed normal business activities and relationships with state governments, authorities, business partners, and financial institutions. Moving forward, we are cautiously optimistic on our Group's future growth.

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 through the launch of the National Energy Transition Roadmap ("NETR") Phase 1 on 27 July 2023 to accelerate Malaysia's energy transition. NETR is in line with the Twelfth Malaysia Plan 2021-2025, which outlines aspirations for the nation to achieve net zero emissions by 2050, and the National Energy Policy ("NEP") launched in September 2022 with aspirations to become a low carbon nation in 2040. NETR is also crucial in navigating the complexity of energy transition on a large scale, especially the shift from a traditional fossil fuel-based economy to a high-value green economy.

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.

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

B3. Prospects (continued)

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 and pave our ways for the Group to power on our core competency and experience in providing end-to-end services for potential solar PV and other non-solar projects.

Barring unforeseen circumstances, our Group is cautiously optimistic that the growth of renewable energy will continue to remain satisfactory in the mid-term of 2023.

PROPERTIES

The Malaysian property sector has continued to show resilience and growth for the last first half of the year despite the challenges posed post-pandemic and sluggish economy. According to Bank Negara Malaysia, for households, outstanding loan growth was unchanged at 5.1%, with sustained growth across most loan purposes. Nevertheless, loan applications, particularly for the purchase of houses and personal use, recorded slower growth due to the increase in borrowing costs and the concerns on the economic conditions.

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 steady increase in transaction volume and value, though at slower pace, 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 2023 Budget, the government allocated funds for the development 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.

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

B3. Prospects (continued)

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. Chemtrax 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 Chemtrax’s steadfast dedication in ensuring excellence, thereby solidifying its prominent standing within the logistics sector.

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., a 70% owned subsidiary of Reneuco (“**Granulab**”), 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. Granulab 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. Granulab 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 the Group has been no exception. Despite these adversities, we have consistently persevered, whilst earning widespread recognition and appreciation from our esteemed business partners and stakeholders. We continue 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 Group’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 Group’s ability to thrive and prosper in the years to come.

Looking ahead, we are looking 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.

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

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.

B5. Corporate Proposal

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

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 14 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 19 May 2023, following the listing of and quotation for 17,400,000 Placement Shares on the even date.

On 13 June 2023, the Company announced that the issue price for the remaining 8,129,600 Placement Shares, being the final tranche of the Private Placement had been fixed at RM0.2125 per Placement Share ("**Final Tranche**"). The issue price represents a discount of RM0.0234 or approximately 9.92% to the five (5)-day VWAP of the Company from 6 June 2023 to 12 June 2023 of approximately RM0.2359 per Share.

As at 20 June 2023, the Company has completed the Private Placement with the issuance of 54,279,600 Placement Shares, representing 10% of the existing total number of issued shares which raised total proceeds of RM11.82 million from the Private Placement. The Company has utilised RM11.16 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.

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

B5. Corporate Proposal (continued)

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

Details of utilisation of proceeds	Proposed Utilisation of Proceeds (RM'000)	Actual Proceeds Raised (RM'000)	Actual Utilisation of Proceeds (RM'000)	Balance Unutilised (RM'000)	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	3,587	3,587	-	Within 6 months	(i)
b) Development of affordable and mixed housing development at Kuala Nerus, Terengganu ("Kuala Nerus Project")	4,942	3,587	3,587	-	Within 6 months	(ii)
• Working capital requirements for existing operations	5,000	5,344	3,630	656	Within 12 Months	(iii)
• Business expansion through the future investments and/or acquisitions	1,000	70	70	-	Within 12 Months	(iv)
• Estimated expenses for the 10% Private Placement	400	290	290	-	Immediate	(v)
Total	16,284	11,820	11,164	656		

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. As at 24 August 2023, the Company has commenced pre-development works for the ECRL Project. Approximately RM3.59 million of the total proceeds raised has been utilised for the establishment of the project team and consultancy fees for the ECRL Project.
- (ii) As at 24 August 2023, the Company has commenced pre-development works for the Kuala Nerus Project. The pre-development works include the mobilisation costs of the Kuala Nerus Project such as operation costs, fees payable to authorities such as payment to local council and development charges and stamp duty and land surveyor fees. Approximately RM3.59 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 RM3.63 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	2,646
General administrative and operating expenses such as rental, utilities, telephone charges and sundry expenses	984
Total	3,630

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

B5. Corporate Proposal (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.

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 Proposed 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)	269
Fees payable to authorities	21
Total	290

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 ("**Proposed Acquisition**").

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.

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

B5. Corporate Proposal (continued)

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 RM350.00 million, which will mature on the date falling 36 months from the closing date of the first sub-tranche of Main Tranche 1 of the RCB.

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 (“**Triton**”) (“**Subscription Agreement**”), pursuant to which the RCB will be issued by the Company in 4 main tranches (each, a “**Main Tranche**”), subject to the terms and conditions of the Subscription Agreement.

The circular to shareholders for the RCB has been issued by the Company on 28 June 2023 and the shareholders’ approval was obtained during the Extraordinary General Meeting held on 13 July 2023.

Subsequent thereto, on 23 August 2023, the Company commenced the issuance of the RCB with an aggregate nominal value of RM3.00 million, being the first sub-tranche of the Main Tranche 1 of the RCB. On the even date, Triton has issued a Conversion Notice to the Company for the conversion of RM1.00 million nominal value of the RCB into 5,858,230 new ordinary shares of Reneuco (“**Conversion Shares**”) at average conversion price of RM0.1707 per share (“**Conversion Price**”). The Conversion Price represents 80% of the average closing price per share on any three consecutive business days from 18 August 2023 to 22 August 2023. The conversion was completed on 29 August 2023, following the listing of and quotation for 5,858,230 Conversion Shares on 30 August 2023.

The summary of the RCB subscribed and converted as at 30 August 2023 is as follows:

Main Tranche	Sub-tranches	Aggregate amount of the RCB subscribed	Aggregate amount of the RCB converted into new ordinary shares of Reneuco	Aggregate amount of the RCB remain outstanding
		(RM'000)	(RM'000)	(RM'000)
1	1	3,000	1,000	2,000
Total		3,000	1,000	2,000

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

B5. Corporate Proposal (continued)

The proceeds raised from the RCB have been partially utilised as follows:

Details of utilisation of proceeds	Proposed Utilisation of Proceeds (RM'000)	Actual Utilisation of Proceeds (RM'000)	Balance Unutilised (RM'000)	Estimated Timeframe for Utilisation	Notes
Working capital requirements for the following on-going projects:					
a) Hydro projects located at Kota Marudu, Sabah (" Hydro Project ")	21,000	-	21,000	Within 6 months	(i)
b) To partly fund the Proposed ASSB Acquisition	20,000	-	20,000	Within 6 months	(ii)
c) Small hydro power plants located at Gua Musang, Kelantan (" Nenggiri Project ")	100,000	-	100,000	Within 24 months	(iii)
d) 50-MW solar photovoltaic plant located at Pekan, Pahang (" LSS4 ")	40,000	-	40,000	Within 12 months	(iv)
e) Development of affordable and mixed housing development at Kuala Nerus, Terengganu (" Kuala Nerus Project ")	100,000	-	100,000	Within 36 months	(v)
• Working capital for other up-coming projects and/or investment opportunities	49,850	-	49,850	Within 24 months	(vi)
• Estimated expenses in relation to the Proposal	19,150	1,058	18,092	Within 6 months	(vii)
Total	350,000	1,058	348,942		

As at 30 August 2023, the unutilised proceeds arising from the RCB's first sub-tranche of Main Tranche 1 stood at RM1.94 million. Pending utilisation, the remaining unutilised proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

Notes:

- (i) On 21 February 2022, Reneuco had announced that its wholly-owned subsidiary, Reneuco Engineering Sdn Bhd ("RenEng"), together with Tellhow International Engineering & Contracting Co. Ltd ("**Tellhow**") had on 18 February 2022 received and accepted the letter of award from One River Power Sdn Bhd ("**ORP**") to take over and complete the engineering, design, procurement, construction, and commissioning ("**EPCC**") of small hydro plants in Sg. Bengkoka Upper, Sg. Bengkoka Lower and Sg. Togohu in Kota Marudu, Sabah, with total capacity of 29.1 MW for a total contract price of RM70.00 million.

As at 23 August 2023, the Hydro Project has reached approximately 17% of completion and is expected to be completed by 2023. The proceeds of up to RM21 million from the RCB have yet to be utilised to fund for the costs related to the Hydro project.

- (ii) The Company intends to utilise up to RM20.00 million from the Proposed RCB Issue to satisfy part of the purchase consideration for the Proposed ASSB Acquisition. As at 23 August 2023, the SSA is pending completion. The proceeds of up to RM20.00 million from the RCB have yet to be utilised for the Proposed ASSB Acquisition.

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

B5. Corporate Proposal (continued)

- (iii) On 11 May 2022, Reneuco has announced that Mikrogrid Lestari Sdn Bhd (“**MLSB**”), a 55%-owned subsidiary of Reneuco via RenRE, had on 10 May 2022, been selected as one of the successful bidders under the feed-in tariff (“FIT”) e-bidding exercise conducted by Sustainable Energy Development Authority (SEDA) Malaysia for the development of small hydro power in Malaysia. Under the e-bidding exercise, MLSB shall develop small hydro power plants with a total capacity of 40.4 MW in Gua Musang, Kelantan. The power purchase agreement in relation to the Nenggiri Project has a tenure of 21 years.

As at 23 August 2023, the pre-development works for the Nenggiri Project has commenced and the project is expected to be completed in the first half of 2027. The proceeds of up to RM100.00 million from the RCB have yet to be utilised to finance the construction costs including but not limited to the cost for design works, mechanical and electrical works, civil works and professional fees and other related fees to the financiers which include administrative fees as well as other incidental costs payable to the financiers for the project.

- (iv) On 20 August 2021, Reneuco had announced that PKNP Reneuco Suria Sdn Bhd (“**PRSSB**”), a 95% owned subsidiary of Reneuco, will design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50 MW, located in Mukim Kuala Pahang, Pekan, Pahang Darul Makmur.

As at 23 August 2023, the LSS4 solar project reached 57% of completion and is expected to be completed by end of 2023. The proceeds of up to RM40 million from the RCB have yet to be utilised to finance the construction costs of the project including but not limited to the procurement of materials and equipment, professional fees and other related fees to the financiers which include administrative fees as well as other incidental costs payable to the financiers in relation to project funding for the balance of the project cost.

- (v) On 8 December 2022, the Company had announced that Reneuco Development Sdn Bhd (“**RenDev**”) had entered into a joint venture agreement with Pejabat Setiausaha Kerajaan Terengganu (acting on behalf of the State Government of Terengganu) and Perbadanan Memajukan Iktisad Negeri Terengganu (a corporation established under the Enakmen Perbadanan Memajukan Iktisad Negeri Terengganu) (“**PMINT**”) for the propose to develop affordable and mixed housing development on government land located at Lot 100677 (8.963 hectares) and Lot 100678 (9.996 hectares) in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu Darul Iman with a total gross development value of approximately RM315.84 million.

As at 23 August 2023, RenDev has commenced pre-development works for the Kuala Nerus Project and the construction is expected to be completed within 60 months, or any extended period authorised in writing by PMINT effective from the date of the joint venture agreement. The proceeds of up to RM100.00 million from the RCB have yet to be utilised to part fund the Kuala Nerus Project.

- (vi) The Company intends to utilise up to RM49.85 million of the proceeds raised from the RCB to fund its working capital requirements to facilitate the initial expenses for up-coming projects and/or investment opportunities, within 24 months from completion of the RCB issuance. The proceeds have yet to be utilised.
- (vii) The breakdown of the amount utilised on the estimated expenses in relation to the RCB issuance are as follows:

Description	RM'000
Professional fees	799
Annual trustee fees	109
Administrative fees	150
Total	<u>1,058</u>

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 30/6/2023		As at 30/6/2022	
	Current RM'000	Non-current RM'000	Current RM'000	Non-current RM'000
Term loan	187	56,465	184	688
Hire purchase	3,509	7,396	2,512	5,874
Trade financing	642	-	10,500	-
Revolving credits	15,000	-	-	-
Loan from shareholder	1,000	4,190	1,000	4,190
Total borrowings	20,338	68,051	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.

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

B8. Dividend payable

There were no dividend paid during the current quarter ended 30 June 2023

B9. Earnings Per Share (“EPS”)

	Individual quarter	Cumulative quarter
	3 months ended	12 months ended
	30/06/2023	30/06/2023
Profit attributable to owners of the Company (RM'000)	2,870	6,369
Weighted average number of ordinary shares in issue ('000)	553,677	553,677
Basic and diluted EPS (Sen)	<u>0.52</u>	<u>1.15</u>

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.

B10. Profit Before Taxation

	Individual quarter	Cumulative quarter
	3 months ended	12 months ended
	30/06/2023 RM'000	30/06/2023 RM'000
Profit before taxation has been arrived at after charging/(crediting):		
Interest income	(32)	(234)
Depreciation of property, plant and equipment	917	3,193
Gain on disposal of property, plant and equipment	(791)	(766)
Gain/Loss on foreign exchange:		
- realised	12	(71)
- unrealised	1,021	1,220