



# **PROPEL GLOBAL BERHAD**

**(Registration No.: 202001023868 (1380188-P))  
(Incorporated in Malaysia)**

## **Quarterly Report 31 December 2022**

# PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 December 2022

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31.12.2022 RM'000 Unaudited	31.12.2021 RM'000 Unaudited	31.12.2022 RM'000 Unaudited	31.12.2021 RM'000 Unaudited
<b>Continuing Operations</b>				
Revenue	24,483	23,630	42,630	36,928
Cost of Sales	(18,592)	(20,936)	(30,028)	(32,175)
Gross Profit	5,891	2,694	12,602	4,753
Other Income	1,061	365	2,001	1,066
Operating Expenses	(4,033)	(1,957)	(7,891)	(4,069)
Profit from Operations	2,919	1,102	6,712	1,750
Finance Costs	(328)	(487)	(788)	(1,004)
Profit Before Tax	2,591	615	5,924	746
Income Tax Expense	(281)	(54)	(564)	(140)
Profit from Continuing Operations	2,310	561	5,360	606
<b>Discontinued Operations</b>				
Loss from Discontinued Operations, Net of Tax	-	(3,503)	-	(6,857)
Profit/(Loss) for the Period, Net of Tax	2,310	(2,942)	5,360	(6,251)
Profit/(Loss) Attributable to :				
Owners of the Company				
- From continuing operations	2,310	344	5,360	596
- From discontinued operations	-	(3,501)	-	(6,854)
	2,310	(3,157)	5,360	(6,258)
Non-controlling Interests	-	215	-	7
	2,310	(2,942)	5,360	(6,251)
Earnings/(Loss) per share (sen)				
- Basic				
- From continuing operations	0.38	0.02	0.89	0.03
- From discontinued operations	-	(0.17)	-	(0.34)
	0.38	(0.15)	0.89	(0.31)
- Diluted				
- From continuing operations	0.38	0.02	0.89	0.03
- From discontinued operations	-	(0.17)	-	(0.34)
	0.38	(0.15)	0.89	(0.31)

### Note:

- i) These condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- ii) The comparative figures in the consolidated statement of profit or loss are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note 1 Basis of Preparation.

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## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 December 2022

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31.12.2022 RM'000 Unaudited	31.12.2021 RM'000 Unaudited	31.12.2022 RM'000 Unaudited	31.12.2021 RM'000 Unaudited
Profit/(Loss) for the Period, Net of tax	<u>2,310</u>	<u>(2,942)</u>	<u>5,360</u>	<u>(6,251)</u>
Other Comprehensive Loss: Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences for foreign subsidiaries	-	927	-	(537)
Total Comprehensive Income/(Loss) for the Period, Net of Tax	<u>2,310</u>	<u>(2,015)</u>	<u>5,360</u>	<u>(6,788)</u>
Total Comprehensive Income/(Loss) for the Period Attributable to:				
Owners of the Company				
- From continuing operations	2,310	344	5,360	596
- From discontinued operations	-	(2,574)	-	(7,391)
	<u>2,310</u>	<u>(2,230)</u>	<u>5,360</u>	<u>(6,795)</u>
Non-controlling Interests	-	215	-	7
	<u>2,310</u>	<u>(2,015)</u>	<u>5,360</u>	<u>(6,788)</u>

Note:

- These condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- The comparative figures in the consolidated statement of profit or loss and other comprehensive income are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note 1 Basis of Preparation.

# PROPEL GLOBAL BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	31.12.2022 RM'000 Unaudited	30.06.2022 RM'000 Audited
<b>Non Current Assets</b>		
Property, plant and equipment	12,296	16,510
Right-of-use assets	3,291	2,348
Investment properties	12,410	12,410
Inventories	8,531	8,531
Intangible assets	5	27
Investment in joint ventures	-	-
Total Non Current Assets	<u>36,533</u>	<u>39,826</u>
<b>Current Assets</b>		
Inventories	7,864	8,813
Current tax assets	1,313	1,398
Trade receivables	28,258	27,440
Other receivables, deposits and prepayments	18,719	12,515
Contract assets	14,574	12,893
Other investments	4,143	3,141
Cash and bank balances and deposits	53,088	65,506
Assets classified as held for sale	4,504	-
Total Current Assets	<u>132,463</u>	<u>131,706</u>
<b>Current Liabilities</b>		
Loans and borrowings	10,586	11,367
Current tax liabilities	23	23
Trade payables	27,378	29,028
Provisions, other payables and accrued expenses	12,045	15,840
Contract liabilities	9,860	9,854
Total Current Liabilities	<u>59,892</u>	<u>66,112</u>
<b>Net Current Assets</b>	<u>72,571</u>	<u>65,594</u>
	<u>109,104</u>	<u>105,420</u>
<b>Financed by:</b>		
Share capital	120,868	120,868
Accumulated losses	(40,369)	(45,729)
Total Equity	<u>80,499</u>	<u>75,139</u>
<b>Non Current Liabilities</b>		
Loans and borrowings	24,813	26,002
Deferred tax liabilities	243	243
Trade payables	3,549	4,036
Total Non Current Liabilities	<u>28,605</u>	<u>30,281</u>
	<u>109,104</u>	<u>105,420</u>
<b>Net assets per share (sen)</b>	<u>13.32</u>	<u>12.43</u>

Note:

- i) These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- ii) The comparative figures in the consolidated statement of financial position are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note 1 Basis of Preparation.

# PROPEL GLOBAL BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2022

	<-----Attributable to Equity Holders of the Company----->							
	<----- Non-Distributable ----->				Distributable			
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Capital Reorganisation Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
<b><u>6 months ended 31 December 2022</u></b>								
<b>At 1 JULY 2022</b>	120,868	-	-	-	(45,729)	75,139	-	75,139
Profit for the Period	-	-	-	-	5,360	5,360	-	5,360
Total Comprehensive Income for the Period	-	-	-	-	5,360	5,360	-	5,360
<b>At 31 DECEMBER 2022</b>	<u>120,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,369)</u>	<u>80,499</u>	<u>-</u>	<u>80,499</u>
<b><u>6 months ended 31 December 2021</u></b>								
<b>At 1 JULY 2021 (Note ii)</b>	4,086	(8,444)	261,014	870	(475,574)	(218,048)	16,981	(201,067)
Loss for the Period	-	-	-	-	(6,258)	(6,258)	7	(6,251)
Other Comprehensive loss for the Period	-	(537)	-	-	-	(537)	-	(537)
Total Comprehensive Loss for the Period	-	(537)	-	-	(6,258)	(6,795)	7	(6,788)
<b>At 31 DECEMBER 2021</b>	<u>4,086</u>	<u>(8,981)</u>	<u>261,014</u>	<u>870</u>	<u>(481,832)</u>	<u>(224,843)</u>	<u>16,988</u>	<u>(207,855)</u>

Note:

- i) These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- ii) The comparative figures in the consolidated statement of changes in equity are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note 1 Basis of Preparation.

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2022

	Current Period Ended 31.12.2022 RM'000 Unaudited	Preceding Period Ended 31.12.2021 RM'000 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax		
- Continuing operations	5,924	746
- Discontinued operations	-	(6,855)
	<hr/> 5,924	<hr/> (6,109)
Adjustments for:		
Amortisation on intangible assets	22	30
Depreciation of:		
- property, plant and equipment	611	892
- right-of-use assets	81	71
Finance costs	788	4,708
Gain on disposal of property, plant and equipment	-	(241)
Loss on disposal of marketable securities	-	9
Impairment losses on:		
- Other receivables	232	-
- Trade receivables	88	-
Interest income	(537)	(351)
Reversal of impairment losses on:		
- Other receivables	(1)	-
- Trade receivables	(734)	-
Unwinding of discount of financial liabilities carried at amortised costs	75	-
Net unrealised foreign exchange (gain)/loss	(267)	236
Waiver of debts received	(3)	-
Operating profit/(loss) before working capital changes	<hr/> 6,279	<hr/> (755)
Changes in working capital:		
Inventories	949	(361)
Trade and other receivables	(6,459)	3,677
Contract assets	(1,681)	1,758
Trade and other payables	(6,016)	(6,144)
Contract liabilities	7	(1,383)
Cash Flows Used In Operations	<hr/> (6,921)	<hr/> (3,208)
Income tax paid	(479)	(402)
Interest paid	(23)	-
<b>Net Cash Used In Operating Activities</b>	<hr/> (7,423)	<hr/> (3,610)

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2022

	Current Period Ended 31.12.2022 RM'000 Unaudited	Preceding Period Ended 31.12.2021 RM'000 Unaudited
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in pledged deposits placed with licensed banks	-	17,867
Interest received	530	351
Proceeds from disposal of property, plant and equipment	-	242
Proceeds from disposal of marketable securities	-	52
Purchase of property, plant and equipment	(901)	(97)
Purchase of right-of-use assets	(564)	-
Purchase of intangible assets	-	(124)
Withdrawal of restricted cash	-	210
Placement in money market funds	(1,002)	-
<b>Net Cash (Used in)/From Investing Activities</b>	<b>(1,937)</b>	<b>18,501</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(546)	(950)
Repayment of loans and borrowings	(2,533)	(4,652)
Repayment of lease liabilities	(32)	(94)
<b>Net Cash Used In Financing Activities</b>	<b>(3,111)</b>	<b>(5,696)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(12,471)</b>	<b>9,195</b>
Effect of exchange rate fluctuation on cash and cash equivalents	50	(213)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>58,732</b>	<b>18,050</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>46,311</b>	<b>27,032</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	12,112	16,512
Restricted cash	-*	-*
Fixed deposits with licenced banks	40,976	10,017
Short term investments	-	12,488
Bank overdraft	(2,694)	(4,752)
	50,394	34,265
Less: Fixed deposits pledged with licensed banks	(4,083)	(7,233)
Restricted cash	-*	-*
	46,311	27,032

\* Represent amount less than RM1,000.

### Note:

- These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and accompanying explanatory notes attached to these interim financial statements.
- The comparative figures in the consolidated statement of cash flows are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note 1 Basis of Preparation.

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**A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING**

**A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"). 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.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2022.

On 28 April 2022, the Company completed the share exchange of 2,042,945,854 ordinary shares in Daya Materials Berhad ("DMB") representing the entire issued share capital of DMB with 20,429,458 new ordinary shares in the Company on the basis of 1 new Company share for every 100 existing DMB shares held, by way of Scheme of Arrangement pursuant to Section 366 of the Companies Act 2016 in Malaysia. Accordingly, the Company assumed the listing status of DMB on the Main Market of Bursa Malaysia Securities Berhad.

The acquisition of the entire issued share capital of DMB by the Company is an internal reorganisation and does not result in any change in economic substance of the Group. Accordingly, the consolidated financial statements of the Company are a continuation of DMB Group and the results of entities are presented as if the internal reorganisation occurred from the beginning of the earliest period presented in the financial statements.

**A2 Significant Accounting Policies**

In the preparation of this condensed consolidated interim financial statements, the accounting policies and the method of computation of the most recent annual financial statements were followed except as disclosed below:

**(a) Adoption of Standards, Amendments and Annual Improvements to Standards**

The Group adopted the following amendments to MFRSs as listed below:

**Amendments/improvements to MFRSs**

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture



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**A2 Significant Accounting Policies (Cont'd)**

**(b) Standards and Amendments in issue but not yet effective**

As at the date of authorisation of these condensed consolidated interim financial statements, the following MFRSs and amendments to MFRSs in issue but not yet effective and have not been early adopted by the Group and they are not expected to have any material financial impact on the financial statements of the Group.

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

*# Amendments as to the consequence of effective of MFRS 17 Insurance Contracts.*

**A3 Auditors' Report on Preceding Annual Financial Statements**

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

**A4 Seasonal or Cyclical Factors**

The business of the Group is not subject to any seasonal or cyclical fluctuation.

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**A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

**A6 Changes in Significant Accounting Estimates and Judgements**

There were no significant changes in the estimates of the amount reported in the period under review.

**A7 Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

**A8 Dividends Paid**

No dividend has been declared or paid for the current financial period (2022: RM Nil).

**A9 Segment Information**

	Quarter ended 31.12.2022		Quarter ended 31.12.2021	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
<b><u>Continuing operations</u></b>				
Oil & Gas	11,478	2,345	8,464	57
Technical Services	12,952	2,776	15,135	665
Others	53	(2,530)	31	(107)
	24,483	2,591	23,630	615
<b><u>Discontinued Operations</u></b>				
Non-core business	-	-	-	(3,503)
	-	-	-	(3,503)
	Financial period ended 31.12.2022		Financial period ended 31.12.2021	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
<b><u>Continuing operations</u></b>				
Oil & Gas	21,421	4,813	17,301	823
Technical Services	21,104	5,381	19,526	111
Others	105	(4,270)	101	(188)
	42,630	5,924	36,928	746
<b><u>Discontinued Operations</u></b>				
Non-core business	-	-	-	(6,854)
	-	-	-	(6,854)

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**A9 Segment Information (Cont'd)**

The four reportable operating segments are as follows:

<b><u>Segments</u></b>	<b><u>Products and services</u></b>
Oil & Gas ("O&G")	Supply of specialty chemicals and catalysts, provision of heavy machineries and related manpower services, maintenance services for air-conditioning, ventilation system, and specialised oilfield services in pipe recovery, well intervention and diagnostic, sand management and production enhancement to the oil and gas industry.
Technical services ("TS")	Provision of services in the industrial, commercial and residential construction and office maintenance.
Others	Investment holding.
Non-core business	Other non-core business and discontinued operations.

**A10 Valuation of Property, Plant and Equipment**

The Group does not adopt a revaluation policy on its property, plant and equipment.

**A11 Subsequent Events**

There were no material events subsequent to the current interim financial period up to the date of this report.

**A12 Changes in the Composition of the Group**

- i. On 8 November 2022, the Company acquired one (1) ordinary share of RM1.00 in OneLeap Sdn. Bhd. ("OL"), representing 100% of the issued and paid-up share capital of OL for a total consideration of RM1.00.

OL is currently a dormant company.

- ii. On 8 December 2022, the Company entered into a conditional share sale agreement ("SSA") with Azizi Bin Alias and Tan Siew Lee for the proposed acquisition of 51% equity interest in Best Wide Engineering (M) Sdn Bhd ("BWE") for a cash consideration of RM7,820,000. On 6 January 2023, the Company and the SSA Vendors mutually agreed to waive the condition precedent to obtain written consent from a financial institution. As a result of the said waiver, the SSA has become unconditional on even date, and the parties proceeded to complete the Acquisition on the same day in accordance with the terms of the SSA.

BWE was incorporated in Malaysia on 7 October 1994 as a private limited company. It is principally involved in the provision of engineering and technical works for the oil and gas industry. The services provided by BWE comprise mainly the following:

- (i) engineering, procurement, construction and commissioning ("EPCC") of new plants and plant modification works;
- (ii) design and supply of skidded process systems and engineered equipment for onshore plants and offshore platforms; and
- (iii) project management and engineering consultancy services.

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**A13 Contingent Assets and Contingent Liabilities**

As at 31 December 2022, the Company has provided corporate guarantee of RM18.3 million (30 June 2022: RM19.9 million) for banking facilities granted to certain subsidiaries.

There is a potential disputed liquidated ascertained damages (“LAD”) amounting to RM0.35 million for one of the subsidiary companies but an application for extension of time (“EOT”) has been made and is pending approval.

Save as disclosed above and in Note B9 Material Litigation, there were no other material contingent assets and contingent liabilities as at the date of this report.

**A14 Capital Commitments**

	<b>As at 31.12.2022 RM'000</b>
Capital Expenditure:	
Approved but not contracted for:	451

**A15 Significant Related Party Transaction**

During the financial period, significant related party transactions undertaken between the Company with related parties, which are negotiated based on agreed terms and conditions, are as follows:

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Transactions with related companies:</u>				
Management fee income	1,094	996	2,692	1,992
Interest income	12	-	23	-
Rental income	87	87	174	174
Rental expenses	(150)	(150)	(300)	(300)

**A16 Financial Instruments**

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or hire purchase arrangements at the reporting date.

**A16 Financial Instruments (Cont'd)**

**Financial Instruments that are measured at fair value on a recurring basis**

All assets for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) prices in an active market for identical assets or liabilities.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE MAIN MARKET**

**B1 Review of Performance**

**(a) Current Quarter Results ("Q2 FY2023") Vs Preceding Year's Corresponding Quarter Results ("Q2 FY2022")**

The Group recorded a revenue of RM24.5 million and a profit before tax ("PBT") of RM2.6 million for Q2 FY2023, in comparison to a revenue of RM23.6 million and a PBT of RM0.6 million reported in the preceding year corresponding quarter.

The analysis of the performance of respective operating segments for Q2 FY2023 is as follows:

**(i) O&G Segment**

The segment recorded a revenue and a PBT of RM11.5 million and RM2.3 million respectively in Q2 FY2023, as compared to revenue and PBT of RM8.5 million and RM0.1 million reported in the preceding year corresponding quarter. The increased sales for Q2 FY2023 was mainly attributable to higher offtake of production chemicals and fulfilment of work orders for well services. The segment's PBT improved by RM2.2 million from RM0.1 million reported in Q2 FY2022 mainly due to higher margin contributed from radial cutting torch services.

**(ii) TS Segment**

TS segment recorded a revenue and a PBT of RM13.0 million and RM2.8 million respectively in Q2 FY2023, as compared to revenue and PBT of RM15.1 million and RM0.7 million respectively in the preceding year corresponding quarter. The lower revenue reported in the current quarter mainly due to slight delay in construction progress caused by shortage of labour.

The segment's PBT improved by RM2.1 million from RM0.7 million reported in Q2 FY2022 mainly due to reversal of Liquidated Ascertained Damages ("LAD") of a construction project of commercial buildings and margin contributed from an access road construction project.

**(iii) Other segment**

Other segment reported a loss before tax ("LBT") of RM2.5 million in the Q2 FY2023 (Q2 FY2022: RM0.1 million), comprised mainly of corporate administrative expenses, such as professional charges and staff costs from continued operation.

**B1 Review of Performance (Cont'd)**

**(b) Financial period for the six months ended 31 December 2022 ("6M FY2023") compared with six months ended 31 December 2021 ("6M FY2022")**

For the current financial year-to-date against corresponding period last year, the Group recorded a higher revenue and PBT of RM42.6 million and RM5.9 million respectively, as compared to a revenue of RM36.9 million and PBT of RM0.7 million respectively.

**(i) O&G Segment**

The segment recorded a revenue and a PBT of RM21.4 million and RM4.8 million respectively in 6M FY2023, as compared to revenue and PBT of RM17.3 million and RM0.8 million reported in the preceding year corresponding period. The increased sales for 6M FY2023 is mainly attributable to higher offtake of production chemicals and fulfilment of work orders for well services. In line with the increased revenue, the segment's PBT improved by RM4.0 million from RM0.8 million reported in 6M FY2022 mainly due to higher margin contributed from wireline service.

**(ii) TS Segment**

TS segment recorded a revenue and a PBT of RM21.1 million and RM5.4 million respectively in 6M FY2023, as compared to revenue and PBT of RM19.5 million and RM0.1 million respectively in the preceding year corresponding period. The higher revenue reported was mainly contributed from pre-acquisition assessment for development of luxury residential buildings and access road construction project.

The segment's PBT improved by RM5.3 million from RM0.1 million reported in 6M FY2022 mainly contributed from reversal of LAD on a construction project of commercial buildings and technical services pre-acquisition assessment for development of luxury residential buildings. Further aided by profit recognition from cable landing station project.

**(iii) Other segment**

Other segment reported a LBT of RM4.3 million in the 6M FY2023 (6M FY2022: RM0.2 million), comprised mainly of corporate administrative expenses, such as professional charges and staff costs from continued operation.

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**B2 Comparison of Profit Before Taxation with the Immediate Preceding Financial Quarter**

	Quarter ended 31.12.2022 RM'000	Quarter ended 30.9.2022 RM'000
Revenue	24,483	18,147
Profit before tax from continuing operations	2,591	3,333

The Group recorded a revenue of RM24.5 million in Q2 FY2023, as compared to RM18.1 million reported in the preceding quarter, representing an increase of RM6.4 million or 34.9%. The increase is attributed to higher revenue in TS Segment by RM4.8 million and RM1.5 million in O&G Segment.

The quarter reported a PBT of RM2.6 million in comparison to a PBT of RM3.3 million in the immediate preceding quarter, representing a slight reduction of RM0.7 million mainly due to increased cost in chemicals materials and logistic cost.

**B3 Prospects**

The Malaysian economy grows at the fastest pace in Southeast Asia, expanding 8.7 per cent in 2022 and the momentum was picking up for Malaysia as 2023 global outlook was gradually improving.

The outlook for the oil and gas sector is expected to remain stable and oil prices underwent a decent recovery which will directly benefit companies with exploration businesses. In line with this, the Company will continue to closely monitor the broader economy and oil & gas industry for higher revenue growth.

Activities in the local upstream oil and gas sector are also expected to remain robust this year. Researchers assume overall demand to still be healthy this year, registering a positive growth of 2.2 thousand barrels per day (mbpd), premised on a no-global recession scenario. At current price levels, the overall expectations for oil and gas players are positive.

While the economic backdrop and overall business environment remain positive, the Group is optimistic that it will be uplifted soon from PN17 status after two quarters of profitability. The Group will continue to devise and pursue appropriate strategies and action plans to achieve better performance for financial year ending 2023.

Rising prices will help support O&G businesses in the exploration space and have positive spillover for O&G services providers such as Propel Global. With the improved financial performance, the Group will continue to seek opportunities by securing more projects moving forward.

**B4 Variances from Profit Forecast and Profit Guarantee**

The disclosure requirements for explanatory notes for variances from profit forecast or profit guarantee are not applicable.



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**B5 Income Tax Expense**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

In respect of the current period:

Current Income tax  
- Current year

	281	54	564	140
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The Group's effective tax rate for the current quarter and current financial period were lower than the statutory tax rate is mainly due to utilisation of unabsorbed business losses brought forward.

**B6 Sale of Unquoted Investments and Properties**

On 17 October 2022, Daya Urusharta Sdn. Bhd., a wholly-owned subsidiary of the Group, has entered into five (5) sale and purchase agreements to dispose of five (5) office units to SCM Property Management Sdn. Bhd. for a total cash consideration of RM4.8 million.

There were no disposal of unquoted investments for the quarter under review.

**B7 Status of Corporate Proposals**

The status of corporate proposals announced by the Company and not completed are summarised below:

The Company entered into agreement with DMB on the Proposed Regularisation Plan was implemented on 28 April 2022.

The uplift of the PGB Group from PN17 status is subject to the Group recording two consecutive quarters of profits.

Monthly updates on the status of its PN17 has been provided to Bursa Securities.

Save as disclosed in Note B6, there are no outstanding corporate proposals or new announcements made in the current quarter.

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**B8 Utilisation of proceeds**

Purpose	Proposed Utilisation	Actual Utilisation	Balance to Utilise	Expected Time Frame for Utilisation Upon Listing*
	After Reallocation			
	RM'000	RM'000	RM'000	
Working capital	42,766	(9,732)	33,034	Within 24 months
Payment to the DCMT Trade Creditors	4,824	(4,824)	-	Within 1 month
Proposed Regularisation Plan expenses	2,410	(2,410)	-	Within 1 month
	50,000	(16,966)	33,034	

\* The Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 April 2022.

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the DMB's Circular on 27 December 2021.

**B9 Group's borrowings and debt securities**

The Group's borrowings are as follows:

	Short-term RM'000	Long-term RM'000	Total Outstanding RM'000
<b><u>Secured borrowings</u></b>			
Bank overdrafts	2,694	-	2,694
Lease liabilities	261	226	487
Term loans	6,262	15,594	21,856
Trade financing facilities	1,369	8,993	10,362
	10,586	24,813	35,399

**B10 Material litigations**

**(a) Between Daya CMT Sdn. Bhd. and Chop Eng Heng Metal Industry**

***Penang High Court, Suit No. PA-22NCVC-100-06/2020, Soon Boon Chong & Anor vs Daya CMT Sdn. Bhd***

On 30 June 2020, a subsidiary of the Group, Daya CMT Sdn. Bhd. ("DCMT") had received a Writ of Summons and Statement of Claim dated 24 June 2020 from Chop Eng Heng Metal Industry's ("CEH") solicitors, Messrs Lim, Ho, Cheong & Lok, claiming for, amongst others, a principal sum of RM763,000.00 and a retention sum of RM831,000.00. DCMT duly filed its Statement of Defence.

The above claim is in relation to 4 construction projects whereby DCMT appointed CEH as a subcontractor for steel structure and light weight roof structure works.

**B10 Material litigations (Cont'd)**

**(a) Between Daya CMT Sdn. Bhd. and Chop Eng Heng Metal Industry (Cont'd)**

CEH then filed an application for summary judgment (the said application being identified as Court's Enclosure No. 18). Subsequently, DCMT filed an application for striking out the CEH's suit (Enclosure 31) in view of the existence of the Order dated 19 March 2021 granted by the Shah Alam High Court in sanctioning the Scheme of Arrangement and Compromise ("Scheme of Arrangement") agreed to by the DCMT's creditors in a Court-Convened Meeting held on 23 October 2020.

On 16 July 2021, CEH filed 2 applications. The first one (Enclosure 80) was an application by CEH to expunge 2 affidavits of DCMT. The second application (Enclosure 82) was CEH's application for extension of time to file their written submission and written submission in reply as regards Enclosures 31 and 18 respectively which were filed and served late.

During the Case Management on 26.7.2022, the Court fixed 12 January 2023 for Hearing of Enclosures 18, 31, 80 and 82.

The Court via letter dated 15 December 2022 informed parties that the Hearing date for Enclosures 18, 31, 80 and 82 has been postponed to 12 October 2023.

**(b) Between Daya CMT Sdn. Bhd. and United Truss Sdn. Bhd.**

***Butterworth Sessions Court, Suit No. PB-A52NCC-7-01/2021, United Truss System Sdn. Bhd. vs Daya CMT Sdn. Bhd.***  
***Penang High Court, Civil Appeal No. PA-12ANCC-16-08/2021, Daya CMT Sdn. Bhd. vs United Truss System Sdn. Bhd.***

United Truss System Sdn. Bhd. ("United Truss"), represented by Messrs Lim, Ho, Cheong & Lok, commenced the suit above stated at the Butterworth Sessions Court on 22 January 2021 against DCMT for the following relief, amongst others, a sum of RM79,189.48 and a declaration that DCMT holds the retention sum of RM127,090.06 as trustee of United Truss. DCMT filed its Statement of Defence accordingly.

DCMT pleaded in the Statement of Defence, amongst others, that United Truss ought to obtain leave from the Shah Alam High Court in Originating Summons No. BA-24NCC-42-06/2020 ("OS") to proceed with the suit as a Restraining Order dated 30 June 2020 ("RO") was granted by the Shah Alam High Court in the said OS, and that part of the retention sum was not payable yet. Further, as per the subcontracts entered into by both parties, United Truss ought to bring the disputes to an arbitration.

On 23 April 2021, after hearing brief oral submissions from both parties' counsels, the learned Judge directed both parties to file written submissions concerning DCMT's application upon questions of law, amongst others, whether the suit could proceed in view of the existence of the 19 March 2021 Order granted by the Shah Alam High Court in sanctioning the Scheme of Arrangement agreed to by the DCMT's creditors in a Court-Convened Meeting held on 23 October 2020.

On 12 August 2021, the learned Judge dismissed DCMT's said application above stated with costs of RM500.00 to be paid by DCMT to United Truss. DCMT lodged an appeal at the Penang High Court under Civil Appeal No. PA-12ANCC-16-08/2021 against the Sessions Court's decision dated 12 August 2021.

**B10 Material litigations (Cont'd)**

**(b) Between Daya CMT Sdn. Bhd. and United Truss Sdn. Bhd. (Cont'd)**

In the meantime, United Truss filed a summary judgment application (Enclosure 31) at the Sessions Court, and DCMT in turn on 8 September 2021 filed an application (Enclosure 39) for a stay of proceedings at the Sessions Court pending the final disposal of the appeal at the Penang High Court above mentioned.

The Butterworth Sessions Court fixed 16 February 2022 for Case Management for parties to file written submissions with respect to preliminary objections ("PO") raised by United Truss with regards to Enclosures 31 and 39.

On 16 March 2022, the Butterworth Sessions Court dismissed the PO raised by United Truss' counsels.

Further, on 20 May 2022, the Butterworth Sessions Court granted DCMT's application in Enclosure 39 for stay of the entire proceedings in the Sessions Court, including the United Truss' application in Enclosure 31, pending the disposal of DCMT's appeal at the Penang High Court. On 26 July 2022, DCMT filed an application in Enclosure 44 at the Penang High Court for adducing fresh evidence for the Hearing of the appeal. On 2 August 2022, the Penang High Court struck out DCMT's appeal and application in Enclosure 44 without hearing the merits of the appeal or application on the ground that the Butterworth Sessions Court's decision dated 12 August 2021 was not appealable.

On 14 August 2022, DCMT filed an application in Enclosure 122 at the Sessions Court for striking out United Truss' suit.

The Sessions Court has fixed the Hearing for United Truss' application for summary judgment in Enclosure 31 and DCMT's application for striking out United Truss' suit in Enclosure 122 on 14 February 2023. Subsequent to the Hearing, the learned Judge scheduled the Decisions for both Enclosures 31 and 122 for 6 March 2023.

**B11 Proposed Dividends**

No dividend has been proposed or declared for the quarter under review.

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**B12 Earnings/(Loss) per share**

**(a) Basic earnings/(loss) per share**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Net profit/(loss) for the period attributable to ordinary equity holders of the Company (RM'000)				
- From continuing operations	2,310	344	5,360	596
- From discontinued operations	-	(3,501)	-	(6,854)
	<u>2,310</u>	<u>(3,157)</u>	<u>5,360</u>	<u>(6,258)</u>
Weighted average number of shares in issue ('000)	604,340	2,042,946 <sup>^</sup>	604,340	2,042,946 <sup>^</sup>
Basic earnings/(loss) per share (sen)				
- From continuing operations	0.38	0.02	0.89	0.03
- From discontinued operations	-	(0.17)	-	(0.34)
	<u>0.38</u>	<u>(0.15)</u>	<u>0.89</u>	<u>(0.31)</u>

<sup>^</sup> Represent DMB's weighted average number of ordinary shares as at 30 June 2021.

**(b) Diluted earnings/(loss) per share**

The basic and diluted earnings/(loss) per ordinary shares is the same as the Company has no dilutive potential ordinary shares.

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**B13 Additional disclosure as per Appendix 9B, Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
The following amounts have been included in arriving at profit before tax:				
Amortisation on intangible assets	11	14	22	30
Depreciation of:				
- property, plant and equipment	286	450	611	892
- right-of-use assets	54	25	81	71
Impairment loss on:				
- other receivables	-	-	232	-
- trade receivables	75	-	88	-
Interest expenses	328	2,320	788	4,708
Loss on foreign exchange				
- realised	2	-	12	-
- unrealised	120	299	-	236
Unwinding of discount of financial liabilities carried at amortised costs	-	-	75	-
Loss on disposal of marketable securities	-	18	-	9
and after crediting:				
Interest income	292	66	537	351
Gain on foreign exchange				
- realised	-	-	96	-
- unrealised	-	-	267	-
Net gain on disposal of property, plant and equipment	-	201	-	241
Rental income	169	31	328	101
Reversal of impairment loss on:				
- other receivables	1	-	1	-
- trade receivables	734	-	734	-
Waiver of debts received	-	-	3	-

By Order of the Board

Leong Oi Wah  
Secretary  
22 February 2023