



ZEN TECH INTERNATIONAL BERHAD
(fka INIX Technologies Holdings Berhad)

200401027289

(Incorporated in Malaysia)

UNAUDITED
INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
31 December 2022

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Note	Individual		Cumulative	
		Current Quarter Ended 31 December 2022 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2021 RM'000	Current Year - To- Date 31 December 2022 RM'000	Preceding Year Corresponding Year - To - Date 31 December 2021 RM'000
Revenue		8,959	8,673	17,724	14,102
Cost of sales		(7,762)	(5,438)	(14,934)	(9,371)
Gross profit		1,197	3,235	2,790	4,731
Other income		59	18	82	120
Administrative expenses		(2,900)	(2,163)	(5,956)	(3,940)
Interest Expenses		(16)	(103)	(57)	(116)
Profit / (Loss) for the period		(1,660)	987	(3,141)	795
Taxation	B5	(75)	(82)	(152)	(109)
Profit / (Loss) for the period		(1,735)	905	(3,293)	686
Profit / (Loss) for the period / year attributable to attributable to:					
Owners of the company		(1,766)	(212)	(3,506)	(431)
Non-controlling interest		31	1,117	214	1,117
Profit / (Loss) for the period / year		(1,735)	905	(3,292)	686
Total Comprehensive Income / (Loss) attributable to:					
Owners of the company		(1,766)	(212)	(3,506)	(431)
Non-controlling interest		31	1,117	214	1,117
Total Comprehensive Income Profit / (Loss) for the period		(1,735)	905	(3,292)	686
Profit / (Loss) per share attributable to ordinary equity holders of the Company (sen)					
Basic	B13	(0.22)	(0.041)	(0.43)	(0.084)

Note:

The Condensed Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2022 and the accompanying notes attached to this interim financial report.

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Note	As at 31 December 2022 unaudited RM'000	As at 30 June 2022 audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	38,094	31,256
Rights of Use Assets	2,837	3,138
Investment in associates	-	-
Goodwill in consolidation	6,319	6,319
Other investment	7,700	7,700
	54,950	48,413
Current Assets		
Inventory	1,892	2,130
Trade receivables	550	302
Other receivables, deposits and prepayments	4,258	6,190
Amount due from directors	-	-
Fixed deposit with a financial institution	534	529
Cash and bank balances	910	1,093
	8,144	10,244
TOTAL ASSETS	63,094	58,657
EQUITY AND LIABILITIES		
Attributable to Equity Holders of the Company		
Share capital	86,993	69,146
Accumulated losses	(33,150)	(29,857)
	53,843	39,289
Non-controlling interest	(7,194)	(7,377)
	46,649	31,912
Non Current Liabilities		
Lease Liabilities	2,596	2,596
Hire Purchase	325	325
Deferred Tax Liabilities	1,205	1,205
	4,126	4,126
Current liabilities		
Trade payables	7,973	3,024
Other payables and accruals	3,491	9,248
Amount due to directors	128	1,260
Lease Liabilities	301	601
Hire Purchase	58	118
Term loan	-	8,000
Provision for taxation	368	368
	12,319	22,619
TOTAL EQUITY AND LIABILITIES	63,094	58,657
Net assets per share attributable to ordinary equity holders of the Company (RM)		
	0.1049	0.0842

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2022 and the accompanying notes attached to this interim financial report.

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	<i>Share capital</i>	<i>Accumulated losses</i>	<i>Attributable to equity holders of the Company</i>	<i>Non-Controlling interest</i>	<i>Total Equity</i>
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2022 (audited)	64,536	(30,199)	34,337	(8,826)	25,511
Transaction with Owners					
Issuance of shares pursuant to the exercise of private placement	4,610	-	4,610	-	4,610
Realisation on disposal of subsidiaries		6,716	6,716	13	6,729
Total transactions with owners	4,610	6,716	11,326	13	11,339
Total comprehensive loss for the financial period	-	(6,374)	(6,374)	1,436	(4,938)
At 30 June 2022 / 1 July 2022 (audited)	69,146	(29,857)	39,289	(7,377)	31,912
Issuance of shares pursuant to settlement of debt	8,146		8,146	-	8,146.00
Issuance of shares pursuant to the exercise of private placement	9,701	-	9,701	-	9,701
Total transactions with owners	17,847	-	17,847	-	17,847
Total comprehensive loss for the financial period	-	(3,293)	(3,293)	183	(3,110)
At 31 December 2022 (unaudited)	86,993	(33,150)	53,843	(7,194)	46,649

Note:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2022 and the accompanying notes attached to this interim financial report.

INTERIM FINANCIAL STATEMENTS UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	6 months ended 31 December 2022 unaudited RM'000	As At 30 June 2022 audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(3,141)	(3,723)
Adjustments:		
Bad debts written off	-	399
Depreciation:		
Property, plant and equipment	611	939
Right-of-use assets	299	548
Impairment loss:		
- Other receivables	1,748	1,293
Loss on disposal of investment in subsidiaries	-	6,449
Lease Liability Interest	41	89
Hire Purchase Interest	16	21
Term Loan Interest	-	230
Interest expense	-	1
Dividend Income	-	(82)
Interest income	-	(12)
Reversal of impairment :		
- Other Investment	-	(3,850)
- Trade receivables	-	(125)
Operating profit/(loss) before working capital changes	<u>(426)</u>	<u>2,177</u>
Net change in current assets	1,922	85
Net change in current liabilities	(1,940)	5,090
Cash used in operations	<u>(444)</u>	<u>7,352</u>
Income Tax Paid	71	(272)
Interest received	-	12
Interest paid	25	1
Net cash generated from/(used in) operating activities	<u>(348)</u>	<u>7,093</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from Disposal of Subdiaries	-	200
Purchase of property, plant and equipment	(9,114)	(18,530)
Net cash generated from/(used in) investing activities	<u>(9,114)</u>	<u>(18,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	-	8,000
Proceed from exercise of private placement	9,701	4,610
Interest paid on lease liabilities	(41)	(89)
Interest paid on hire purchase	(16)	(22)
Interest paid on term loan	-	(230)
Repayment of hire purchase	(60)	(110)
Repayment of lease liabilities	(300)	(560)
Net cash generated from/(used in) financing activities	<u>9,284</u>	<u>11,599</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(178)	362
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,622	1,260
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,444</u>	<u>1,622</u>
Cash and Cash equivalents comprises:-		
Fixed Deposits with a financial institution	534	529
Cash and bank balances	910	1,093
	<u>1,444</u>	<u>1,622</u>

Notes:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial year ended 30 June 2022 and the accompanying notes attached to this interim financial report)

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 FOR THE QUARTER ENDED 31 DECEMBER 2022

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard 134 (MFRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 (Appendix 9B part A) of the for the ACE Market and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 30 June 2022. The adoption of the new MFRS, amendments/improvements to MFRSs and new IC Interpretations does not have any significant impact on the financial performance and financial position of the Group.

A2 Auditors' Report

There was no qualification on the audited financial statement of the Group for the financial year ended 30 June 2022

A3 Seasonal or cyclical factors

The principal business operations of the Group were not affected by any seasonal and cyclical factors.

A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items of unusual nature, size or incidence which materially affecting assets, liabilities, equity, net income or cash flows of the Group for the financial year under review.

A5 Changes in Accounting Estimates

There were no changes in accounting estimates for the current quarter under review

A6 Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares during the financial year-to-date under review: except for the changes in ordinary share capital as stated in note B8.

A7 Dividends Paid

No dividends were paid during the financial year-to-date.

A8 Segmental Reporting

(a)

Segment Information is presented in respect of the Group's business segments which are based on the internal reporting structure presented to the management of the Company. The Group's principal segment businesses are Glove Manufacturing, Information Technology and Investment Holding.

	Individual		Cumulative	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year - To -Date Ended	Preceding Year - To - Date Ended
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
TURNOVER				
Glove Manufacturing	8,493	8,056	16,449	13,046
Investment Holdings	-	-	-	-
Software & Books	466	617	1,275	1,056
Piling Works	-	-	-	-
Dredging	-	-	-	-
Less: Adjustments / Eliminations	-	-	-	-
Total Consolidated Revenue	8,959	8,673	17,724	14,102

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 FOR THE QUARTER ENDED 31 DECEMBER 2022

	Individual		Cumulative	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year - To -Date Ended	Preceding Year - To - Date Ended
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
RESULTS				
Glove Manufacturing	245	2,182	617	3,799
Investment Holdings	(716)	(950)	(1,654)	(1,767)
Software & Books	(1,173)	(123)	(2,046)	211
Piling Works	-	(7)		(7)
Dredging	-	(6)		(6)
Less: Adjustments / Eliminations	-	(6)	-	(1,319)
Earnings / (Loss) before interest and tax	(1,644)	1,090	(3,083)	911
Interest Expenses	(32)	(103)	(57)	(116)
Profit / (Loss) before tax	(1,676)	987	(3,140)	795
Tax Expenses	(75)	(82)	(152)	(109)
Profit / (Loss) after tax	(1,751)	905	(3,292)	686

A9 Carrying value of revalued assets

There has been no revaluation of property, plant and equipment during the financial year-to-date.

A10 Changes in the composition of the Group

During the Financial Year two subsidiaries were disposed during the financial year under review

A11 Capital commitments

Capital commitments of the Group in respect purchase of steel and stainless steel (for structural framework of the rubber glove manufacturing lines); purchase of other components to equip the manufacturing lines (i.e., auto-stripping machine, former holder track and former holder, conveyor chain tracks and conveyor chain, compressor, chiller, heating burner, infrared burner and motor); and building systems which enable the supply of utilities (i.e., electricity and water) and chlorination system to treat wastewater arising from manufacture of gloves, ovens and dipping tanks as at 31 December 2022 are as follows:

	RM'000
Approved and not contracted for	<u>45,592</u>

A12 Changes in contingent liabilities and contingent assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2021.

A13 Significant related party transactions

There were no items, transaction or event of a material and unusual nature which has arisen which would substantially affect the results of the Group and the Company for the period between 31 December 2022 and the date of this report.

A14 Subsequent Events

No significant events.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD FOR THE QUARTER ENDED 31 DECEMBER 2022

B1 REVIEW OF GROUP PERFORMANCE

	Current Quarter Ended 31/12/2022 RM'000	Precedding Quarter Ended 31/12/2021 RM'000	Changes %
Revenue	8,959	8,673	3.3%
Profit / (Loss) After Tax	(1,735)	905	-292%

For the second quarter ended 31 December 2022, the group recorded revenue of RM8,959 million . The group recorded at loss before taxation of RM1,667 million during the second quarter ended 31 December 2022. The main contributor was from the glove manufacturing segment .

B2 Current Year Prospects

The glove manufacturing segement had contributed profit for the group during the interim period ending 31 December 2022. The group is exepcting to maintain its profitability during the current financial year eventhough currently there has been significant fluctuation in the glove prices.

B3 Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

B4 Profit / (Loss) Before Tax

The profit / (loss) before tax is stated after charging / (crediting)

	Individual Quarter 3 Months ended		Cumulative Quarter 6 Months Ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Depreciation - Property, plant and equipment	332	131	611	393
Depreciation - Right-of-use assets	150	69	299	260
Interest Expenses	16	103	57	116
Allowance on impairment losses on :				
- Other Receivables	874	-	1,748	-

B5 Taxation

For both the current quarter as well as financial year-to-date, tax is calculated on estimated assessable profits for the financial year.

B6 Quoted securities

There were no acquisitions or disposals of quoted securities during the current quarter and financial year-to-date.

B7 Unquoted securities

There were no acquisitions or disposals of unquoted securities during the current quarter and financial year-to-date.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD FOR THE QUARTER ENDED 31 DECEMBER 2022

B8 Corporate proposals

(i) proposed renounceable rights issue of up to 1,617,366,440 new INIX Shares (“Rights Shares”) on the basis of 2 Rights Shares for every 1 existing INIX Share held on an entitlement date to be determined later, together with up to 1,078,244,293 free detachable warrants (“Warrants”) on the basis of 2 Warrants for every 3 Rights Shares subscribed for (“Proposed Rights Issue”);

(ii) proposed reduction of the issued share capital of the Company by RM40.00 million pursuant to Section 116 of the Companies Act 2016 (“Act”) (“Proposed Share Capital Reduction”); and

iii) proposed establishment of a new employees share option scheme (“ESOS”) of up to 30% of the issued share capital of the Company (excluding treasury shares, if any) at any one time during the duration of ESOS for the eligible Directors and employees of the Company and its subsidiaries (“Group”) (excluding dormant subsidiaries, if any) (“Proposed ESOS”).

As of the date of this report . The Group have completed the Proposed Debt Settlement and the Proposed 30% Private Placement of ZEN Tech Shares.

This summary of Corporate Proposal as disclosed above should be read in conjunction with the Prospectus of the Company dated 18 May 2022

On 21 October 2022, the Company had announced that the Company had proposed to undertake the Proposed Variation. In view of the substantial drop in market price of our Shares in recent months, the Proposed Variation is required so that our Company can proceed with the implementation of the Proposed Rights Issue to meet our funding requirements for the expansion of the Glove Business , without triggering the Potential GO by the Existing Undertaking Shareholders in the event none of the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) subscribe for the Proposed Rights Issue. Pursuant to Rule 8.24 of the ACE LR, a listed corporation must issue a circular to shareholders and seek shareholders’ approval if it proposes to make any material amendment, modification or variation to a proposal which has been approved by shareholders in general meeting. As the Proposed Variation is deemed a material variation to the Proposed Rights Issue (which had been approved by our shareholders on 9 June 2022), our Company intends to obtain shareholders’ approval for the Proposed Variation

Utilisation purposes	Minimum Scenario	Maximum Scenario	Expected time frame for utilisation of proceeds
	(RM'000)	(RM'000)	
Expansion of the Glove Business	15,210	15,210	Within 12 months
Working capital for the Glove Business	3,730	7,983	Within 6 months
Estimated expenses for corporate proposals	1,060	1,060	Within 1 month
Total	20,000	24,253	

B10 Borrowing and debt securities

The Group borrowings and debt securities which are denominated in Ringgit Malaysia as at 30 September 2022 are as below:

	As at 30/09/2022 RM'000	As At 30/06/2022 RM'000
Secured	58	118
Total Short Term Borrowings	58	118
Secured	325	8,325
Total Long Term	325	8,325
	383	8,443

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD FOR THE QUARTER ENDED 31 DECEMBER 2022

B11 Off Balance sheet Financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B12 Changes in Material Litigation

On 2nd December 2021 vide Civil Appeal No: W-02(IM)(NCVC)-296-02/2021, Inix Technologies Holdings Berhad (“Appellant”) has appealed to the Court of Appeal to reverse the decision of the Kuala Lumpur High Court in dismissing its application to strike out a writ filed by its former Non-Independent and Non-Executive Director, Mohd Anuar bin Mohd Hanadzlah (“Respondent”) under Order 18 Rule 19 of the Rules of Court 2012.

The writ filed by the Respondent at the Kuala Lumpur High Court vide Suit No: WA-23NCvC-49-07/2020 was to claim against the Appellant due to several defamatory statements against him for, among others, its announcement in Bursa on 18 March 2020 (“the said announcement”) in relation to the suspension of the Respondent from his position in Inix Technologies Holdings Berhad due to alleged abuse of power and/or potential breach of fiduciary duties pending the outcome from the Investigative Working Group.

The Court of Appeal has dismissed the Appellant’s appeal and maintained the decision made by the Kuala Lumpur High Court.

Therefore, parties will then proceed with full trial at the Kuala Lumpur High Court scheduled on 22nd June 2022 – 24th June 2022.

The Court had ultimately on 30.09.2022 finalised the trial dates for this matter , the following Case Management for parties to update the status of pre-trial documents is on 22nd December 2022 by way of e-Review; and the trial dates are fixed on 4th June 2024 till 7th June 2024 at Mahkamah Tinggi Sivil NCvC 6 before YA Dato' Dr. John Lee Kien How @ Mohammad Johan Lee.

B12 Dividend payable

No interim ordinary dividend has been declared for the financial period under review.

B13 Earnings per share

The basic/diluted earnings per share are computed based on the net profit attributable to ordinary shareholders and the weighted average/adjusted weighted average number of ordinary shares outstanding during the year as follows:

	<i>Current Quarter</i>		<i>Cumulative Quarter</i>	
	<i>31-Dec-22</i>	<i>31-Dec-21</i>	<i>31-Dec-22</i>	<i>31-Dec-21</i>
Basic:				
Profit/(loss) attributable to the shareholders of the Company (RM'000)	(1,766)	(212)	(3,506)	(431)
Weighted average number of ordinary shares in issue ('000)	808,432	513,264	808,432	513,264
<i>Basic earnings/(loss) per ordinary share (sen)</i>	<u>(0.22)</u>	<u>(0.04)</u>	<u>(0.43)</u>	<u>(0.08)</u>

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 February 2023