



TCS GROUP HOLDINGS BERHAD

(Registration No. 201901004613 (1313940-W))

(Incorporated in Malaysia)

**Interim Financial Report
For Second Quarter Ended
30 June 2021**



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	40,648	46,784	100,853	109,478
Cost of sales		(34,904)	(38,796)	(87,482)	(90,456)
Gross profit		5,744	7,988	13,371	19,022
Other income		57	24	130	63
Administrative expenses		(2,894)	(5,898)	(6,144)	(10,112)
Profit from operations		2,907	2,114	7,357	8,973
Finance income		120	157	259	217
Finance costs		(246)	(236)	(494)	(489)
Profit before tax	B12	2,781	2,035	7,122	8,701
Tax expense	B5	(738)	(1,029)	(2,073)	(2,629)
Profit/Total comprehensive income for the financial period		2,043	1,006	5,049	6,072
Profit//Total comprehensive income for the financial period after taxation attributable to:					
Owners of the Company		2,050	1,006	5,056	6,072
Non-controlling interest		(7)	-	(7)	-
		2,043	1,006	5,049	6,072



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾ (CONT'D)

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
		RM'000	RM'000	RM'000	RM'000
Earnings Per Share					
Basic (sen)	B11	0.57	0.37	1.40	2.25
Diluted (sen)	B11	0.50	N/A	1.21	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- N/A Not Applicable



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited 30.06.2021	Audited 31.12.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,352	25,945
Investment property	2,097	2,119
Deferred tax assets	541	541
Fixed deposits with licensed banks	7,544	11,139
Cash and bank balances	1,258	937
	<u>37,792</u>	<u>40,681</u>
Current assets		
Trade receivables	68,162	59,461
Other receivables	5,217	6,566
Contract assets	15,952	25,279
Fixed deposits with licensed banks	20,077	7,201
Cash and bank balances	17,526	40,904
	<u>126,934</u>	<u>139,411</u>
TOTAL ASSETS	<u>164,726</u>	<u>180,092</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	46,176	46,176
Merger deficit	(24,065)	(24,065)
Retained earnings	53,735	52,279
Equity attributable to owners of the Company	<u>75,846</u>	<u>74,390</u>
Non-controlling interest	652	397
Total equity	<u>76,498</u>	<u>74,787</u>
Non-current liabilities		
Lease liabilities	4,784	5,251
Borrowings	10,349	9,630
	<u>15,133</u>	<u>14,881</u>
Current liabilities		
Trade payables	51,818	55,601
Other payables	7,519	10,057
Contract liabilities	3,963	13,318
Lease liabilities	4,723	5,411
Borrowings	627	1,372
Tax payable	4,445	4,665
	<u>73,095</u>	<u>90,424</u>
Total liabilities	<u>88,228</u>	<u>105,305</u>
TOTAL EQUITY AND LIABILITIES	<u>164,726</u>	<u>180,092</u>
Number of issued shares ('000)	360,000	360,000
Net asset per share attributable to owner of the Company (RM)	<u>0.21</u>	<u>0.21</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	<-----Attributable to owners of the Company----->					
	<-----Non-Distributable----->			Distributable		
	Share Capital	Merger Deficit	Retained Earnings	Total	Non- controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2019 (Audited)	26,244	(24,065)	39,707	41,886	-	41,886
Total comprehensive income for the financial period	-	-	16,172	16,172	(3)	16,169
Transaction with owners:						
Issue of shares	20,700	-	-	20,700	-	20,700
Newly incorporated subsidiary	-	-	-	-	400	400
Dividend paid	-	-	(3,600)	(3,600)	-	(3,600)
Shares issuance expenses	(768)	-	-	(768)	-	(768)
Balance as at 31.12.2020 (Audited)	46,176	(24,065)	52,279	74,390	397	74,787

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾ (CONT'D)

	<-----Attributable to owners of the Company----->					
	<-----Non-Distributable----->			Distributable		
	Share Capital	Merger Deficit	Retained Earnings	Total	Non- controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2020 (Audited)	46,176	(24,065)	52,279	74,390	397	74,787
Total comprehensive income for the financial period (Unaudited)	-	-	5,056	5,056	(7)	5,049
Transaction with owners:						
Newly incorporated subsidiary	-	-	-	-	262	262
Dividend paid	-	-	(3,600)	(3,600)	-	(3,600)
Balance as at 30.06.2021 (Unaudited)	46,176	(24,065)	53,735	75,846	652	76,498

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE <u>30.06.2021</u> RM'000	PRECEDING YEAR TO-DATE <u>30.06.2020⁽¹⁾</u> RM'000
OPERATING ACTIVITIES		
Profit before tax	7,122	8,701
Adjustments for:-		
Depreciation of property, plant and equipment	3,325	2,983
Amortisation of investment property	22	99
Reversal of impairment on other receivables	-	(3)
Interest expense	494	489
Interest income	(259)	(217)
Operating profit before working capital changes	<u>10,704</u>	<u>12,052</u>
Changes in working capital:-		
Receivables	(7,352)	27,749
Contract assets/liabilities	(28)	(20,974)
Payables	<u>(6,321)</u>	<u>(3,041)</u>
Cash generated from operations	(2,997)	15,786
Interest received	259	217
Interest paid	(494)	(489)
Tax paid	<u>(2,293)</u>	<u>(1,629)</u>
Net cash (used in)/from operating activities	<u>(5,525)</u>	<u>13,885</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,470)	(644)
Withdrawal/(Placement) of fixed deposits pledged	3,594	1,281
Withdrawal/(Placement) of sinking fund pledged	(320)	-
Newly incorporated subsidiary	<u>262</u>	<u>-</u>
Net cash from investing activities	<u>2,066</u>	<u>637</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)⁽¹⁾

	CURRENT YEAR	PRECEDING YEAR
	TO-DATE	TO-DATE
	30.06.2021	30.06.2020
	RM'000	RM'000
FINANCING ACTIVITIES		
Dividend paid	(3,600)	-
Repayment of lease liabilities	(3,417)	(2,217)
Drawdown of term loans	189	359
Repayment of term loans	(215)	(139)
Repayment to a Director	-	(2)
Net cash used in financing activities	(7,043)	(1,999)
CASH AND CASH EQUIVALENTS		
Net changes	(10,502)	12,523
Brought forward	48,105	15,020
Carried forward	37,603	27,543
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	27,621	12,415
Cash and bank balances	18,784	26,979
	46,405	39,394
Less: Fixed deposits pledged	(7,544)	(11,128)
Less: Sinking fund pledged	(1,258)	(723)
	37,603	27,543

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.



A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report of TCS Group Holdings Berhad (“TCS” or “Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the preparation of the interim financial report are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2020, except for the following:

MFRSs and/or IC Interpretations (Including The Consequential Amendments) which came into effect for financial periods beginning on or after 1 January 2021.

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to Reference to the Conceptual Framework in MFRS Standards
Amendments to MFRS 16: COVID-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) do not have any material impact on the unaudited consolidated financial statements of the Group upon their initial application.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial year ended 31 December 2020:

Standards issued but not yet effective:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods on or after
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Annual Improvement to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 4* Extension of temporary exemption from applying MFRS 9	1 January 2023
Amendments to MFRS 101 Disclosure of accounting policies	1 January 2023
Amendments to MFRS 108 Definition of accounting estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Significant Accounting Policies (cont'd)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

A4. Seasonal or Cyclical Factors

The Group's performance have not been materially affected by any seasonal or cyclical factors during the current quarter and financial year-to-date.

A5. Items or Incidence of an Unusual Nature

Save as disclosed in Notes A11 and B9, there were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter and financial year-to-date.

A6. Changes in Estimates

There were no material changes in estimates for the current quarter and financial year-to-date.

A7. Debt and Equity Securities

Save as disclosed in Note B6, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares during the current quarter and financial year-to-date.

A8. Dividend Paid

The second interim single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2020, amounting to RM3.60 million was paid on 8 April 2021.

A9. Segmental Reporting

The Group is principally involved in the provision of construction services for buildings, infrastructure, civil and structural works in Malaysia. The Group's segmental revenue for the current quarter and financial year-to-date is as follows:

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental Reporting (cont'd)

Financial quarter ended 30.06.2021	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	40,648	-	-	40,648
Inter-Segment revenue	3,487	3,800	(7,287)	-
	44,135	3,800	(7,287)	40,648

Segment results⁽¹⁾

Amortisation of investment property				(11)
Depreciation of property, plant and equipment				(1,699)
Interest income				120
Interest expenses				(246)
Unallocated income				57
Unallocated expenses				(36,088)
Tax expense				(738)
Segment profit				2,043

Financial year-to-date ended 30.06.2021	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	100,853	-	-	100,853
Inter-Segment revenue	4,843	3,800	(8,643)	-
	105,696	3,800	(8,643)	100,853

Segment results⁽¹⁾

Amortisation of Investment property				(22)
Depreciation of property, plant and equipment				(3,325)
Interest income				259
Interest expenses				(494)
Unallocated income				130
Unallocated expenses				(90,279)
Tax expense				(2,073)
Segment profit				5,049



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental Reporting (cont'd)

Financial quarter ended 30.06.2020	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	46,784	-	-	46,784
Inter-Segment revenue	-	-	-	-
	46,784	-	-	46,784
Segment results⁽¹⁾				
Depreciation of property, plant and equipment				(1,616)
Interest income				157
Interest expenses				(236)
Unallocated income				24
Unallocated expenses				(43,078)
Tax expense				(1,029)
Segment profit				1,006

Financial year-to-date ended 30.06.2020	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	109,478	-	-	109,478
Inter-Segment revenue	-	-	-	-
	109,478	-	-	109,478
Segment results⁽¹⁾				
Depreciation of property, plant and equipment				(2,983)
Interest income				217
Interest expenses				(489)
Unallocated income				63
Unallocated expenses				(97,585)
Tax expense				(2,629)
Segment profit				6,072

Note:

- (1) The breakdown of segment results between construction services and investment holding is not available.



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A10. Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment during the current quarter and financial year-to-date.

A11. Material Events Subsequent to the End of the Current Quarter

Save as disclosed in Note B9, there are no material event subsequent to the end of the current quarter and financial year to date that have not been reflected in this interim financial report.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

A13. Contingent Liabilities

Save as disclosed below, there were no other contingent liabilities as at the date of this interim financial report.

	Unaudited 30.06.2021 RM'000	Audited 31.12.2020 RM'000
Performance bonds guarantee for construction projects	34,053	47,473
Corporate guarantee given to financial institution for credit facilities granted to companies in which Directors have interests	-	9,821

A14. Capital Commitments

Save as disclosed below, there were no other material capital commitments incurred or known to be incurred.

	Unaudited 30.06.2021 RM'000	Audited 31.12.2020 RM'000
Authorised and contracted for:		
Purchase of properties	-	189
Purchase of construction equipment	8,590	998
	8,590	1,187

A15. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2021 RM'000	31.03.2020 RM'000	30.06.2021 RM'000	31.03.2020 RM'000
Rental expenses paid to the companies in which Directors have interests	62	71	133	141
Salary reimbursement paid to a company in which Directors have interests	-	11	-	22



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of Group Performance

a) Results for current quarter

For the current quarter under review, the Group recorded a revenue of RM40.65 million as compared to RM46.78 million in the previous year corresponding quarter. This represented a decrease of RM6.13 million or 13.10%, which was largely attributed to the following factors:

- The completion of certain projects, namely Tropicana Urban Homes project, Riana South project and Suria Pantai project.
- Lower construction progress for our on-going new projects (including Vista Sentul project, Elmina Green Three project, M Arisa project and Tropicana Miyu project) as our construction works were affected by imposition of the third Movement Control Order (“MCO 3.0”) from 6 May 2021 to 31 May 2021 and halted following the Full Movement Control Order (“FMCO”) from 1 June onwards, which has also caused a disruption in building materials supply chain.

The Group registered profit before tax (“PBT”) of RM2.78 million in current quarter under review as compared to RM2.04 million in the corresponding quarter last year. The PBT in the previous year corresponding quarter included listing expenses amounting to RM2.25 million. On an adjusted basis, the PBT for the current quarter under review is lower attributed to lower revenue recorded and rising raw material costs due to the disruption in building materials supply chain.

b) Results for financial year to-date

For the current 6 months period ended 30 June 2021, the Group reported a lower revenue of RM100.85 million as compared to RM109.48 million recorded in the previous year corresponding period. This was primarily attributed to the completion of previous projects, a lower than expected contribution from new projects, and continuous impact of the Covid-19 pandemic and imposition of MCO 3.0 and FMCO.

The Group’s PBT stood at RM7.12 million for the period under review as compared to RM8.70 million recorded in the corresponding period. The lower PBT was mainly resulted from the lower revenue and higher building materials costs due to the disruption in its supply chain.

B2. Comparison with the Immediate Preceding Year’s Quarter Result

The Group registered a revenue of RM40.65 million in the current quarter under review as compared to RM60.21 million in the immediate preceding quarter, representing a decrease of RM19.56 million or 32.49%. The decrease was largely attributed to the following factors:

- Higher progress billings in preceding quarter from the completed projects and project that was nearing completion which includes Tropicana Urban Homes project, Riana South project, Suria Pantai project and Hermington project.
- Lower construction progress for our on-going new projects (including Vista Sentul project, Elmina Green Three project, M Arisa project and Tropicana Miyu project) as our construction works were affected by imposition of the MCO 3.0 from 6 May 2021 to 31 May 2021, and halted following the FMCO from 1 June onwards, which has also caused a disruption in building materials supply chains.

The Group registered a PBT of RM2.78 million in current quarter under review as compared to RM4.34 million in the immediate preceding quarter. The lower PBT is mainly due to lower revenue recorded and rising raw material costs due to the disruption in building materials supply chain.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B3. Commentary on Prospects

The operating environment has been challenging due to the imposition of MCO, FICO and enhanced movement control order ("EMCO"). Like many players in the construction industry, TCS experienced operational disruptions as only critical construction works were allowed during the period. At the same time, rising raw material cost and interruptions to building materials supply chain further affected the industry as a whole.

Nevertheless, we perceive these as short-term headwinds and the prospects of the Group remain positive. We expect the construction progress of the on-going projects to pick up as Malaysia continues to move forward with the National Covid-19 Immunisation Programme, along with the National Recovery Plan in place. Furthermore, we look forward to commencing work on the J.Satine project in the 3rd quarter of 2021, which is the single-largest contract secured by the Group thus far with a contract sum of RM555.0 million. J.Satine project is a mixed-use development and the project is a joint venture between Platinum Victory Group and Jakel Group's property development arm.

This is the fourth project TCS secured in 2021 and our outstanding order book stands at RM 1.57 billion as at 30 June 2021, which provides the Group earnings visibility for the next three financial years. In addition, TCS remains busy working on more tenders for residential and commercial buildings, infrastructure projects, purpose-built buildings such as private hospitals and schools as well as institutional buildings such as government hospitals.

For all our on-going projects, we continue place utmost emphasis on ensuring best quality, safety and health environment, cost efficiency and timely completion. All our sites are currently running in accordance with Government's directives, fully complying with the stringent Standard Operating Procedures ("SOPs") imposed.

Overall, the long-term outlook of construction industry remains promising, underpinned by the implementation of various government measures and economic stimulus packages, the upcoming infrastructure projects as well as the gradual economic recovery following the good progress of the National Covid-19 Immunisation Programme. This, along with our improved order book and active participation in tenders, underpin our cautiously optimistic outlook on the Group. The Board of Directors expects the Group's financial performance for financial year ending 31 December 2021 to be satisfactory barring any unforeseen circumstances.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current quarter and financial year-to-date.

B5. Tax Expense

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	738	1,029	2,073	2,629
Effective tax rate (%)	26.54	50.56	29.11	30.21
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate for the current quarter and financial year-to-date ended 30 June 2021 is higher than the statutory tax rate of 24% mainly due adjustment for non-deductible expenses.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B6. Status of Corporate Proposals

TCS proposes to undertake a private placement of up to 20% of the total number of issued shares of TCS ("TCS Share(s)" or "Share(s)") (excluding treasury shares) to third party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to Sections 75 and 76 the Companies Act 2016 ("Proposed Private Placement"). The Company has completed the issue of 18,000,000 new TCS Shares, being the first tranche of the Proposed Private Placement on 3 August 2021.

Save as disclosed above, there are no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

B7. Utilisation of Proceeds Raised

a) Initial Public Offering ("IPO")

In conjunction with TCS' listing on the ACE Market of Bursa Securities, the Company had undertaken an IPO of 108,000,000 ordinary shares ("Shares") at an IPO price of RM0.23 per Share comprising public issue of 90,000,000 new Shares ("Public Issue") and offer for sale of 18,000,000 existing Shares. The Company has completed the IPO and listing exercise on 23 July 2020.

The gross proceeds of approximately RM20.70 million from the Public Issue is intended to be utilised in the following manner:

<u>Utilisation of proceeds</u>	<u>Proposed Utilisation</u> RM'000	<u>Actual Utilisation</u> RM'000	<u>Balance Unutilised</u> RM'000	<u>Estimated timeframe for utilisation from the date of listing</u>
Purchase of new construction machinery and equipment	13,000	(7,819)	5,181	Within 36 months
Working capital for construction projects	4,200	(4,200)	-	Within 24 months
Estimated listing expenses	3,500	(3,500)	-	Within 3 months
Total	20,700	(15,519)	5,181	

The utilisation of proceeds as disclosed above should be read in conjunction with the Company's prospectus in relation to the IPO ("Prospectus").

b) Private Placement

The actual utilisation of the total gross proceeds of RM 7,380,000 raised from the first tranche of the 20% Proposed Private Placement on 3 August 2021 were as below:

<u>Utilisation of proceeds</u>	<u>Proposed Utilisation</u> RM'000	<u>Actual Utilisation</u> RM'000	<u>Deviation</u> RM'000	<u>Balance Unutilised</u> RM'000	<u>Estimated timeframe for utilisation from receipt of placement funds</u>
Working capital for construction projects	7,310	-	(20)	7,290	Within 24 months
Estimated listing expenses	70	(90)	20	-	Upon receipts of placement funds
Total	7,380	(90)	-	7,290	



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B8. Borrowings

The details of the Group's borrowings are as follows: -

	Unaudited 30.06.2021 RM'000	Audited 31.12.2020 RM'000
Non-current:		
Borrowings	10,349	9,630
Lease liabilities	4,784	5,251
	<u>15,133</u>	<u>14,881</u>
Current:		
Borrowings	627	1,372
Lease liabilities	4,723	5,411
	<u>5,350</u>	<u>6,783</u>
Total	<u>20,483</u>	<u>21,664</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

Save as disclosed below, there are no other material litigation pending as at the date of this interim financial report.

Pursuant to the announcement made on 15 July 2021 and 21 July 2021, TCS Construction Sdn Bhd ("**TCS Construction**") and MPM Project Management Sdn Bhd have filed a suit against each other. TCS Construction is claiming for, amongst others, approximately RM 7.42 million for work done and the release of the 1st moiety of retention sum, and other damages and losses suffered whereas MPM Project Management is claiming for the deduction of LAD for the purported delay on the part of TCS Construction in completing the KTCC Mall project. Both suits are still at the preliminary stage and are ongoing at the High Court.

On 17 June 2021, TCS Construction commenced statutory adjudication pursuant to the Construction Industry Payment and Adjudication Act 2012 (CIPAA 2012) against MPM Project Management for, amongst others, the outstanding sum for work done of approximately RM 7.42 million. On 23 August 2021, the Director of the Asian International Arbitration Centre (AIAC) appointed an adjudicator for the said dispute.

B10. Proposed Dividend

No dividend has been declared or recommend for payment by the Company during the current interim financial quarter.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B11. Basic and Diluted Earnings Per Share

The basic/diluted earnings per share ("EPS") for the current quarter and financial year-to-date are computed as follows:

(a) Basic

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to owners of the Company (RM'000)	2,050	1,006	5,056	6,072
Weighted average number of shares ('000)	360,000	270,000	360,000	270,000
Basic EPS (sen) ⁽¹⁾	0.57	0.37	1.40	2.25

(b) Diluted

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to owners of the Company (RM'000)	2,050	1,006	5,056	6,072
Weighted average number of shares ('000)	408,749	N/A	416,747	N/A
Diluted EPS (sen) ⁽²⁾	0.50	N/A	1.21	N/A

Notes:

- (1) The basic earnings per share is computed based on profit attributable to the owners of the Company and a weighted average number of ordinary shares issued during the period under review.
- (2) The diluted earnings per share is computed based on profit attributable to the owners of the Company and a weighted average number of ordinary shares issued that have been adjusted for the dilutive effects of all potential ordinary shares.

B12. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(120)	(157)	(259)	(217)
Interest expense	246	236	494	489
Reversal of impairment on other receivables	-	-	-	(3)
Amortisation of investment property	11	11	22	99
Depreciation of property, plant and equipment	1,699	1,616	3,325	2,983

Save as disclosed above, the other disclosure items as required under paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B13. Derivative Financial Instruments

The Group has not entered into any derivatives as at the date of this interim financial report.

B14. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 30 August 2021.

By order of the Board of Directors
Tan Tong Lang (MAICSA 7045482/ SSM PC No. 201908002253)
Thien Lee Mee (LS 0009760/ SSM PC No. 201908002254)
30 August 2021
Company Secretaries