



TCS GROUP HOLDINGS BERHAD

(Registration No. 201901004613 (1313940-W))
(Incorporated in Malaysia)

**Interim Financial Report
For Third Quarter Ended
30 Sep 2024**



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	97,822	90,145	304,016	260,774
Cost of sales		<u>(94,852)</u>	<u>(96,888)</u>	<u>(293,991)</u>	<u>(269,395)</u>
Gross profit/ (loss)		2,970	(6,743)	10,025	(8,621)
Other income		420	423	603	1,073
Administrative expenses		<u>(2,051)</u>	<u>(2,702)</u>	<u>(6,336)</u>	<u>(8,853)</u>
Profit/ (loss) from operations		1,339	(9,022)	4,292	(16,401)
Finance income		94	103	251	332
Finance costs		(981)	(813)	(3,274)	(2,020)
Profit/ (loss) before tax	B12	452	(9,732)	1,269	(18,089)
Tax expense	B5	-	-	-	-
Profit/ (loss) /Total Comprehensive Income/ (Expenses) for the financial period		<u>452</u>	<u>(9,732)</u>	<u>1,269</u>	<u>(18,089)</u>
Profit/ (loss) /Total Comprehensive Income/ (Expenses) for the financial period after taxation attributable to:					
Owners of the Company		297	(9,708)	1,118	(18,065)
Non-controlling interest		<u>155</u>	<u>(24)</u>	<u>151</u>	<u>(24)</u>
		<u>452</u>	<u>(9,732)</u>	<u>1,269</u>	<u>(18,089)</u>



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
		RM'000	RM'000	RM'000	RM'000
Earnings/ (Loss) Per Share					
Basic (sen)	B11	0.05	(2.26)	0.23	(4.21)
Diluted (sen)	B11	<u>0.05</u>	<u>(2.26)</u>	<u>0.23</u>	<u>(4.21)</u>

Note:

- (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 2023 and the accompanying explanatory notes attached to this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited 30.09.2024 RM'000	Audited 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,053	31,790
Investment property	2,614	6,070
Fixed deposits with licensed banks	8,639	9,906
Cash and bank balances	191	264
Total non-current assets	<u>44,497</u>	<u>48,030</u>
Current assets		
Trade receivables	152,155	119,545
Other receivables	10,161	7,065
Tax recoverable	1,804	1,469
Contract assets	38,921	65,231
Fixed deposits with licensed banks	1,787	1,183
Cash and bank balances	28,905	3,867
Total current assets	<u>233,733</u>	<u>198,360</u>
Non-current asset classified as held for sale	1,952	-
TOTAL ASSETS	<u>280,182</u>	<u>246,390</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	75,317	66,164
Merger deficit	(24,065)	(24,065)
Warrant reserve	11,439	-
Retained earnings	16,053	14,935
Equity attributable to owners of the Company	<u>78,744</u>	<u>57,034</u>
Non-controlling interest	1,368	617
Total equity	<u>80,112</u>	<u>57,651</u>
Non-current liabilities		
Lease liabilities	10,725	8,101
Borrowings	6,291	8,168
	<u>17,016</u>	<u>16,269</u>
Current liabilities		
Trade payables	106,411	101,385
Other payables	36,230	31,827
Contract liabilities	-	860
Amount due to a director	-	2,000
Lease liabilities	4,601	7,171
Borrowings	32,499	19,660
Bank overdraft	3,313	9,567
Total current liabilities	<u>183,054</u>	<u>172,470</u>
Total liabilities	<u>200,070</u>	<u>188,739</u>
TOTAL EQUITY AND LIABILITIES	<u>280,182</u>	<u>246,390</u>
Number of issued shares ('000)	600,602	429,000
Net asset per share attributable to owner of the Company (RM)	0.13	0.13

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 2023 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		Non-	
	Share	Merger	Warrant	Retained	Total	controlling	Total
	Capital	Deficit	Reserve	Earnings	RM'000	interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2022 (Audited)	58,476	(24,065)	-	47,788	82,199	1,102	83,301
Transaction with owners:							
Issuance of shares (net of share issuance expenses)	7,688	-	-	-	7,688	-	7,688
Disposal of a subsidiary	-	-	-	-	-	(454)	(454)
	7,688	-	-	-	7,688	(454)	7,234
Total comprehensive loss for the financial period	-	-	-	(32,853)	(32,853)	(31)	(32,884)
Balance as at 31.12.2023 (Audited)	66,164	(24,065)	-	14,935	57,034	617	57,651

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 2023 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	Non-		
	Share Capital RM'000	Merger Deficit RM'000	Warrant Reserve RM'000	Retained Earnings RM'000	Total RM'000	controlling interest RM'000	Equity RM'000
Balance as at 31.12.2023 (Audited)	66,164	(24,065)	-	14,935	57,034	617	57,651
Transaction with owners:							
Issuance of shares from rights issues with warrants	9,153	-	11,439	-	20,592	-	20,592
Issuance of shares by subsidiary	-	-	-	-	-	600	600
Total comprehensive income/ (loss) for the financial period (Unaudited)	-	-	-	1,118	1,118	151	1,269
Balance as at 30.09.2024 (Unaudited)	75,317	(24,065)	11,439	16,053	78,744	1,368	80,112

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 2023 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE 30.09.2024 RM'000	PRECEDING YEAR TO-DATE 30.09.2023⁽¹⁾ RM'000
OPERATING ACTIVITIES		
Profit/ (loss) before tax	1,269	(18,089)
Adjustments for:-		
Amortisation of investment property	101	133
Depreciation of property, plant and equipment	5,669	3,754
Gain on disposal of property, plant and equipment	(377)	(181)
Gain on disposal of Subsidiary	-	(17)
Interest expense	3,274	2,020
Interest income	(251)	(332)
Impairment loss reversal on financial assets	(100)	-
Operating profit/ (loss) before working capital changes	<u>9,585</u>	<u>(12,712)</u>
Changes in working capital:-		
Receivables	(35,606)	(1,812)
Contract assets/liabilities	25,451	(33,987)
Payables	9,430	38,116
Cash generated from/ (used in) operations	<u>8,860</u>	<u>(10,395)</u>
Interest received	251	26
Interest paid	(3,274)	(448)
Tax paid	(335)	(623)
Net cash generated from/ (used in) operating activities	<u>5,502</u>	<u>(11,440)</u>
INVESTING ACTIVITIES		
Interest received	-	27
Withdrawal of sinking fund pledged	264	-
Purchase of property, plant and equipment	(6,935)	(7,474)
Proceeds from disposal of property, plant and equipment	1,783	1,860
Amount used in disposal of subsidiary	-	(446)
Withdrawal of fixed deposits pledged	1,266	711
Net cash used in investing activities	<u>(3,622)</u>	<u>(5,322)</u>



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

	CURRENT YEAR TO-DATE 30.09.2024 RM'000	PRECEDING YEAR TO-DATE 30.09.2023⁽¹⁾ RM'000
FINANCING ACTIVITIES		
Drawdown of borrowings	12,744	76,243
Interest paid	-	(1,572)
Interest received	-	279
Placement of sinking fund pledge	(191)	(1,172)
Proceeds from issuance of share capital, net of share issuance expenses	21,192	7,688
Drawdown/ (repayment) of lease liabilities	54	(4,720)
Repayment Of Borrowings	(1,781)	(65,295)
Repayment of amount due to a director	(2,000)	-
Net cash from financing activities	30,018	11,451
CASH AND CASH EQUIVALENTS		
Net changes	31,898	(5,311)
Brought forward	(4,518)	5,078
Carried forward	27,380	(233)
CASH AND CASH EQUIVALENTS		
Bank overdraft	(3,312)	(10,229)
Cash and bank balances	29,096	10,386
Fixed deposits with licensed banks	10,426	9,289
	36,210	9,446
Less: Fixed deposits pledged	(8,639)	(5,949)
Less: Sinking fund pledged	(191)	(3,730)
Carried forward	27,380	(233)

Note:

- (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 2023 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 issued by Malaysia Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023.

A2. Significant Accounting Policies

At the beginning of the current financial year, the Group adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2024.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements except for:-

Amendments to MFRS 101 - Presentation of financial statements: Disclosure of accounting policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant’ with material’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board has also developed guidance and examples the explain and demonstrate the application of the ‘four step materiality process’ described in MFRS Practice Statement 2.

The amendments have had an impact on the Group’s disclosures of accounting policies but not on the measurement, recognition on presentation of any items in the Group’s financial statements.

A.2.1 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to MFRSs effective for financial period beginning on or after 1 January 2024:-

Amendments to MFRS 16	Leases: Lease liability in a sale and leaseback
Amendments to MFRS 101	Presentation of financial statements: Non-current liabilities with covenants
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to MFRS 7* and MFRS 107*	Financial instruments – disclosures and statement of cash flows: Supplier finance arrangements



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

A2. Significant Accounting Policies (Cont'd)

A.2.1 Standards issued but not yet effective (cont'd)

Amendments to MFRSs effective for financial period beginning on or after 1 January 2025:-

Amendments to MFRS 121	The effect of changes in foreign exchange rates: Lack of exchangeability
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Amendments to MFRS – effective date deferred indefinitely

Amendments to MFRS 10 and MFRS 128*	Consolidated financial statements and investments in associate and joint ventures - Sale or Contribution of assets between an investor and its associate or joint venture
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* Not applicable to the Group's operations

The initial application of the above standards, amendments and interpretations are not expected to have any financial impact to the financial statements of the Group.

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 2023.

A4. Seasonal or Cyclical Factors

The Group's performance has 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

No dividends were paid by the company in the current quarter and financial year-to-date.

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 30.09.2024	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	97,822	-	-	97,822
Inter-Segment revenue	3,774	-	(3,774)	-
	<u>101,596</u>	<u>-</u>	<u>(3,774)</u>	<u>97,822</u>
Segment results⁽¹⁾				
Amortisation of investment property				(34)
Depreciation of property, plant and equipment				(2,027)
Interest income				94
Interest expenses				(981)
Unallocated income				420
Unallocated expenses				(94,842)
Tax expense				-
Segment profit				<u>452</u>

Financial quarter ended 30.09.2023	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	90,145	-	-	90,145
Inter-Segment revenue	842	-	(842)	-
	<u>90,987</u>	<u>-</u>	<u>(842)</u>	<u>90,145</u>
Segment results⁽¹⁾				
Amortisation of investment property				(44)
Depreciation of property, plant and equipment				(1,414)
Interest income				103
Interest expenses				(813)
Unallocated income				423
Unallocated expenses				(98,132)
Tax expense				-
Segment loss				<u>(9,732)</u>

Note:

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



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

A9. Segmental Reporting (cont'd)

Financial year-to-date ended 30.09.2024	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	304,016	-	-	304,016
Inter-Segment revenue	15,076	-	(15,076)	-
	<u>319,092</u>	<u>-</u>	<u>(15,076)</u>	<u>304,016</u>
Segment results⁽¹⁾				
Amortisation of investment property				(101)
Depreciation of property, plant and equipment				(5,669)
Interest income				251
Interest expenses				(3,274)
Unallocated income				603
Unallocated expenses				(294,557)
Tax expense				-
Segment profit				<u>1,269</u>

Financial year-to-date ended 30.09.2023	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	260,774	-	-	260,774
Inter-Segment revenue	900	-	(900)	-
	<u>261,674</u>	<u>-</u>	<u>(900)</u>	<u>260,774</u>
Segment results⁽¹⁾				
Amortisation of investment property				(133)
Depreciation of property, plant and equipment				(3,754)
Interest income				332
Interest expenses				(2,020)
Unallocated income				1,073
Unallocated expenses				(274,361)
Tax expense				-
Segment loss				<u>(18,089)</u>

Note:

(1) The breakdown of segment results between construction services 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

On 12 September 2024, MOG Construction Sdn Bhd (201601032616 [1203557-A]) has subscribed to 600,000 newly allotted shares of RM 1 each for a total consideration of RM 600,000 in TCS Infra Sdn Bhd (201701013895 [1228060-H]), a subsidiary of the Group's wholly owned subsidiary, TCS Construction Sdn Bhd (199801010644 [466772-H]). The Group's effective interest in TCS Infra Sdn Bhd has been reduced to 62.5% after the above allotment of shares.

On 13 September 2024, Dato' Frankie Ng Kwang Hua was also appointed as a director of TCS Infra Sdn Bhd (201701013895 [1228060-H]).

Save for the above, there are no other changes in the composition of the Group during the current quarter and financial year-to-date.

A13. Financial guarantees

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

	Unaudited	Audited
	30.09.2024	31.12.2023
	RM'000	RM'000
Performance bonds for construction projects	59,862	61,963

A14. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the companies in which Directors have interests	59	59	176	176



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's revenue improved 8.5% year-on-year ("YoY") from RM90.15 million a year ago. The YoY increase was due to higher progress billings from our on-going projects, namely J.Satine, M Arisa and Helix2 on the back of more advanced stage of construction.

At the bottom-line, the Group delivered a profit after tax ("PAT") of RM0.45 million versus a net loss of RM9.73 million last year, primarily driven by the abovementioned factors.

b) Results for financial year to-date

On a cumulative basis, the Group posted a revenue of RM304.0 million for the period ended 30 September 2024, an increase of 16.6% YoY as compared to RM260.8 million a year ago.

In tandem with this, PAT improved to RM1.27 million for the period under review versus a net loss of RM18.0 million in the previous year corresponding period. The top-line and bottom-line improvements were due to the above-mentioned factors.

B2. Comparison with the Immediate Preceding Quarter Result

For the quarter-on-quarter ("QoQ") comparison, revenue for the current quarter was at RM97.82 million versus RM91.78 million in the immediate preceding quarter, driven by higher progress of construction. However, PAT came in at RM0.45 million for the current quarter under review as compared to RM0.51 million in the immediate preceding quarter. This was partly due to the commencement of new projects that are still in relatively early stages where the profit margin would usually pick up as construction works progress further.

B3. Commentary on Prospects

Moving forward, we are seeing positive market conditions with stable material costs and a rise in both public and private sector projects. This favorable environment points to sustained growth in the construction industry, and TCS is well-positioned to take advantage of these opportunities.

On 19 November 2024, TCS clinched a RM611.3 million contract from Jabatan Kerja Raya Sabah for the construction of new highway and road upgrading works for Pan Borneo Sabah Highway Phase 1B along an 18.2 kilometre stretch between Telupid and Kampung Lumou Baru to a dual carriageway highway including 4 new bridges.

Prior to that, TCS secured two projects in recent months. In early November 2024, we secured a RM86.38 million contract from Sime Darby Property Berhad for the proposed construction and completion of 60 units of 2-storey semi-detached factories in Elmina Business Park, Selangor. Separately, TCS bagged a RM116.58 million contract from I&P Kota Bayuemas Sdn. Bhd., a subsidiary of S P Setia Berhad, for the proposed building and related infrastructure works for 561 units of affordable housing for the Setia Bayuemas project in September 2024. These projects boosted our outstanding order book, giving us healthy earnings visibility.

On the other hand, TCS would like to recap on the recent incident involving cracks in the building at J.Satine Project where our scope of work is limited to building and civil works only. We are deeply concerned about the incident and we are working closely with the developer and consultants to determine the root cause. We want to reiterate that health and safety have always been paramount in our projects. Initial findings suggest that the building cracks are not caused by TCS.

At the same time, we are mindful of the demanding business operating landscape and macroeconomic uncertainties. Nevertheless, we are upbeat on our prospects underpinned by our healthy order book.



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

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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Current year	-	-	-	-
Effective tax rate (%)	-	-	-	-
Statutory tax rate (%)	-	-	-	-

The effective tax rate for the current quarter and financial year-to-date ended 30 September 2024 is not applicable due to unutilised tax losses brought forward.

B6. Status of Corporate Proposals

There are no other corporate proposals announced by the Company that are not completed as at the date of this report, other than disclosed below:

Rights Issue with Warrants

On 26 December 2023, the Company announced to undertake the following:

- (i) a renounceable rights issue of up to 243,600,000 new ordinary shares in TCS ("TCS Shares" or "Shares") ("Rights Shares") at an issue price of RM0.12 per Rights Share on the basis of two Rights Shares for every five existing TCS Shares held by the ordinary shareholders of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, together with up to 146,160,000 free detachable warrants in the Company ("Warrants B") on the basis of three Warrants B for every five Rights Shares subscribed for ("Proposed Rights Issue with Warrants"); and
- (ii) an exemption under Rule 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia to Dato' Ir. Tee Chai Seng and persons acting in concert with him, from the obligation to undertake a mandatory offer for the remaining TCS Shares and Warrants B not already owned by them under the Proposed Rights Issue with Warrants ("Proposed Exemption")

Both proposals were accepted by our shareholders on the EGM held on 1st April 2024.

The abovementioned rights issue with warrants exercise was completed on 26 June 2024 following the listing and quotation of 171,600,476 Rights Shares and 102,960,285 Warrants B on the ACE Market of Bursa Securities on even date.

The gross proceeds raised by TCS from the Rights Issue with Warrants was RM20.6 million.



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

B7. Utilisation of Proceeds Raised

Rights Issue with Warrants

The status of the utilisation arising from the total gross proceeds of RM20.6 million raised from the rights issue with warrants, were as below:

Utilisation of proceeds	Proposed Utilisation	Actual Utilisation	Deviation	Balance Unutilised	Estimated timeframe for utilisation from receipt of placement funds
	RM'000	RM'000	RM'000	RM'000	
Working capital for construction projects	19,255	(14,348)	(67)	4,840	Within 24 months
Estimated listing expenses	1,337	(1,404)	67	-	Immediately
Total	20,592	(15,752)	-	4,840	

B8. Borrowings

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

	Unaudited 30.09.2024 RM'000	Audited 31.12.2023 RM'000
Non-current:		
Borrowings	6,291	8,168
Lease liabilities	10,725	8,101
	17,016	16,269
Current:		
Borrowings	32,499	19,660
Lease liabilities	4,601	7,171
Bank overdraft	3,313	9,567
	40,413	36,398
Total	57,429	52,667

All the borrowings are secured and denominated in Ringgit Malaysia.



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

B8. Material Litigation

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

Adjudication Proceeding

On 29 March 2021, TCS Construction Sdn Bhd ("TCSCSB") commenced statutory adjudication pursuant to the Construction Industry Payment and Adjudication Act 2012 ("CIPAA 2012") against MPM Project Management Sdn Bhd ("MPM") for, amongst others, the outstanding sum for work done of approximately RM 7.42 million. Due to the restrictions imposed by the MCO lock down, the adjudication notice was re-served on 17 June 2021. On 29 July 2021, TCSCSB had further filed a request to the Director of the Asian International Arbitration Centre ("AIAC") to appoint an adjudicator who would decide on the disputes between the Parties. The adjudicator has been appointed on 23 August 2021.

On 28 August 2021, TCSCSB received a notice from the solicitors of Eakonmech Sdn Bhd ("Eakonmech"), another sub-contractor in KTCC Mall Project, that Eakonmech has filed a Judicial Management application against MPM. As a result, no legal proceedings against MPM ought to continue pending the hearing of the Judicial Management application.

As legal proceedings would also include the adjudication proceedings, the adjudication was put in abeyance pending the disposal of the Judicial Management proceeding. On 17 January 2022, the said Judicial Management application by Eakonmech was dismissed by the High Court.

Subsequently, TCSCSB filed a request to the Director of the AIAC to appoint an adjudicator on 24 January 2022 and an adjudicator was appointed on 31 January 2022. TCSCSB filed its Adjudication Claim on 25 February 2022. However, as MPM has been wound up on 28 February 2022, TCSCSB had to apply for leave to proceed with the adjudication proceedings against MPM, which was subsequently granted on 24 May 2022 by the Court

Pursuant to the Adjudicator's directions dated 20 June 2022, MPM was required to file its Adjudication Response by 7 July 2022. As no Adjudication Response was filed by 7 July 2022, the Adjudicator has notified the parties that the Adjudication Decision will be delivered within 45 working days from 7 July 2022.

On 15 September 2022, the Adjudicator, Ms Karen Ng Gek Suan has released the Adjudication Decision relating to Adjudication Proceeding bearing registration no. AIAC/D/ADJ-3778-2021 dated 13 September 2022 pursuant to Construction Industry Payment & Adjudication Act 2012 in favour of TCSCSB ("Adjudication Decision").

In the Adjudication Decision, MPM has been ordered to pay to TCSCSB in the sum of RM 6,141,557.77 ("Adjudicated Sum"), interests at the rate of 5% per annum on the Adjudicated Sum from 4 July 2020 until the date of full payment, (approximately RM 675,571.35 as at 15 September 2022) and all costs incurred in relation to the adjudication proceedings in the sum of RM 106,289.00.

MPM has been ordered to pay TCSCSB on the above sum within 14 days from the date of the Adjudication Decision dated 13.9.2022.

As MPM had been wound up on 28.2.2022, TCSCSB had on 13.10.2022 applied for leave of court to commence an action to enforce the adjudication decision against MPM, which was subsequently granted on 16.11.2022 by the Court.

TCSCSB's application to enforce the Adjudication Decision against MPM pursuant to Section 28 CIPAA 2012 as if it is a judgment or order of the High Court was allowed on 3 February 2023.



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

B9. Material Litigation (cont'd)

Adjudication Proceeding (Cont'd)

On 21 September 2022, TCSCSB served a notice for direct payment to KTCC Mall Sdn Bhd ("KTCCMSB") to pay the Adjudicated Sum with interest and related adjudication cost on behalf of MPM. The notice for direct payment was issued based on a letter of undertaking dated 19 September 2018 issued by KTCCMSB to TCSCSB that KTCCMSB undertake to settle all outstanding payment on behalf of MPM in the event that MPM defaults in settling the outstanding amount due to TCSCSB within 14 days from the date of receiving the payment request from TCSCSB. Alternatively, the notice for direct payment was also made in accordance with Section 30 of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA 2012").

On 21 October 2022, KTCCMSB has filed an originating summons in Kuala Terengganu High Court ("Terengganu Suit") against TCSCSB applying for the following orders: -

- 1) A declaration that KTCCMSB has no obligations to make payment to TCSCSB on behalf of MPM pursuant to Section 30 CIPAA 2012 and / or the Letter of Undertaking dated 19 September 2018;
- 2) A declaration that TCSCSB's notice to KTCCMSB dated 21 September 2022 issued pursuant to Section 30 of the CIPAA 2012 is defective;
- 3) Costs to be borne by TCSCSB; and
- 4) Any further or other relief the Honourable Court deems fit and / or necessary.

On 28 October 2022, TCSCSB filed an Originating Summons against KTCCMSB pursuant to Section 30 CIPAA 2012 for direct payment of the Adjudicated Sum pursuant to the Adjudication Decision ("Section 30 OS").

On 1 November 2022, TCSCSB filed a Notice of Application in the Terengganu Suit to transfer the proceedings to Shah Alam High Court, which was allowed by the High Court on the 11 January 2023.

On 16 November 2022, KTCCMSB filed a Notice of Application to transfer the Section 30 OS to Kuala Terengganu High Court. The application was subsequently withdrawn by KTCCMSB on 7 February 2023, with no order as to costs.

Pursuant to the High Court Order dated 12 January 2024 for Section 30 OS ("Section 30 Order"), the High Court has decided that:

- 1) KTCCMSB shall directly pay TCSCSB according to the Adjudication Decision dated 13 September 2022, namely:-
 - (a) Adjudicated amount of RM6,141,557.77;
 - (b) Costs of the adjudication proceedings and the Claimant's costs totalling RM 106,289.00; and
 - (c) Interests at the rate of 5% per annum on the adjudicated amount of RM6,141,557.77 from the date due of payment of the Claimant's Progress Claim No.17 (revision), ie. on 4.7.2020 until the date of full payment.
- 2) KTCCMSB shall pay TCSCSB RM10,000.00 for costs, subject to allocator fee.

Pursuant to the High Court Order dated 12 January 2024 for Terengganu Suit, the High Court has dismissed Terengganu Suit, and ordered for KTCCMSB to pay TCSCSB RM10,000.00 for costs, subject to allocator fee.



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

B9. Material Litigation (cont'd)

Adjudication Proceeding (Cont'd)

On 22.1.2024, KTCCMSB filed a Notice of Appeal against both High Court Orders dated 12.1.2024. The hearing is fixed for 14.3.2025.

On 22.8.2024, the Court of Appeal had allowed KTCCMSB's application for the execution of the Section 30 Order to be stayed pending disposal of KTCCMSB's appeal against the Section 30 Order at the Court of Appeal.

Legal Proceeding

Pursuant to the announcement made on 15 July 2021 and 21 July 2021, TCSCSB and MPM have filed a suit against each other. TCSCSB is claiming for the outstanding sums for the works performed, together with 1st moiety of retention monies amounting to RM7.42 million, and other damages and losses suffered as a result of, amongst others, MPM and KTCCMSB's breaches ("TCS's Suit"). MPM is withholding payments for these works done on the alleged ground that TCSCSB has not fully completed its works. This is contrary to the evidence that the Certificate of Completion and Compliance has already been issued for KTCC Mall on 23 January 2020 and KTCC Mall was opened for business on 24 January 2020.

After TCSCSB had commenced the CIPAA proceeding in March 2021 for the long outstanding payment for work done, MPM commenced a court proceeding against TCSCSB to claim for Liquidated Damages ("LD") of RM57.5 million for the purported delay on the part of TCSCSB in completing the KTCC Mall project ("MPM's Suit"). MPM claimed for LD despite the fact that the Certificate of Completion and Compliance has already been issued for KTCC Mall on 23 January 2020 and the KTCC Mall has already been opened for business since 24 January 2020.

As MPM has been wound up on 28 February 2022, TCSCSB has also filed the Proof of Debt for the outstanding payment of RM 10.01 million (inclusive of the 2nd half of retention monies which was due after the expiring of Defects Liability Period on 22 April 2022) with the Selangor Department of Insolvency in Shah Alam on 29 April 2022.

On 24 May 2022, TCSCSB has obtained the leave of court to continue with its suit against MPM and other defendants.

By way of Court Order dated 8 June 2022, Datuk Mohd Afrizan bin Dato Husain ("Liquidator") of Parker Randall Insol PLT has been appointed to replace the Official Receiver as the Liquidator of MPM.

With regards to the MPM's Suit, the Liquidator has on 25 July 2022 withdrawn the claim and all other related applications in the said Suit, with no order as to cost but with liberty to file afresh. TCSCSB has also likewise withdrawn its counterclaim and the related application with no order as to cost but with liberty to file afresh.

On 13 October 2022, in TCS's Suit, TCSCSB has filed an application for leave to enter judgment in default against MPM.

On 24 October 2024, the Court has allowed the 7th Defendant's application to stay the proceedings for TCS's Suit pending disposal of the 7th Defendant's application / appeal at the High Court Suit No.: BA-28PW-236-09/2023, and the Court of Appeal Civil Appeal No.: No. B-02(A)-275-02/2023, or for a period 6 months, whichever is earlier, with costs of RM5,000.00 to be paid by the 7th Defendant to the Plaintiffs.

Trial has been fixed for 18 July 2025, 4-5 August 2025, and 11 September 2025



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

B10. Proposed Dividend

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

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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit attributable to owners of the Company (RM'000)	297	(9,708)	1,118	(18,065)
Weighted average number of shares ('000)	600,602	429,000	489,124	429,000
Basic EPS (sen) ⁽¹⁾	0.05	(2.26)	0.23	(4.21)

(b) Diluted

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit attributable to owners of the Company (RM'000)	297	(9,708)	1,118	(18,065)
Weighted average number of shares ('000)	600,602	429,000	489,124	429,000
Diluted EPS (sen) ⁽²⁾	0.05	(2.26)	0.23	(4.21)

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.



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

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Interest income	(94)	(103)	(251)	(332)
Interest expenses	981	813	3,274	2,020
Amortisation of investment property	34	44	101	133
Depreciation of property, plant and equipment	2,027	1,414	5,669	3,754

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

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 28 Nov 2024.

By order of the Board of Directors
Tan Tong Lang (MAICSA 7045482/ SSM PC No. 202208000250)
Ang Wee Min (MAICSA 7076022/ SSM PC No. 202208000334)
28 Nov 2024
Company Secretaries