

DS Sigma Holdings Berhad
Registration No. 202101030362 (1430662-K)

Interim Financial Report
31 March 2024

23 May 2024

DS Sigma Holdings Berhad
Registration No. 202101030362 (1430662-K)

Unaudited Condensed Consolidated Statements of Financial Position
As at 31 March 2024

	Note	Unaudited As at 31.03.2024 RM'000	Audited As at 30.06.2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		32,684	29,173
Total non-current assets		32,684	29,173
Current assets			
Inventories		1,596	1,737
Trade receivables		16,682	11,762
Other receivables		1,848	1,442
Tax recoverable		-	196
Short term investments		14,429	9,122
Fixed deposits with licensed banks		36,250	5,000
Cash and bank balances		24,753	66,326
Total current assets		95,558	95,585
TOTAL ASSETS		128,242	124,758
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		77,550	77,550
Merger deficit		(26,462)	(26,462)
Retained earnings		60,310	55,754
Total equity		111,398	106,842
Non-current liabilities			
Lease liabilities		1,654	2,476
Borrowings	B8	1,454	4,533
Deferred tax liabilities		1,787	1,787
Total non-current liabilities		4,895	8,796
Current liabilities			
Trade payables		7,344	5,276
Other payables		1,932	1,758
Lease liabilities		1,099	1,112
Borrowings	B8	418	285
Tax payables		1,156	689
Total current liabilities		11,949	9,120
Total liabilities		16,844	17,916
TOTAL EQUITY AND LIABILITIES		128,242	124,758
Net assets per share[^] (RM)		0.23	0.22

The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Company's Annual Report 2023 and the accompanying explanatory notes attached to this interim financial report.

[^] Net assets per share is calculated based on the net assets divided by 480,000,000 ordinary shares in DS Sigma ("Share(s)").

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For The Third Quarter Ended 31 March 2024

	Note	Individual Quarter		Cumulative Quarter	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	22,488	19,022	64,744	63,356
Cost of sales		(16,030)	(14,145)	(45,349)	(43,585)
Gross profit		<u>6,458</u>	<u>4,877</u>	<u>19,395</u>	<u>19,771</u>
Finance income		509	261	1,412	446
Other income		20	4	64	33
Selling and distribution expenses		(164)	(179)	(419)	(427)
Administrative expenses		(3,556)	(6,271)	(9,974)	(12,251)
Finance costs		(35)	(103)	(115)	(304)
Profit/(Loss) before tax	B13	<u>3,232</u>	<u>(1,411)</u>	<u>10,363</u>	<u>7,268</u>
Tax expense	B5	(526)	(919)	(2,207)	(2,910)
Total comprehensive income/(loss)					
attributable to owners of the Company		<u><u>2,706</u></u>	<u><u>(2,330)</u></u>	<u><u>8,156</u></u>	<u><u>4,358</u></u>
Earnings/(Loss) per share attributable to owners of the Company:					
- Basic earnings/(loss) per share (sen)*	B14	0.56	(0.70)	1.70	1.30
- Diluted earnings/(loss) per share (sen)^	B14	<u>0.56</u>	<u>(0.70)</u>	<u>1.70</u>	<u>1.30</u>

The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Company's Annual Report 2023 and the accompanying explanatory notes attached to this interim financial report.

* Basic earnings/(loss) per share ("EPS"/"LPS") is calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares of 480,000,000 Shares as at 31 March 2024.

^ The diluted EPS/LPS of the Company is equivalent to the basic EPS/LPS as the Company does not have any dilutive instruments as at the end of the financial period.

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DS Sigma Holdings Berhad
Registration No. 202101030362 (1430662-K)

Unaudited Condensed Consolidated Statements of Changes in Equity
For The Third Quarter Ended 31 March 2024

	←——— Attributable to owners of the parent ———→			Total attributable to the owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Merger deficit RM'000	Retained earnings RM'000			
Balance at 1 July 2023	77,550	(26,462)	55,754	106,842	-	106,842
Transaction with owners of the Company						
- Dividend	-	-	(3,600)	(3,600)	-	(3,600)
Total comprehensive income for the financial period	-	-	8,156	8,156	-	8,156
Balance at 31 March 2024	77,550	(26,462)	60,310	111,398	-	111,398
Balance at 1 July 2022	2,700	-	44,776	47,476	2,814	50,290
Transaction with owners of the Company						
- Shares issued pursuant to acquisition of subsidiaries	26,462	(26,462)	2,814	2,814	(2,814)	-
- Shares issued pursuant to Initial Public Offering	50,149	-	-	50,149	-	50,149
- Share issuance expenses	(1,761)	-	-	(1,761)	-	(1,761)
	74,850	(26,462)	2,814	51,202	(2,814)	48,388
Total comprehensive income for the financial period	-	-	4,358	4,358	-	4,358
Balance at 31 March 2023	77,550	(26,462)	51,948	103,036	-	103,036

The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Company's Annual Report 2023 and the accompanying explanatory notes attached to this interim financial report.

DS Sigma Holdings Berhad
Registration No. 202101030362 (1430662-K)

Unaudited Condensed Consolidated Statement of Cash Flows
For The Third Quarter Ended 31 March 2024

	Cumulative Quarter	
	31.03.2024	31.03.2023
	RM'000	RM'000
Operating Activities		
Profit before tax	10,363	7,268
Adjustment for:		
Depreciation of property, plant and equipment	2,464	2,106
Gain on disposal of property, plant and equipment	-	(17)
Distribution income from short term investment	(70)	-
Finance income	(1,342)	(446)
Finance cost	115	304
Operating profit before working capital changes	11,530	9,215
Changes in working capital:		
Inventories	141	958
Receivables	(5,326)	7,847
Payables	2,242	(3,808)
Cash generated from operations	8,587	14,212
Interest received	1,342	446
Interest paid	(115)	(304)
Net tax paid	(1,544)	(4,667)
Net cash generated from operating activities	8,270	9,687
Investing Activities		
Purchase of property, plant and equipment	(5,975)	(5,914)
Distribution received from short term investment	70	-
Proceeds from disposal of property, plant and equipment	-	32
Placement of fixed deposits with maturity of more than 3 months	(12,000)	-
Net cash used in investing activities	(17,905)	(5,882)
Financing Activities		
Payments of lease liabilities	(835)	(1,148)
Repayments of borrowings	(2,946)	(3,917)
Dividend paid	(3,600)	-
Proceeds from issuance of new shares	-	50,149
Shares issuance expenses	-	(1,761)
Net cash (used in)/generated from financing activities	(7,381)	43,323
Cash and Cash Equivalents		
Net changes	(17,016)	47,128
At the beginning of financial period	75,448	31,021
At the end of financial period	58,432	78,149
Cash and cash equivalents comprises of the following:		
Cash and bank balances	24,753	69,149
Deposits placed with licensed banks	36,250	-
Short term investments	14,429	9,000
	75,432	78,149
Less: Placement of fixed deposits with maturity of more than 3 months	(17,000)	-
	58,432	78,149

The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Company's Annual Report 2023 and the accompanying explanatory notes attached to this interim financial report.

Notes to The Interim Financial Report For Third Quarter Ended 31 March 2024

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standards 134, Interim Financial Reporting

A1. Basis of preparation

The interim financial statements of DS Sigma and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards (“**MASB**”) and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Annual Report 2023 and the accompanying notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Annual Report 2023. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Annual Report 2023 except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

Adoption of new and amended standards

During the financial period, the Group has adopted the following amendments for MFRSs issued by MASB that are mandatory for current financial period.

*MFRS 17 and amendments to MFRS 17 – Insurance contracts

*Amendments to MFRS 17 – Initial application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101 – Presentation of Financial Statements – Disclosure of Accounting Policies

Amendments to MFRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Amendments to MFRS 112 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

*Amendments to MFRS 112 – Income Taxes – International Tax Reform: Pillar Two model Rules

Adoption of the above standards and interpretations did not have any material impact to the financial statements of the Group.

Standards issued but not yet effective

At the date of authorisation for issue of this interim financial report, the new and revised standards and amendments, which were in issue but not yet effective and have not been early adopted by the Group are as follow:

Standards	Effective dates for financial period beginning on and after
*Amendments to MFRS 16	1 January 2024
Amendments to MFRS 101	1 January 2024
MFRS 10 and 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Directors anticipate that the abovementioned standards and amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these standards and amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

** Not applicable to the Group's operations*

Notes to The Interim Financial Report For Third Quarter Ended 31 March 2024

A3. Auditors' report of preceding annual audited financial statements

The audited financial statements of the Group for the financial year ended 30 June 2023 was not subject to any qualification.

A4. Seasonal or cyclical factors

The Group's operations are not significantly affected by seasonal or cyclical effects, albeit experiencing higher sales between July and October as our customers increase orders in conjunction with year-end and festive season sales. Generally, the Group's sales at the end of the year in the month of November and December would decrease.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no extraordinary and exceptional items of unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

A6. Changes in estimates

There were no material changes in the estimates that have a material effect to the Group during the current quarter and financial period under review.

A7. Debts and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

A8. Dividend

The Company did not pay any dividend for the financial period ended 31 March 2024.

A9. Segmental information

The segmental information based on the business segments and geographical location are as follows:

(a) Analysis of revenue by business segments

	Individual Quarter ended		Cumulative Quarter ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Manufacture of corrugated paper packaging products	17,861	15,267	51,621	51,175
Supply of protective packaging products	4,627	3,755	13,123	12,181
Total revenue	22,488	19,022	64,744	63,356

(b) Analysis of revenue by geographical location

The Group's business is operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current quarter and financial period under review.

A11. Material events subsequent to the end of the financial period

There were no significant events subsequent to the end of the current quarter and financial period under review.

Notes to The Interim Financial Report For Third Quarter Ended 31 March 2024

A12. Changes in the composition of the Group

There were no changes to the composition of the Group during the current quarter and financial period under review.

A13. Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets in the Group since the end of the last reporting period as at 31 March 2024.

A14. Capital commitments

	As at 31.03.2024 RM'000
Authorised and contracted for	10,977
Save as disclosed above, there were no other material capital commitments of the Group as at 31 March 2024.	

A15. Related party transactions

Save as disclosed below, there were no other significant related party transactions during the current quarter and financial period under review:-

	Individual Quarter ended		Cumulative Quarter ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Related companies				
Rental of premises	18	18	54	54
Provision of transport services	34	21	120	146
Purchase of goods	-	-	-	47
Related parties				
Rental of premises	123	123	369	369

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Notes to The Interim Financial Report For Third Quarter Ended 31 March 2024

B. Additional Information Required by The ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance – Comparison with previous year’s corresponding quarter and financial period

	Individual Quarter ended		Cumulative Quarter ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	22,488	19,022	64,744	63,356
Gross profit	6,458	4,877	19,395	19,771
Profit/(Loss) before tax	3,232	(1,411)	10,363	7,268
Profit/(Loss) after tax	2,706	(2,330)	8,156	4,358

The Group recorded revenue of RM22.49 million for the current quarter and RM64.74 million for the financial period ended 31 March 2024 which represented an increase of RM3.47 million or 18.22% as compared to the recorded revenue of RM19.02 million for the preceding year corresponding quarter and an increase of RM1.39 million or 2.19% as compared to the financial period ended 31 March 2023.

The Group’s revenue was principally derived from the manufacturing segment which contributed RM17.86 million or 79.42% of the total revenue for the current quarter and RM51.62 million or 79.73% for the financial period ended 31 March 2024. The Group’s revenue was mainly driven by the sales of corrugated cartons and paper pallets in the electrical and electronic product sector.

The Group recorded a profit before tax of RM3.23 million for the current quarter and RM10.36 million for the financial period ended 31 March 2024, representing an increase of RM4.64 million or 329.06% compared to the preceding year's corresponding quarter, and an increase of RM3.10 million or 42.58% compared to the financial period ended 31 March 2023. The increase in profit before tax is due to the one-off non-recurring listing expenses amounting to RM3.03 million incurred during the preceding year of which no such expenses were incurred for the current financial period.

B2. Review of performance – Comparison with immediate preceding quarter’s results

	Individual Quarter ended		Changes	
	31.03.2024	31.12.2023	RM'000	%
	RM'000	RM'000		
Revenue	22,488	20,216	2,272	11.24
Profit before tax	3,232	2,410	822	34.11

The Group’s revenue for the current quarter has increased by RM2.27 million or 11.24% to RM22.49 million as compared to the immediate preceding quarter mainly due to the higher demand of packaging products in the electrical and electronic product sector.

The Group recorded a profit before tax of RM3.23 million in the current quarter, representing an increase of RM0.82 million or 34.11% as compared to profit before tax of RM2.41 million in the immediate preceding quarter ended 31 December 2023, mainly due to higher sales and gross profit margins.

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Notes to The Interim Financial Report For Third Quarter Ended 31 March 2024

B3. Prospects of the Group

The Group plans to expand its operational facilities and in conjunction with the expansion plan, the Group has entered into a sale and purchase agreement to acquire a parcel of vacant industrial land measuring approximately 4 acres located at UMW High Value Manufacturing Park in Serendah, which will be used to establish a new factory to cater to the demand of new customers from the electrical and electronic ("E&E") and solar photovoltaic industry in the nearby vicinity. In addition, the Company successfully secured new customers in the northern region and is currently delivering its products from existing Klang factories to existing customers in the Penang region.

Besides this, the Group plans to acquire new machinery in order to automate parts of its production lines as well as introducing new products such as honeycomb board. Furthermore, the Group has set up a packaging design and innovative centre to facilitate the Group's front-end value-added services such as packaging design and space optimisation. The newly set up packaging design and innovation centre is equipped with capabilities to provide packaging testing services and as such, the Group is able to increase its value offering to customers through value engineering their products to create significant value to their supply chain management as well as achieve their sustainability goals.

The Group has expanded its customer base by venturing into the solar photovoltaic industry and strategically searching for potential targets in other E&E sector, such as industrial electronics and semiconductors. This expansion moves beyond its traditional focus on consumer E&E market, potentially reduce dependency on any particular sector of customers. However, the contributions from these new customers remained relatively modest throughout the past year. Efforts to diversify revenue streams will continue.

Based on the above, the Board of Directors ("Board") is optimistic of the Group's future prospects and expects the Group's expansion plans to contribute positively to its financial performance in the future.

B4. Variance of actual profits from forecast profits

The Group did not issue any profit forecast or profit guarantee in the current quarter and financial period under review.

B5. Tax expense

	Individual Quarter ended		Cumulative Quarter ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense	469	457	2,150	2,448
Deferred tax expense	57	462	57	462
	<u>526</u>	<u>919</u>	<u>2,207</u>	<u>2,910</u>
Effective tax rate (%)	16.27 ¹	N/A ²	21.30 ¹	40.04 ³
Statutory tax rate (%)	24.00	24.00	24.00	24.00

N/A - Not applicable

¹ The Group's effective tax rate is lower than the statutory income tax rate due to overprovision of current tax expense in prior years.

² Not applicable as the Group is in loss making position for the financial quarter.

³ The Group's effective tax rate is higher than the statutory income tax rate due to one-off listing expenses which is non-tax deductible.

Notes to The Interim Financial Report For Third Quarter Ended 31 March 2024

B6. Status of corporate proposals

On 29 December 2023, the Company had announced to undertake the following proposals:

- (i) Proposed acquisition by Dai Suwon Packaging Sdn. Bhd., a wholly-owned subsidiary of the Company of a plot of vacant leasehold industrial land measuring approximately 4 acres (located within Precinct 5B, Northern Zone of the UMW High Value Manufacturing Park) for a cash consideration of RM12,196,800.00; and
- (ii) Proposed variation and extension of timeframe for the utilisation of proceeds raised from the public issue under the initial public offering of the Company which was completed on 6 January 2023 ("**Proposed Variation**").

Approval from the shareholders of the Company in relation to the Proposed Variation was obtained at an extraordinary meeting held on 14 March 2024.

Save for the acquisition of vacant leasehold industrial land, the Group does not have any corporate exercises which have been announced and pending completion.

B7. Utilisation of proceeds

The gross proceeds raised from the IPO amounting to RM50.15 million is intended to be utilised in the following manner:-

Purpose	Proposed utilisation RM'000	Actual utilised RM'000	Re-allocation RM'000	Unutilised amount RM'000	Estimated timeframe for utilisation upon listing[^]
(i) Expansion of operational facilities [^]	17,200	-	(16,000)	1,200	Within 30 months
(ii) Purchase of new machinery and equipment	16,000	(3,950)	-	12,050	Within 30 months
(iii) Establish packaging design and innovation centre	1,140	(1,140)	-	-	Within 24 months
(iv) Repayment of bank borrowings	6,000	(6,000)	-	-	Within 12 months
(v) Working capital	5,409	(5,409)	-	-	Within 12 months
(vi) Estimated listing expenses	4,400	(4,400)	-	-	Within 3 months
(vii) Acquisition of vacant industrial land [^]	-	-	10,000	10,000	Within 48 months
(viii) Construction of Serendah Factory [^]	-	-	6,000	6,000	Within 48 months
Total	<u>50,149</u>	<u>(20,899)</u>	<u>-</u>	<u>29,250</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the circular to shareholders in relation to the Proposed Variation dated 26 February 2024 and approved by shareholders of the Company at the extraordinary general meeting of the Company on 14 March 2024.

[^] The unutilised balance of RM16.00 million for the expansion of operational facilities has been re-allocated to the acquisition of vacant industrial land and construction of Serendah Factory during the financial period under review.

Notes to The Interim Financial Report For Third Quarter Ended 31 March 2024

B8. Borrowings

The Group's borrowings were as follows:-

	As at 31.03.2024	As at 30.06.2023
	RM'000	RM'000
Current liabilities		
<u>Secured:</u>		
Term loans	418	285
Non-current liabilities		
<u>Secured:</u>		
Term loans	1,454	4,533
Total borrowings	<u>1,872</u>	<u>4,818</u>

All the above borrowings are denominated in Ringgit Malaysia.

B9. Derivative financial instruments

As at 31 March 2024, the Group does not have any derivative financial instruments.

B10. Fair value of financial liabilities

There was no gain or loss arising from fair value changes of financial liabilities for the current quarter and financial period under review as the Group did not have any financial liabilities measured at fair value.

B11. Material litigation

As at the date of this report, the Group is not involved in any litigations or arbitrations either as a defendant or plaintiff and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

B12. Dividend

No dividend has been proposed or declared for payment by the Board of the Company during the current quarter and financial period under review.

B13. Profit/(Loss) before tax

Profit/(Loss) for the period was derived after taking into consideration of the following:-

	Individual Quarter		Cumulative Quarter	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
After (crediting)/charging:				
Interest income	(509)	(261)	(1,412)	(446)
Sales of waste paper	(20)	(4)	(64)	(16)
Gain on disposal of property, plant and equipment	-	-	-	(17)
Finance costs	35	103	115	304
Depreciation of property, plant and equipment	883	798	2,464	2,106

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

Notes to The Interim Financial Report For Third Quarter Ended 31 March 2024

B14. Earnings/(Loss) per share ("EPS"/"LPS")

The basic and diluted earnings per share for the current quarter and financial period is calculated as follows:-

	Individual Quarter		Cumulative Quarter	
	31.03.2024	31.03.2023	31.03.2024	31.03.2024
Profit attributable to owners of the Company (RM'000)	2,706	(2,330)	8,156	4,358
Weighted average number of ordinary shares in issue ('000)	480,000	334,047	480,000	334,047
Basic EPS/LPS [^] (sen)	0.56	(0.70)	1.70	1.30
Diluted EPS/LPS* (sen)	0.56	(0.70)	1.70	1.30

[^] Basic EPS/LPS is calculated based on the profits attributable to owners of the Company divided by the weighted average number of ordinary shares of 480,000,000 Shares as at 31 March 2024.

* The diluted EPS/LPS of the Company is equivalent to the basic EPS/LPS as the Company does not have any dilutive instruments as at the end of the financial period.

BY ORDER OF THE BOARD
DS SIGMA HOLDINGS BERHAD
23 May 2024