

KGW GROUP BERHAD

Registration No. 202201009353 (1455050-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

KGW GROUP BERHAD

Registration No. 202201009353 (1455050-D)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the First Quarter Ended 31 March 2024⁽¹⁾**

	Note	Individual Quarter		Cumulative Quarter	
		Unaudited Current Quarter 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2023 RM'000	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Revenue		29,361	18,041	29,361	18,041
Cost of sales		(25,339)	(14,174)	(25,339)	(14,174)
Gross profit ("GP")		4,022	3,867	4,022	3,867
Other income		676	181	676	181
Administrative expenses		(3,283)	(2,245)	(3,283)	(2,245)
Other operating expenses		(13)	(24)	(13)	(24)
Net gain on impairment of financial assets		-	13	-	13
Finance costs		(61)	(109)	(61)	(109)
Profit before tax ("PBT")	B12	1,341	1,683	1,341	1,683
Tax expense	B5	(358)	(402)	(358)	(402)
Profit/Total comprehensive income for the financial period		983	1,281	983	1,281
Profit/Total comprehensive income for the financial period attributable to:					
- Owners of the Company		984	1,281	984	1,281
- Non-controlling interests		(1)	-	(1)	-
		983	1,281	983	1,281
Earnings per share					
- Basic/diluted (sen) ⁽²⁾	B11	0.20	0.27	0.20	0.27

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.
- (2) The basic earnings per share is calculated based on the Company's share capital of 482,798,567 ordinary shares after the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 1 August 2023. The diluted earnings per share is equivalent to the basic earnings per share as there were no potential dilutive securities in issue during the financial quarter under review.

KGW GROUP BERHAD

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**Unaudited Condensed Consolidated Statements of Financial Position
As at 31 March 2024⁽¹⁾**

	Note	Unaudited As at 31.03.2024 RM'000	Audited As at 31.12.2023 RM'000
Non-current assets			
Property, plant and equipment		22,458	22,523
Capital work-in-progress		3,297	2,950
Deferred tax assets		399	176
		26,154	25,649
Current assets			
Inventories		5	5
Trade receivables		11,342	5,932
Other receivables, deposits and prepayments		739	545
Contract costs		2,529	933
Tax recoverable		897	1,279
Fixed deposits with licensed banks		18,528	15,983
Cash and bank balances		6,523	12,727
		40,563	37,404
Total assets		66,717	63,053
Equity			
Share capital		28,167	28,167
Merger reserve		(10,594)	(10,594)
Retained earnings		28,301	27,317
Total equity attributable to owners of the Company		45,874	44,890
Non-controlling interests		(4)	(3)
Total equity		45,870	44,887
Non-current liabilities			
Borrowings	B8	6,291	6,629
Lease liabilities		400	470
		6,691	7,099
Current liabilities			
Trade payables		3,916	3,317
Other payables and accruals		4,506	4,641
Contract liabilities		4,194	1,560
Borrowings	B8	1,216	1,203
Lease liabilities		324	346
		14,156	11,067
Total liabilities		20,847	18,166
Total equity and liabilities		66,717	63,053
Net assets per ordinary share attributable to owners of the Company (RM)⁽²⁾			
		0.10	0.09

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**Unaudited Condensed Consolidated Statements of Financial Position
As at 31 March 2024⁽¹⁾ (Cont'd)**

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.
- (2) Net assets per ordinary share as at 31 December 2023 and 31 March 2024 is calculated based on the Company's issued share capital of 482,798,567 ordinary shares.

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**Unaudited Condensed Consolidated Statements of Changes in Equity
for The First Quarter Ended 31 March 2024⁽¹⁾**

	-----Attributable to Owners of the Company -----						Total equity RM'000
	<u>Non-Distributable</u>		<u>Distributable</u>		Equity attributable to Owners of the Company RM'000	Non- controlling interest RM'000	
	Share capital RM'000	Merger reserve RM'000	Invested equity RM'000	Retained earnings RM'000			
At 31 December 2023/ 1 January 2024 (Audited)	28,167	(10,594)	-	27,317	44,890	(3)	44,887
Profit/Total comprehensive income for the financial period At 31 March 2024 (Unaudited)	-	-	-	984	984	(1)	983
	28,167	(10,594)	-	28,301	45,874	(4)	45,870
At 31 December 2022/ 1 January 2023 (Audited)	(2)-	-	1,500	26,930	28,430	-	28,430
Profit/Total comprehensive income for the financial period At 31 March 2023 (Unaudited)	-	-	-	1,281	1,281	-	1,281
	(2)-	-	1,500	28,211	29,711	-	29,711

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000.

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**Unaudited Condensed Consolidated Statements of Cash Flows
for the First Quarter Ended 31 March 2024⁽¹⁾**

	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Cash flows from operating activities		
Profit before tax	1,341	1,683
Adjustments for: -		
Depreciation of property, plant and equipment	168	206
Interest expenses	61	109
Interest income	(252)	(169)
Property, plant and equipment written off	-	(2)
Reversal of impairment losses on financial assets, net	-	(13)
Unrealised gain on foreign exchange, net	(422)	(2)
Operating profit before changes in working capital	<u>896</u>	<u>1,814</u>
Decrease in inventories	-	1
(Increase)/decrease in trade and other receivables	(5,557)	1,209
Increase in trade and other payables	441	1,025
Increase in contract costs	(1,596)	(525)
Increase in contract liabilities	2,634	235
Cash (used in)/generated from operations	<u>(3,182)</u>	<u>3,759</u>
Interest paid	-	(2)
Income tax paid	(198)	(1,442)
Net cash (used in)/generated from operating activities	<u>(3,380)</u>	<u>2,317</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(104)	(4)
Capital work-in-progress	(347)	-
Net cash used in investing activities	<u>(451)</u>	<u>(4)</u>
Cash flows from financing activities		
Interest received	252	169
Interest paid	(61)	(109)
Withdrawal of fixed deposits pledged with licensed banks	-	8
Repayment of lease liabilities	(92)	(78)
Repayment of term loans	(324)	(278)
Net cash used in financing activities	<u>(225)</u>	<u>(288)</u>

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**Unaudited Condensed Consolidated Statements of Cash Flows
for the First Quarter Ended 31 March 2024⁽¹⁾ (Cont'd)**

	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Net (decrease)/increase in cash and cash equivalents	(4,056)	2,025
Effect of exchange rate changes	397	(56)
Cash and cash equivalents at beginning of financial period	<u>28,238</u>	<u>27,494</u>
Cash and cash equivalents at end of financial period	<u>24,579</u>	<u>29,463</u>

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 Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000.
- (3) Cash and cash equivalents at the end of the financial period consist of:

	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Cash and bank balances	6,523	15,839
Fixed deposits with licensed banks	<u>18,528</u>	<u>14,089</u>
	25,051	29,928
Less: Fixed deposit pledged for bank borrowings	<u>(472)</u>	<u>(465)</u>
	<u>24,579</u>	<u>29,463</u>

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KGW GROUP BERHAD

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial report of KGW Group Berhad (“the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Securities (“Listing Requirements”).

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2023.

The new and amended standards and interpretations that are issued, and have not been adopted by the Group are as follows:

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group intends to adopt these amendments to MFRSs, if applicable, when they become effective in the following financial year.

The initial application of the abovementioned amendments to MFRSs, where applicable, is not expected to have any material impact on the financial statements of the Group.

A3. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in accounting estimates during the current financial quarter under review.

A4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the financial year ended 31 December 2023 were issued without any qualifications.

A5. SEASONAL OR CYCLICAL FACTORS

The Group’s performance has not been materially affected by any seasonal and cyclical factors during the current financial quarter under review.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (Cont'd)**A6. ITEMS OR INCIDENCES OF AN UNUSUAL NATURE**

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

A7. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

A8. DEBT AND EQUITY SECURITIES

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

A9. DIVIDEND PAID

There was no dividend paid during the current financial quarter under review.

A10. SEGMENTAL INFORMATION

The Group is principally involved in the following businesses:

<u>Operating segments</u>	<u>Nature</u>
(a) Logistics services	Provision of ocean freight, air freight and freight forwarding services
(b) Warehousing and distribution	Warehousing and distribution of healthcare-related products and devices
(c) Investment holding	Activities of holding company

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (Cont'd)
A10. SEGMENTAL INFORMATION (Cont'd)
(a) Revenue by business activities

The table below sets out the breakdown of the Group's revenue by business activities for the financial quarter under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2023 RM'000	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Logistics services	29,284	17,879	29,284	17,879
Warehousing and distribution	77	162	77	162
	<u>29,361</u>	<u>18,041</u>	<u>29,361</u>	<u>18,041</u>

Ocean freight segment within our logistics services was the major revenue contributor during the financial quarter under review. The key factor affecting our major revenue contributor is the fluctuation in ocean freight rate.

(b) Revenue by geographical region of customers

The table below sets out the breakdown of the Group's revenue by geographical region of customers for the financial quarter under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2023 RM'000	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Malaysia	14,652	10,031	14,652	10,031
Overseas	14,709	8,010	14,709	8,010
	<u>29,361</u>	<u>18,041</u>	<u>29,361</u>	<u>18,041</u>

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (Cont'd)
A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment during the current financial quarter under review.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial quarter under review.

A13. CAPITAL COMMITMENTS

<u>Approved and contracted for</u>	Unaudited As at 31.03.2024 RM'000	Unaudited As at 31.03.2023 RM'000
Renovation of property	297	3,520

A14. CONTINGENT ASSETS OR CONTINGENT LIABILITIES

There were no contingent assets and contingent liability of the Group as at the date of this report.

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2023 RM'000	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Entities in which Directors have interest				
- Rental expenses paid	32	21	32	21
Directors of the subsidiary				
- Rental expenses paid	20	13	20	13

A16. FAIR VALUE OF FINANCIAL LIABILITIES

There were no gains or losses arising from fair value changes in the Group's financial liabilities for the current financial quarter under review.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

For the current financial quarter ended 31 March 2024 (“Q1 2024”), the Group achieved a revenue totaling RM29.36 million as compared to revenue of RM18.04 million in the financial period ended 31 March 2023 (“Q1 2023”). The Group's revenue increased by RM11.32 million or 62.75%, driven primarily by the ocean freight segment within logistics services which contributed 95.88% of the total revenue in Q1 2024.

Despite the increase in revenue, the Group’s PBT for Q1 2024 stood at RM1.34 million as compared to a PBT of RM1.68 million recorded in Q1 2023. The decline in profitability was primarily attributed to the escalation in administrative expenses by RM1.03 million to RM3.28 million (Q1 2023: RM2.25 million). The administrative expenses encompass staff costs, sales commissions, professional fees, and upkeep of motor vehicles.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER’S RESULTS

	<i>Individual Quarter</i>		<i>Variance</i>	
	Unaudited Current Quarter 31.03.2024 RM'000	Unaudited Immediate Preceding Quarter 31.12.2023 RM'000	RM'000	%
Revenue	29,361	17,421	11,940	68.54
PBT/ (Loss before tax)	1,341	(463)	1,804	N/A

The Group recorded an increase in revenue by RM11.94 million or 68.54% from RM17.42 million in the immediate preceding quarter ended 31 December 2023 (“Q4 2023”) to RM29.36 million in Q1 2024, mainly attributable to the increase in revenue derived from our ocean freight segment.

The Group registered a PBT of RM1.34 million in Q1 2024 as compared to a loss before tax of RM0.46 million in Q4 2023. This is in line with the higher revenue and gross profit recorded in Q1 2024.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (Cont'd)

B3. PROSPECTS AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The trajectory of Malaysia's logistics industry is intricately tied to the ebbs and flows of both the global and local economies. The recently unveiled 2024 Budget anticipates Malaysia's GDP growth rate of +4.0~5.0%. This encouraging outlook is underpinned by a steadfast expansion in domestic demand, a key driver supporting economic recovery and bolstering external trade.

The World Trade Organization (WTO) echoes this optimism, predicting a resurgence in global trade come 2024. Malaysia, in turn, envisions a stabilization and resurgence of its external trade from 4Q2023 onwards. This resurgence is anticipated to be fuelled by a more robust recovery in China, positive sentiments surrounding stabilizing monetary policies in major economies, and the sustained elevation of commodity prices, aligning well with positive economic forecasts. This comprehensive perspective not only reflects confidence in the national economic trajectory but also acknowledges the interconnected nature of global economic factors influencing Malaysia's logistics industry.

The Group currently focuses on the following strategic initiatives aimed at enhancing the Group's long-term operational and financial performance:

- (a) **Relocation to a new Warehouse cum Office in Hicom Glenmarie Industrial Park, Shah Alam, Selangor:**
This move signifies a pivotal step in our Group's strategic expansion plans, focusing on scaling up operations and accommodating an increase in headcount. The ongoing renovation of the warehouse cum office is progressing, with an anticipated completion date in the second quarter of 2024. In consonance with the Government's vision of achieving net-zero greenhouse gas emissions by 2025 and our commitment to ESG compliance, we are set to install solar panels on our rooftops. This not only aligns with our environmental responsibility but also reflects our dedication to sustainable practices. Moreover, this relocation provides an opportune moment to diversify our offerings.

The expanded space and modernized facilities will enhance our warehouse business, enabling us to cater to evolving market demands. Additionally, this strategic move opens doors for us to venture more into e-commerce solutions, aligning seamlessly with our broader business expansion plan. By identifying a café operator to occupy a section of the premises, we not only enhance the overall working environment for our staff but also create an additional amenity that complements the evolving nature of our business. This relocation stands as a testament to our commitment to growth, sustainability, and adaptability in the ever-changing landscape of the logistics industry.

- (b) **Enhancement of Warehouse Facilities and Capabilities:**
This strategic move is geared towards offering enhanced warehousing services to our logistics clients. It will also enable the expansion of our warehousing and distribution services, particularly for healthcare-related products and devices. The Group is presently in the process of soliciting quotations for the necessary equipment to equip the warehouse and prepare to kick-start operations.

- (c) **Value-Added Services:**
In positioning ourselves for growth and sustained success, our group is expanding its portfolio to include value-added services, a strategic move that enhances our prospects and outlook for the company. We are poised to provide comprehensive logistics solutions that address the evolving needs of our clients. These value-added services signify our commitment to delivering tailored solutions that optimize supply chain efficiency and drive operational excellence. By customizing our offerings to meet specific customer requirements, we anticipate strengthening our competitive position and unlocking new opportunities for growth. As we continue to expand our suite of services, we are confident that our focus on value-added solutions will contribute to our long-term success and enhance our outlook in the dynamic logistics industry.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (Cont'd)

B3. PROSPECTS AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR (Cont'd)

(d) Special Handling and Storage:

Positioning ourselves uniquely in the warehouse and storage solution segment, our group is poised to elevate our offerings through specialized handling and storage solutions, a strategic initiative that enhances our prospects and outlook for the company. Our temperature-controlled storage facilities, coupled with secure handling procedures and specialized equipment, ensure the integrity and safety of products throughout their journey within our logistics network. Additionally, we offer packaging and labeling services to further customize solutions and maintain product integrity. Through this commitment to specialized handling and storage, we anticipate not only bolstering our competitive edge but also deepening our relationships with clients who seek reliability and excellence in their logistics partners. As we continue to invest in advanced infrastructure and expertise, we are confident that our specialized solutions will position us for sustained growth and success in the dynamic logistics landscape.

(e) Venturing into E-commerce Solutions:

The Group's strategic decision to venture into the dynamic realm of e-commerce solutions is poised to reshape our role within the logistics services sector. This proactive move underscores our commitment to innovation and growth, as we aim to carve out new business avenues. By entering the e-commerce domain, we acknowledge the evolving market dynamics that emphasize the transformative power of online commerce.

This strategic initiative aligns perfectly with our vision to remain at the forefront of industry trends. The e-commerce sector, experiencing unprecedented growth, represents an opportunity for us to expand our service portfolio and cater to the changing needs of our clients. This venture not only reflects our adaptability but also positions us to tap into the thriving market of e-commerce. Our foray into this space signifies a forward-thinking approach, showcasing our readiness to embrace new opportunities and technologies.

As the logistics landscape undergoes rapid transformations, this move ensures that we stay ahead of the curve, providing cutting-edge solutions to our clients. In essence, our entry into e-commerce solutions is a testament to our dynamic approach, reflecting our commitment to staying relevant, innovative, and responsive to the ever-changing demands of the logistics industry.

Armed with these strategic plans and buoyed by the anticipated resurgence of the global and local economy, the Group maintains a positive outlook regarding its ability to achieve satisfactory financial performance in the coming years.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee during the current financial quarter review.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
(Cont'd)**
B5. TAXATION

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2023 RM'000	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Taxation ⁽¹⁾	358	402	358	402
Effective tax rate (%)	26.7	23.9	26.7	23.9
Statutory tax rate (%)	24.0	24.0	24.0	24.0

NOTE:

(1) Income tax is recognized based on management's best estimate.

The effective tax rate was higher than the statutory tax rate mainly due to certain expenses which are non-tax deductible.

B6. STATUS OF CORPORATE PROPOSALS

There were no other corporate proposals announced but not implemented as of the date of this report.

B7. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF THE COMPANY ("IPO")

The gross proceeds of approximately RM16.73 million raised from the IPO are to be utilized in the following manner:

<u>Details of utilisation of proceeds</u>	<u>Proposed Utilisation RM'000</u>	<u>Actual Utilisation RM'000</u>	<u>Reallocation RM'000</u>	<u>Balance to be utilised RM'000</u>	<u>Estimated timeframe for the utilisation upon listing</u>
Renovation of property	2,000	2,000	-	-	Within 12 months
Repayment of bank borrowings	10,000	10,000	-	-	Within 3 months
Working capital	729	349	278	658	Within 12 months
Estimated listing expenses	4,000	3,722	(278)	-	Within 1 month
	<u>16,729</u>	<u>16,071</u>	<u>-</u>	<u>658</u>	

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
(Cont'd)**
B8. BORROWINGS

	Unaudited As at 31.03.2024 RM'000	Audited As at 31.12.2023 RM'000
<u>Current</u>		
Lease Liabilities ⁽¹⁾	198	197
Term Loans	<u>1,216</u>	<u>1,203</u>
	<u>1,414</u>	<u>1,400</u>
<u>Non-current</u>		
Lease Liabilities ⁽¹⁾	355	406
Term Loans	<u>6,291</u>	<u>6,629</u>
	<u>6,646</u>	<u>7,035</u>

NOTE:

(1) Excluding lease liabilities arising from rental of land and buildings.

These borrowings are secured and denominated in Ringgit Malaysia.

B9. MATERIAL LITIGATION

There was no material litigation involving the Group as at the date of this report.

B10. DIVIDEND PROPOSED

No dividend has been declared or recommended by the Board of Directors for the current financial quarter under review.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
(Cont'd)**
B11. EARNINGS PER SHARE

The basic and diluted earnings per share are computed as follows:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 31.03.2024	Unaudited Preceding Year Corresponding Quarter 31.03.2023	Unaudited Current Year-to-date 31.03.2024	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023
Profit attributable to the Owners of the Company (RM'000)	984	1,281	984	1,281
Number of ordinary shares ('000) ⁽¹⁾	482,799	482,799	482,799	482,799
Basic/diluted earnings per share (sen) ⁽¹⁾	0.20	0.27	0.20	0.27

NOTE:

- (1) The basic earnings per share is calculated based on the Company's share capital of 482,798,567 ordinary shares. The diluted earnings per share is equivalent to the basic earnings per share as there were no potential dilutive securities in issue during the financial quarter under review.

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KGW GROUP BERHAD

Registration No. 202201009353 (1455050-D)

(Incorporated in Malaysia)

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
(Cont'd)****B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

Profit before tax is arrived after charging/(crediting):

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2023 RM'000	Unaudited Current Year-to-date 31.03.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.03.2023 RM'000
Depreciation of property, and equipment	168	206	168	206
Interest expenses	61	109	61	109
Interest income	(252)	(169)	(252)	(169)
Property, plant and equipment written off	-	(1)	-	(1)
(Reversal of impairment)/ impairment losses on the trade receivables:				
- lifetime ECL allowances	-	(13)	-	(13)
- specific allowances	-	(1)	-	(1)
Realised loss on foreign exchange	13	23	13	23
Rental expenses	32	26	32	26
Unrealised gain on foreign exchange	(422)	(2)	(422)	(2)

NOTE:

(1) Represents less than RM1,000.

Other disclosure items pursuant to Note 16, Appendix 9B of the Listing Requirements are not applicable.

B13. Authorisation for Issue

This 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 31 May 2024.

**BY ORDER OF THE BOARD
KGW GROUP BERHAD**