

KGW GROUP BERHAD

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 Second Quarter Ended 30 June 2024⁽¹⁾**

	Note	Individual Quarter		Cumulative Quarter	
		Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Revenue		37,293	15,761	66,654	33,802
Cost of sales		(32,407)	(13,124)	(57,746)	(27,298)
Gross profit ("GP")		4,886	2,637	8,908	6,504
Other income		207	1,060	883	1,241
Administrative expenses		(3,084)	(2,230)	(6,367)	(4,475)
Other operating expenses		(21)	(32)	(34)	(56)
Net gain on impairment of financial assets		13	-	13	13
Finance costs		(87)	(110)	(148)	(219)
Profit before tax ("PBT")	B12	1,914	1,325	3,255	3,008
Tax expense	B5	(505)	(329)	(863)	(731)
Profit/Total comprehensive income for the financial period		1,409	996	2,392	2,277
Profit/Total comprehensive income for the financial period attributable to:					
- Owners of the Company		1,410	996	2,394	2,277
- Non-controlling interests		(1)	-	(2)	-
		1,409	996	2,392	2,277
Earnings per share					
- Basic/diluted (sen) ⁽²⁾	B11	0.29	0.21	0.50	0.47

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 30 June 2024⁽¹⁾**

	Note	Unaudited As at 30.06.2024 RM'000	Audited As at 31.12.2023 RM'000
Non-current assets			
Property, plant and equipment		22,384	22,523
Capital work-in-progress		3,762	2,950
Deferred tax assets		557	176
		26,703	25,649
Current assets			
Inventories		5	5
Trade receivables		16,457	5,932
Other receivables, deposits and prepayments		795	545
Contract costs		3,858	933
Tax recoverable		528	1,279
Fixed deposits with licensed banks		17,214	15,983
Cash and bank balances		7,724	12,727
		46,581	37,404
Total assets		73,284	63,053
Equity			
Share capital		28,167	28,167
Merger reserve		(10,594)	(10,594)
Retained earnings		29,711	27,317
Total equity attributable to owners of the Company		47,284	44,890
Non-controlling interests		(5)	(3)
Total equity		47,279	44,887
Non-current liabilities			
Borrowings	B8	5,975	6,629
Lease liabilities		330	470
		6,305	7,099
Current liabilities			
Trade payables		6,598	3,317
Other payables and accruals		4,806	4,641
Contract liabilities		6,182	1,560
Borrowings	B8	1,809	1,203
Lease liabilities		305	346
		19,700	11,067
Total liabilities		26,005	18,166
Total equity and liabilities		73,284	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 30 June 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 30 June 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 Second Quarter Ended 30 June 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 30 June 2024 (Unaudited)	-	-	-	2,394	2,394	(2)	2,392
	28,167	(10,594)	-	29,711	47,284	(5)	47,279
At 31 December 2022/ 1 January 2023 (Audited)	(2)	-	1,500	26,930	28,430	-	28,430
Share issuance for the acquisition of subsidiaries	12,094	(10,594)	(1,500)	-	-	-	-
Profit/Total comprehensive income for the financial period At 30 June 2023 (Unaudited)	-	-	-	2,277	2,277	-	2,277
	12,094	(10,594)	-	29,207	30,707	-	30,707

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.

KGW GROUP BERHAD

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**Unaudited Condensed Consolidated Statements of Cash Flows
For the Second Quarter Ended 30 June 2024⁽¹⁾**

	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Cash flows from operating activities		
Profit before tax	3,255	3,008
Adjustments for: -		
Depreciation of property, plant and equipment	336	411
Interest expenses	148	219
Interest income	(518)	(344)
Property, plant and equipment written off	-	(2) ₋
Reversal of impairment losses on financial assets, net	(13)	(13)
Unrealised gain on foreign exchange, net	(362)	(840)
Operating profit before changes in working capital	<u>2,846</u>	<u>2,441</u>
Decrease in inventories	-	1
(Increase)/decrease in trade and other receivables	(10,751)	1,935
Increase in trade and other payables	3,423	36
Increase in contract costs	(2,925)	(386)
Increase/(decrease) in contract liabilities	4,622	(331)
Cash (used in)/generated from operations	<u>(2,785)</u>	<u>3,696</u>
Interest paid	(6)	(2) ₋
Income tax paid	(494)	(2,545)
Net cash (used in)/generated from operating activities	<u>(3,285)</u>	<u>1,151</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(198)	(4)
Capital work-in-progress	(812)	-
Net cash used in investing activities	<u>(1,010)</u>	<u>(4)</u>
Cash flows from financing activities		
Interest received	518	344
Interest paid	(142)	(219)
(Placement)/withdrawal of fixed deposits pledged with licensed banks	(2)	6
Repayment of lease liabilities	(181)	(191)
Repayment of term loans	(627)	(551)
Net cash used in financing activities	<u>(434)</u>	<u>(611)</u>

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**Unaudited Condensed Consolidated Statements of Cash Flows
For the Second Quarter Ended 30 June 2024⁽¹⁾ (Cont'd)**

	Unaudited Current Year-to date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Net (decrease)/increase in cash and cash equivalents	(4,729)	536
Effect of exchange rate changes	374	787
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>23,883</u>	<u>28,817</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 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Cash and bank balances	7,724	14,275
Fixed deposits with licensed banks	<u>17,214</u>	<u>15,009</u>
	24,938	29,284
Less: Fixed deposit pledged for bank borrowings	(474)	(467)
Less: Bank overdraft	<u>(581)</u>	<u>-</u>
	<u>23,883</u>	<u>28,817</u>

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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 has 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 in 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 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Logistics services	37,223	15,685	66,507	33,564
Warehousing and distribution	70	76	147	238
	<u>37,293</u>	<u>15,761</u>	<u>66,654</u>	<u>33,802</u>

The ocean freight segment within the Group's logistics services was the major revenue contributor during the financial quarter under review. The key factor affecting the Group's 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 the Group's customers for the financial quarter under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Malaysia	16,824	9,382	31,476	19,413
Overseas	20,469	6,379	35,178	14,389
	<u>37,293</u>	<u>15,761</u>	<u>66,654</u>	<u>33,802</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

	Unaudited As at 30.06.2024 RM'000	Unaudited As at 30.06.2023 RM'000
<u>Approved and contracted for</u>		
Renovation of property	-	3,312

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 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Entities in which Directors have interest				
- Rental expenses paid	32	32	64	53
Directors of the subsidiary				
- Rental expenses paid	19	20	39	33

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

The Group's revenue increased by RM21.53 million or 136.61% from RM15.76 million in the preceding year corresponding quarter ended 30 June 2023 to RM37.29 million in the current financial quarter ended 30 June 2024. This was driven primarily by the increase in revenue from the ocean freight segment within logistics services which contributed 96.06% of the total revenue in the current financial quarter ended 30 June 2024.

The Group's revenue increased by RM32.85 million or 97.19% from RM33.80 million in the preceding year corresponding year-to-date ended 30 June 2023 to RM66.65 million in the current financial year-to-date ended 30 June 2024. This was driven primarily by the increase in revenue from ocean freight segment within logistics services which contributed 95.98% of the total revenue in the current financial year-to-date ended 30 June 2024.

In line with the higher revenue recorded in the current financial quarter and financial year-to-date ended 30 June 2024, the Group's PBT stood at RM1.91 million and RM3.26 million for the current financial quarter and financial year-to-date ended 30 June 2024 respectively as compared to a PBT of RM1.33 million and RM3.01 million recorded in the preceding year corresponding quarter and year-to-date ended 30 June 2023 respectively.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<i>Individual Quarter</i>		<i>Variance</i>	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Immediate Preceding Quarter 31.03.2024 RM'000	RM'000	%
Revenue	37,293	29,361	7,932	27.02
PBT	1,914	1,341	573	42.73

The Group recorded an increase in revenue by RM7.93 million or 27.02% from RM29.36 million in the immediate preceding quarter ended 31 March 2024 ("Q1 2024") to RM37.29 million in the current financial quarter ended 30 June 2024 ("Q2 2024"), mainly attributable to the increase in revenue derived from the Group's ocean freight segment.

The Group registered a PBT of RM1.91 million in Q2 2024 as compared to RM1.34 million in Q1 2024. This is in line with the higher revenue and gross profit recorded in Q2 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. Our Group is expecting to relocate to the new warehouse in the third 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 staffs 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. Our Group has fully equipped the warehouse with the appropriate facilities and equipment and ready to kick-start its operation.

- (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. 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:

Our 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 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Taxation ⁽¹⁾	505	329	863	731
Effective tax rate (%)	26.4	24.8	26.5	24.3
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 completed as of the date of this report.

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

The gross proceeds from the IPO amounting to RM16.73 million and the status of utilisation of proceeds as at the date of this report is as follows:

<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	1,007	278	-	Within 12 months
Estimated listing expenses	4,000	3,722	(278)	-	Within 1 month
	<u>16,729</u>	<u>16,729</u>	<u>-</u>	<u>-</u>	

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

	Unaudited As at 30.06.2024 RM'000	Audited As at 31.12.2023 RM'000
<u>Current</u>		
Bank Overdraft	581	-
Lease Liabilities ⁽¹⁾	200	197
Term Loans	1,228	1,203
	<u>2,009</u>	<u>1,400</u>
<u>Non-current</u>		
Lease Liabilities ⁽¹⁾	304	406
Term Loans	5,975	6,629
	<u>6,279</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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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)**
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 30.06.2024	Unaudited Preceding Year Corresponding Quarter 30.06.2023	Unaudited Current Year-to-date 30.06.2024	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023
Profit attributable to the Owners of the Company (RM'000)	1,410	996	2,394	2,277
Number of ordinary shares ('000) ⁽¹⁾	482,799	482,799	482,799	482,799
Basic/diluted earnings per share (sen) ⁽¹⁾	0.29	0.21	0.50	0.47

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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**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 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Depreciation of property, and equipment	168	205	336	411
Interest expenses	87	110	148	219
Interest income	(266)	(175)	(518)	(344)
Property, plant and equipment written off	-	(1)	-	(1)
(Reversal of impairment)/ impairment losses on the trade receivables:				
- lifetime ECL allowances	-	-	-	(13)
- specific allowances	(13)	-	(13)	(1)
Realised (gain)/loss on foreign exchange	21	(20)	34	3
Rental expenses	29	25	61	51
Unrealised (gain)/loss on foreign exchange	60	(838)	(362)	(840)

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 28 August 2024.

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