

KGW GROUP BERHAD

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 Third Quarter Ended 30 September 2024⁽¹⁾**

	Note	Individual Quarter		Cumulative Quarter	
		Unaudited Current Quarter 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Revenue		39,094	20,247	105,748	54,049
Cost of sales		(35,269)	(17,178)	(93,015)	(44,476)
Gross profit ("GP")		3,825	3,069	12,733	9,573
Other income		(81)	363	802	1,604
Administrative expenses		(3,123)	(2,558)	(9,490)	(7,033)
Other operating expenses		(3,198)	(2,118)	(3,232)	(2,174)
Net gain on impairment of financial assets		15	-	28	13
Finance costs		(81)	(92)	(229)	(311)
(Loss)/profit before tax ("LBT"/"PBT")	B11	(2,643)	(1,336)	612	1,672
Tax expense	B5	597	(182)	(266)	(913)
(Loss)/profit after tax /Total comprehensive (loss)/income for the financial period		(2,046)	(1,518)	346	759
(Loss)/profit after tax/Total comprehensive (loss)/income for the financial period attributable to:					
- Owners of the Company		(2,045)	(1,518)	349	759
- Non-controlling interests		(1)	-	(3)	-
		(2,046)	(1,518)	346	759
(Loss)/earnings per share - Basic/diluted (sen) ⁽²⁾	B10	(0.42)	(0.31)	0.07	0.16

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 (loss)/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 (loss)/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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**Unaudited Condensed Consolidated Statements of Financial Position
As at 30 September 2024⁽¹⁾**

	Note	Unaudited As at 30.09.2024 RM'000	Audited As at 31.12.2023 RM'000
Non-current assets			
Property, plant and equipment		27,123	22,523
Capital work-in-progress		-	2,950
Deferred tax assets		575	176
		<u>27,698</u>	<u>25,649</u>
Current assets			
Inventories		89	5
Trade receivables		7,998	5,932
Other receivables, deposits and prepayments		703	545
Contract costs		822	933
Tax recoverable		1,386	1,279
Fixed deposits with licensed banks		16,226	15,983
Cash and bank balances		9,098	12,727
		<u>36,322</u>	<u>37,404</u>
Total assets		<u>64,020</u>	<u>63,053</u>
Equity			
Share capital		28,167	28,167
Merger reserve		(10,594)	(10,594)
Retained earnings		27,666	27,317
Total equity attributable to owners of the Company		45,239	44,890
Non-controlling interests		(6)	(3)
Total equity		<u>45,233</u>	<u>44,887</u>
Non-current liabilities			
Borrowings	B7	5,659	6,629
Lease liabilities		259	470
		<u>5,918</u>	<u>7,099</u>
Current liabilities			
Trade payables		2,986	3,317
Other payables and accruals		5,133	4,641
Contract liabilities		3,222	1,560
Borrowings	B7	1,241	1,203
Lease liabilities		287	346
		<u>12,869</u>	<u>11,067</u>
Total liabilities		<u>18,787</u>	<u>18,166</u>
Total equity and liabilities		<u>64,020</u>	<u>63,053</u>
Net assets per ordinary share attributable to owners of the Company (RM)⁽²⁾			
		0.09	0.09

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Unaudited Condensed Consolidated Statements of Financial Position As at 30 September 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 September 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 Third Quarter Ended 30 September 2024⁽¹⁾**

	-----Attributable to Owners of the Company -----		Invested equity RM'000	Retained earnings RM'000	Equity attributable to Owners of the Company RM'000	Non- controlling interest RM'000	Total equity RM'000
	<u>Non-Distributable</u>	<u>Distributable</u>					
	Share capital RM'000	Merger reserve 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 September 2024 (Unaudited)	-	-	-	349	349	(3)	346
	28,167	(10,594)	-	27,666	45,239	(6)	45,233
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)	-	-	-	-
Issuance of ordinary shares	16,729	-	-	-	16,729	-	16,729
Shares issuance expenses	(656)	-	-	-	(656)	-	(656)
Profit/Total comprehensive income for the financial period At 30 September 2023 (Unaudited)	-	-	-	759	759	-	759
	28,167	(10,594)	-	27,689	45,262	-	45,262

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 Third Quarter Ended 30 September 2024⁽¹⁾**

	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Cash flows from operating activities		
Profit before tax	612	1,672
Adjustments for: -		
Depreciation of property, plant and equipment	600	616
Interest expenses	229	311
Interest income	(785)	(541)
Property, plant and equipment written off	-	(2)
Reversal of impairment losses on financial assets, net	(28)	(13)
Unrealised loss/(gain) on foreign exchange, net	2,865	(1,039)
Operating profit before changes in working capital	3,493	1,006
(Increase)/decrease in inventories	(84)	1
Increase in trade and other receivables	(2,525)	(2,408)
Increase/(decrease) in trade and other payables	236	(1,324)
Decrease in contract costs	111	361
Increase/(decrease) in contract liabilities	1,662	(194)
Cash generated from/(used in) operations	2,893	(2,558)
Interest paid	(9)	(2)
Income tax paid	(773)	(3,296)
Net cash generated from/(used in) operating activities	2,111	(5,854)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,250)	(10)
Net cash used in investing activities	(2,250)	(10)
Cash flows from financing activities		
Interest received	785	541
Interest paid	(220)	(311)
Proceeds from issuance of share capital	-	16,073
(Placement)/withdrawal of fixed deposits pledged with licensed banks	(5)	4
Repayment of lease liabilities	(270)	(288)
Repayment of term loans	(931)	(10,847)
Net cash (used in)/generated from financing activities	(641)	5,172

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

	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Net decrease in cash and cash equivalents	(780)	(692)
Effect of exchange rate changes	(2,611)	974
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>24,847</u>	<u>27,776</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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Cash and bank balances	9,098	12,172
Fixed deposits with licensed banks	<u>16,226</u>	<u>16,073</u>
	25,324	28,245
Less: Fixed deposit pledged for bank borrowings	<u>(477)</u>	<u>(469)</u>
	<u>24,847</u>	<u>27,776</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 – Lack of Exchangeability	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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Logistics services	38,912	20,143	105,419	53,707
Warehousing and distribution	182	82	329	320
Investment holding	-	22	-	22
	<u>39,094</u>	<u>20,247</u>	<u>105,748</u>	<u>54,049</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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Malaysia	20,632	13,017	52,108	32,430
Overseas	18,462	7,230	53,640	21,619
	<u>39,094</u>	<u>20,247</u>	<u>105,748</u>	<u>54,049</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 30.09.2024 RM'000	Unaudited As at 30.09.2023 RM'000
<u>Approved and contracted for</u>		
Renovation of property	-	1,877

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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Entities in which Directors have interest				
- Rental expenses paid	32	32	96	85
Directors of the subsidiary				
- Rental expenses paid	20	20	59	53

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

(a) Comparison with Preceding Year's Corresponding Quarter Result.

The Group's revenue increased by RM18.84 million or 93.04% from RM20.25 million in the preceding year corresponding quarter ended 30 September 2023 to RM39.09 million in the current financial quarter ended 30 September 2024. This was primarily driven by the increase in revenue from the ocean freight segment within logistics services which contributed 97.21% of the total revenue in the current financial quarter ended 30 September 2024.

The Group recorded a LBT of RM2.64 million in the current financial quarter ended 30 September 2024 as compared to a LBT of RM1.34 million in the preceding year corresponding quarter ended 30 September 2023. The increase in LBT in the current financial quarter is primarily due to higher administrative and other operating expenses.

Administrative expenses rose by RM0.56 million from RM2.56 million in the preceding year corresponding quarter ended 30 September 2023 to RM3.12 million in the current financial quarter ended 30 September 2024. This was mainly driven by increase in sales commission of RM0.36 million, in line with the increase in revenue, as well as increased entertainment expenses by RM0.14 million, and travel expenses by RM0.04 million. Other operating expenses increased by RM1.08 million from RM2.12 million in the preceding year corresponding quarter ended 30 September 2023 to RM3.20 million in the current financial quarter. This was mainly due to the realised and unrealised loss on foreign exchange of RM3.20 million, resulting from the weakening of the USD.

(b) Comparison with Preceding Year's Corresponding Year-to-date Results.

The Group's revenue increased by RM51.70 million or 95.65% from RM54.05 million in the preceding year corresponding year-to-date ended 30 September 2023 to RM105.75 million in the current financial year-to-date ended 30 September 2024. This was primarily driven by the increase in revenue from ocean freight segment within logistics services which contributed 96.44% of the total revenue in the current financial year-to-date ended 30 September 2024.

The Group recorded a PBT of RM0.61 million in the current financial year-to-date ended 30 September 2024 as compared to a PBT of RM1.67 million in the preceding year corresponding year-to-date ended 30 September 2023. The decrease in PBT in the current financial quarter is primarily due to higher administrative and other operating expenses.

Administrative expenses rose by RM2.46 million from RM7.03 million in the preceding year corresponding year-to-date ended 30 September 2023 to RM9.49 million in the current financial year-to-date ended 30 September 2024. The rise was mainly driven by increase in sales commission of RM1.41 million, in line with the increase in revenue, as well as increased entertainment expenses by RM0.23 million and staff incentive by RM0.17 million. Other operating expenses increased by RM1.06 million from RM2.17 million in the preceding year corresponding year-to-date ended 30 September 2023 to RM3.23 million in the current financial year-to-date. This was mainly attributable to the realised and unrealised loss on foreign exchange of RM3.23 million, resulting from the weakening of the USD.

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
(Cont'd)**
B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<i>Individual Quarter</i>		<i>Variance</i>	
	Unaudited Current Quarter 30.09.2024 RM'000	Unaudited Immediate Preceding Quarter 30.06.2024 RM'000	RM'000	%
	Revenue	39,094	37,293	1,801
(LBT)/PBT	(2,643)	1,914	(4,557)	(238.09)

The Group recorded an increase in revenue by RM1.80 million or 4.83% from RM37.29 million in the immediate preceding quarter ended 30 June 2024 (“Q2 2024”) to RM39.09 million in the current financial quarter ended 30 September 2024 (“Q3 2024”), mainly attributable to the increase in revenue derived from the Group’s ocean freight segment.

The Group registered a LBT of RM2.64 million in Q3 2024 as compared to PBT of RM1.91 million in Q2 2024. This was attributed to the higher other operating expenses which was largely due to a realised and unrealised loss on foreign exchange of RM3.23 million.

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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**

As 2024 concludes, Malaysia's logistics industry remains closely aligned with both global and local economic shifts. Based on the Economic Outlook 2025 issued by the Ministry of Finance Malaysia, Malaysia's GDP growth forecast for 2024 has been adjusted to a revised range of 4.8% to 5.3%, surpassing the earlier estimate of 4.0% to 5.0%. This growth was primarily driven by robust domestic demand and strong recovery in exports, which continues to support economic recovery and strengthen external trade.

The World Trade Organization (WTO) forecasts a recovery in global trade into 2024, and Malaysia's own trade data reflects stabilization and resurgence from the fourth quarter of 2023. This improvement is supported by China's economic rebound, positive sentiments around stabilized monetary policies in major economies, and sustained high commodity prices. These factors collectively underscore the interconnected nature of global economic trends impacting Malaysia's logistics sector.

To further reinforce long-term operational and financial performance, the Group is committed to several strategic initiatives designed to build resilience, enhance efficiency, and leverage growth opportunities across key logistics segments:

- (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 has relocated 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 the strengthening of 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.

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 under 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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Taxation ⁽¹⁾	(597)	182	266	913
Effective tax rate (%)	N/A	N/A	43.5	54.6
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. BORROWINGS

	Unaudited As at 30.09.2024 RM'000	Audited As at 31.12.2023 RM'000
<u>Current</u>		
Lease Liabilities ⁽¹⁾	203	197
Term Loans	1,241	1,203
	<u>1,444</u>	<u>1,400</u>
<u>Non-current</u>		
Lease Liabilities ⁽¹⁾	252	406
Term Loans	5,659	6,629
	<u>5,911</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.

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(Incorporated in Malaysia)

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

(Cont'd)

B8. MATERIAL LITIGATION

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

B9. DIVIDEND PROPOSED

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

B10. 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 30.09.2024	Unaudited Preceding Year Corresponding Quarter 30.09.2023	Unaudited Current Year-to-date 30.09.2024	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023
(Loss)/profit attributable to the Owners of the Company (RM'000)	(2,045)	(1,518)	349	759
Number of ordinary shares ('000) ⁽¹⁾	482,799	482,799	482,799	482,799
Basic/diluted (loss)/earnings per share (sen) ⁽¹⁾	(0.42)	(0.31)	0.07	0.16

NOTE:

- (1) The basic (loss)/earnings per share is calculated based on the Company's share capital of 482,798,567 ordinary shares. The diluted (loss)/earnings per share is equivalent to the basic (loss)/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)****B11. 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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Depreciation of property, and equipment	264	205	600	616
Interest expenses	81	92	229	311
Interest income	(267)	(197)	(785)	(541)
Property, plant and equipment written off	-	(1)	-	(1)
(Reversal of impairment)/ impairment losses on the trade receivables:				
- lifetime ECL allowances	-	-	-	(13)
- specific allowances	(15)	-	(28)	(1)
Realised loss on foreign exchange	334	41	368	44
Rental expenses	18	26	79	77
Rental income	14	-	14	-
Unrealised (gain)/loss on foreign exchange	3,227	(199)	2,865	(1,039)

NOTE:

(1) Represents less than RM1,000.

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

B12. 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 25 November 2024.

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