



UCI RESOURCES BERHAD
(Registration No. 202001015323 (1371643-X))
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR
ENDED 31 DECEMBER 2020**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY UCI RESOURCES BERHAD (“UCI” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

UCI RESOURCES BERHAD

(Registration No. 202001015323 (1371643-X))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020⁽¹⁾

	As at 31.12.2020 Unaudited RM'000	As at 31.12.2019 Audited RM'000
<u>ASSETS</u>		
Non-current assets		
Plant and equipment	1,023	1,247
Right-of-use assets	7,994	6,671
Goodwill on consolidation	50	-
Total non-current assets	9,067	7,918
Current assets		
Inventories	4,021	3,268
Trade receivables	6,417	7,038
Other receivables, deposits and prepayments	1,167	743
Cash and bank balances	3,029	4,309
Total current assets	14,634	15,358
Total assets	23,701	23,276
<u>LIABILITIES AND EQUITY</u>		
Equity attributable to owners of the Company		
Share capital	500	500
Retained profits	16,006	14,838
	16,506	15,338
Non-controlling interest	-	(50)
Total equity	16,506	15,288
Non-current liabilities		
Borrowings	1,967	1,793
Deferred tax liabilities	212	212
Total non-current liabilities	2,179	2,005
Current liabilities		
Trade payables	3,846	4,050
Other payables, deposits and accruals	494	572
Borrowings	580	1,310
Current tax liabilities	96	51
Total current liabilities	5,016	5,983
Total liabilities	7,195	7,988
Total liabilities and equity	23,701	23,276
Net assets per share (sen)⁽²⁾	5.50	5.10

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 DECEMBER 2020⁽¹⁾ (CONT'D)**

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 29 January 2021 and the accompanying explanatory notes attached to this interim financial report.*
- (2) Calculated based on the Company's issued shares of 300,000,100 ordinary shares as at 31 December 2020, which were assumed to be issued during the periods above.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2020⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	11,669	13,880	20,682	28,844
Cost of sales	(8,963)	(10,310)	(16,024)	(21,684)
Gross profit	2,706	3,570	4,658	7,160
Other income	361	223	416	817
Selling and distribution expenses	(159)	(514)	(387)	(1,029)
Other operating expenses	(1,199)	(1,236)	(2,270)	(2,317)
Profit from operations	1,709	2,043	2,417	4,631
Finance costs	(91)	(128)	(140)	(197)
Profit before taxation	1,618	1,915	2,277	4,434
Income tax expenses	(451)	(758)	(609)	(1,363)
Profit for the financial period/year, representing total comprehensive income for the financial period/year	1,167	1,157	1,668	3,071
Total comprehensive income for the financial period/year attributable to:				
Owners of the Company	1,167	1,120	1,668	3,034
Non-controlling interest	-	37	-	37
	1,167	1,157	1,668	3,071
Earnings per ordinary share ("EPS") (sen):				
- Basic	0.39	0.37	0.56	1.01

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 29 January 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Calculated based on the Company's issued shares of 300,000,100 ordinary shares as at 31 December 2020, which were assumed to be issued during the periods above.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2020⁽¹⁾

	Non-distributable	Distributable	Total	Non-controlling interest	Total
	Share capital	Retained earnings			
	RM'000	RM'000			
Balance as at 1 January 2019	500	12,754	13,254	(87)	13,167
Total comprehensive income for the financial year	-	3,034	3,034	37	3,071
Transactions with owners:					
Dividends declared during the year	-	(950)	(950)	-	(950)
Balance as at 31 December 2019	500	14,838	15,338	(50)	15,288
Balance as at 1 January 2020	500	14,838	15,338	(50)	15,288
Total comprehensive income for the financial year	-	1,668	1,668	-	1,668
Acquisition of a subsidiary	-	-	-	50	50
Transactions with owners:					
Dividends declared during the year	-	(500)	(500)	-	(500)
Balance as at 31 December 2020	500	16,006	16,506	-	16,506

Note:

(1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 29 January 2021 and the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2020⁽¹⁾

	12-months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	2,277	4,434
Adjustments for:		
Depreciation of investment property	-	9
Depreciation of plant and equipment	969	417
Depreciation of right-of-use assets	351	596
(Gain)/Loss on disposal of plant and equipment	17	(511)
Loss on disposal of investment property	-	(31)
(Loss)/Gain on disposal of right-of-use assets	(65)	171
Impairment loss on receivables no longer required	-	(205)
Interest expense	140	197
Interest income	(96)	(15)
Plant and equipment written off	-	2
Operating profit before working capital changes	3,593	5,064
Changes in working capital:		
Inventories	(753)	(422)
Trade receivables	621	485
Other receivables, deposits and prepayments	(424)	(156)
Trade payables	(204)	715
Other payables, deposits and accruals	(76)	(39)
Cash generated from operations	2,757	5,647
Interest paid	(140)	(197)
Interest received	96	15
Tax paid	(565)	(1,324)
Net cash from operating activities	2,148	4,141
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	30	33
Proceeds from disposal of rights-of-use assets	73	2,050
Purchase of plant and equipment	(792)	(582)
Purchase of right-of-use assets	(1,332)	(49)
Net cash (used in)/from investing activities	(2,021)	1,452

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2020⁽¹⁾ (CONT'D)

	12-months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid	(500)	(950)
Issuance of shares	(2)	-
Fixed deposits uplifted	-	75
Repayment of lease liabilities	(520)	(652)
Repayment of borrowings	(387)	(2,015)
Net cash used in financing activities	<u>(1,407)</u>	<u>(3,542)</u>
Net (decrease)/increase in cash and cash equivalents	(1,280)	2,051
Cash and cash equivalents at the beginning of the financial year	<u>4,309</u>	<u>2,258</u>
Cash and cash equivalents at the end of the financial year	<u>3,029</u>	<u>4,309</u>

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 29 January 2021 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Less than RM1,000.*

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2020

A1. BASIS OF PREPARATION

The interim financial statements of UCI Resources Berhad and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

This is the first interim financial report on the consolidated results for the second half-year ended 31 December 2020 announced by the Company in compliance with Rule 6.12 of the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”). The comparative figures have been presented as if the combination has occurred from the date when the combining entities first came under common control. In the financial year when the merger took place, the subsidiary companies’ profit has been included in the Group’s profit for the full financial year, irregardless of the effective date of merger.

The interim financial report should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 29 January 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN 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 the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 29 January 2021

During the financial year, the Group and the Company have adopted the following new MFRSs, new interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board (MASB) that are mandatory for current financial year:

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 January 2020:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3, Business Combinations - Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform
- Amendment to MFRS 16, Leases - Covid-19 - Related Rent Concessions
- Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current - Deferral of Effective Date

The adoption of the new MFRSs, new interpretation and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

A3. SEASONAL OR CYCLICAL FACTORS

We do not experience any seasonality in our business as the demand for precast concrete products is not subject to major seasonal fluctuations.

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A4. UNUSUAL ITEMS

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

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in accounting estimates in the current financial period.

A6. DEBT AND EQUITY SECURITIES

Saved as disclosed below, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period under review.

On 17 August 2020, our group of companies comprising UCI Resources Berhad, Utama Concrete Industries Sdn Bhd and UCI Marketing Sdn Bhd was formed after a corporate restructuring comprising the following:

- (i) On 3 March 2020, Utama Concrete Industries Sdn Bhd acquired 50 ordinary shares in UCI Marketing Sdn Bhd, representing the remaining 25% equity interest of UCI Marketing Sdn Bhd not owned by Utama Concrete Industries Sdn Bhd from Lore Kin Hoong for a cash consideration of RM50. The said acquisition was completed on 9 June 2020; and
- (ii) On 17 August 2020, UCI Resources Sdn Bhd entered into a share sale agreement with Liew Thiam Leong, Liew Ooi Hann, Yeap Bun Huat, Liew Team Teng and Soo Chong Yew to acquire the entire equity interest in Utama Concrete Industries Sdn Bhd comprising 500,000 ordinary shares for a total purchase consideration of RM15,300,000, which was satisfied via the issuance of 300,000,000 new ordinary shares in UCI Resources Sdn Bhd at an issue price of RM0.051 each. The said acquisition was completed on 10 September 2020.

A7. SEGMENTAL INFORMATION

The Group's revenue based on product segments is presented as follows:

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Box Culvert	6,197	5,895	10,442	12,678
U-Drain	3,302	3,059	5,498	6,154
L-Shape	1,692	4,586	4,184	9,211
Others ⁽ⁱ⁾	478	340	558	801
Total	11,669	13,880	20,682	28,844

Note:

- (i) Includes our complementary precast concrete products.

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial period.

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A9. CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed in note A6, there were no changes in the composition of the Group for the financial period ended 31 December 2020.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets and contingent liabilities as at the date of this interim financial report.

A11. CAPITAL COMMITMENTS

Save as disclosed below, there were no material capital commitments in respect of plant and equipment as at the end of the current financial period:

Capital commitments	RM'000
Approved and contracted for	
Plant and machinery	<u>1,637</u>

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

a) Current Period vs. Previous Year Corresponding Period

The Group recorded a lower revenue of RM11.67 million for the current 6-month financial period ended 31 December 2020, as compared to RM13.88 million in the previous year corresponding period, representing a decrease of RM2.21 million or 15.9%. The decrease in revenue was mainly due to the suspension of businesses arising from the Government of Malaysia's imposition of the movement control order from 18 March 2020 to 3 May 2020 ("**MCO**"), which had affected our scheduled deliveries of unfulfilled orders to our customers.

The Group recorded a lower profit before taxation ("**PBT**") of RM1.62 million for the current financial period ended 31 December 2020 as compared to RM1.92 million in the previous year corresponding period, representing a decrease of RM0.30 million or 15.6%. The decrease in PBT was mainly due to lower revenue and thereby lower gross profit ("**GP**").

b) Current Financial Year-to-date vs. Previous Financial Year-to-date

The Group recorded a lower revenue of RM20.68 million for the current financial year ended 31 December 2020, as compared to RM28.84 million in the previous financial year, representing a decrease of RM8.16 million or 28.3%. The decrease in revenue was mainly due to the suspension of businesses arising from the MCO, which had affected our scheduled deliveries of unfulfilled orders to our customers.

The Group recorded a lower PBT of RM2.28 million for the financial year ended 31 December 2020 as compared to a PBT of RM4.43 million in the previous financial year, representing a decrease of RM2.15 million or 48.5%. The decrease in PBT was mainly due to lower revenue and thereby GP for the financial year ended 31 December 2020 as well as the absence of a gain on disposal of an investment property which was recorded in the financial year ended 31 December 2019.

B2. PROSPECTS

As disclosed in the Company's Information Memorandum dated 29 January 2021, the Company is in the midst of relocating its manufacturing activities to its new manufacturing site, which is expected to be completed by the 1st quarter of 2021.

Subsequent to the relocation to its new manufacturing site, the Group intends to expand its new manufacturing site, which is expected to be completed by the end of 2021. Following the completion of the expansion of its new manufacturing site, the Group's manufacturing capacity for its precast concrete products will increase from 62,400m³ to 93,600m³ per annum.

Moving forward, the Group intends to widen its range of products to include precast concrete jacking pipes, when the expansion of its new manufacturing site is completed by the end of 2021.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B4. DIVIDENDS

The Board had on 14 June 2020 declared a single tier interim dividend of RM1.00 per ordinary share in respect of the financial year ended 31 December 2020. The interim dividend amounting to RM500,000 was paid on 30 June 2020.

C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

Save for the Company's impending listing on 23 March 2021, there were no corporate proposals announced but pending completion as at the date of this report.

C2. MATERIAL LITIGATION

There are no material litigations pending as at the date of this report.

C3. EARNINGS PER SHARE

(i) The basic EPS for the current financial period and financial year-to-date are computed as follows:

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	1,167	1,120	1,668	3,034
Weighted average number of ordinary shares in issue ('000)	300,000	300,000	300,000	300,000
Basic EPS (sen)	0.39	0.37	0.56	1.01

The EPS for the financial period/year ended 31 December 2020 and 31 December 2019 were computed based on weighted average number of shares adjusted to take into account the issuance of new shares. The Company's issued shares of 300,000,100 ordinary shares as at 31 December 2020 were assumed to be issued during the periods above.

(ii) Diluted EPS is the same as the basic earnings per share as there were no potential dilutive instruments.