



UCI RESOURCES BERHAD

(Registration No. 202001015323 (1371643-X))

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR
ENDED 31 DECEMBER 2021**

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.

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(Registration No. 202001015323 (1371643-X))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Unaudited As at 31.12.2021 RM'000	Audited As at 31.12.2020 RM'000
<u>ASSETS</u>		
Non-current assets		
Plant and equipment	872	1,351
Right-of-use assets	7,735	7,765
Goodwill on consolidation	51	51
Total non-current assets	8,658	9,167
Current assets		
Inventories	4,285	4,017
Trade receivables	8,089	6,454
Other receivables, deposits and prepayments	653	1,142
Fixed deposits	4,032	-
Cash and bank balances	2,621	3,101
Total current assets	19,680	14,714
Total assets	28,338	23,881
<u>LIABILITIES AND EQUITY</u>		
Equity attributable to owners of the Company		
Share capital	20,210	15,300
Reorganisation reserve	(14,800)	(14,800)
Retained profits	15,699	16,136
Total equity	21,109	16,636
Non-current liabilities		
Borrowings	1,410	1,874
Deferred tax liabilities	139	139
Total non-current liabilities	1,549	2,013
Current liabilities		
Trade payables	4,053	3,712
Other payables, deposits and accruals	167	512
Borrowings	1,395	832
Current tax liabilities	65	176
Total current liabilities	5,680	5,232
Total liabilities and equity	28,338	23,881
Net assets per share (sen)⁽²⁾	6.33	5.54

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (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 Consolidated Financial Statements for the financial year ended 31 December 2020 of the Company and the accompanying explanatory notes attached to this interim financial report.*
- (2) Net assets per share is calculated based on the Company's number of (i) ordinary shares in issue of 333,400,100 as at the end of the financial year ended 31 December 2021, and (ii) ordinary shares in issue of 300,000,100 as at the end of the financial year ended 31 December 2020.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	13,025	11,669	24,622	20,682
Cost of sales	(10,285)	(8,963)	(20,010)	(16,170)
Gross profit	2,740	2,706	4,612	4,512
Other income	74	361	110	524
Selling and distribution expenses	(307)	(159)	(724)	(388)
Other operating expenses	(1,809)	(1,199)	(3,449)	(2,218)
Profit from operations	698	1,709	549	2,430
Finance costs	(45)	(91)	(111)	(166)
Profit before taxation	653	1,618	438	2,264
Income tax expenses	(313)	(451)	(373)	(466)
Profit for the financial period/year, representing total comprehensive income for the financial period/year	340	1,167	65	1,798
Total comprehensive income for the financial period/year attributable to owners of the Company	340	1,167	65	1,798
Earnings per ordinary share ("EPS") (sen):				
- Basic	0.10	0.38	0.01	0.59

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 Consolidated Financial Statements for the financial year ended 31 December 2020 of the Company and the accompanying explanatory notes attached to this interim financial report.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021

	Non-distributable		Distributable		Non-controlling interest	Total
	Share capital	Reorganisation reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000		
Balance as at 1 January 2020	500	-	14,838	15,338	(51)	15,287
Total comprehensive income for the financial year	-	-	1,798	1,798	-	1,798
Acquisition of a subsidiary	14,800	(14,800)	-	-	51	51
Dividend	-	-	(500)	(500)	-	(500)
Balance as at 31 December 2020	15,300	(14,800)	16,136	16,636	-	16,636
Balance as at 1 January 2021	15,300	(14,800)	16,136	16,636	-	16,636
Total comprehensive income for the financial year	-	-	65	65	-	65
Issuance of shares	4,910	-	-	4,910	-	4,910
Dividend	-	-	(502)	(502)	-	(502)
Balance as at 31 December 2021	20,210	(14,800)	15,699	21,109	-	21,109

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 Consolidated Financial Statements for the financial year ended 31 December 2020 of the Company and the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL-YEAR ENDED 31 DECEMBER 2021

	Unaudited	Audited
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	438	2,264
Adjustments for:-		
Depreciation of plant and equipment	869	471
Depreciation of right-of-use assets	765	750
Loss on disposal of plant and equipment	-	17
Gain on disposal of right-of-use assets	-	(110)
Impairment loss on trade receivables	-	(2)
Impairment loss on trade receivables no longer required	-	(210)
Interest expense	111	166
Interest income	(65)	(98)
Operating profit before working capital changes	<u>2,118</u>	<u>3,250</u>
Changes in working capital:-		
Inventories	(268)	(749)
Trade receivables	(1,635)	793
Other receivables, deposits and prepayments	489	(399)
Trade payables	341	(339)
Other payables, deposits and accruals	(346)	(59)
Cash generated from operations	<u>699</u>	<u>2,497</u>
Interest paid	(111)	(166)
Interest received	65	98
Tax paid	(484)	(414)
Net cash from operating activities	<u>169</u>	<u>2,015</u>
Cash flows from investing activities		
Acquisition of non-controlling interest	-	(2)
Proceeds from disposal of plant and equipment	-	30
Proceeds from disposal of rights-of-use assets	-	118
Purchase of plant and equipment	(390)	(459)
Purchase of right-of-use assets	(734)	(1,397)
Net cash used in investing activities	<u>(1,124)</u>	<u>(1,708)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL-YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Unaudited	Audited
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid	(502)	(500)
Proceeds from issuance of shares	4,910	(2)
Fixed deposits pledged	(4,032)	-
Repayment of lease liabilities	(191)	(618)
Net drawdown/(repayment) of borrowings	363	(470)
Net cash from/(used in) financing activities	<u>548</u>	<u>(1,588)</u>
Net decrease in cash and cash equivalents	<u>(407)</u>	<u>(1,281)</u>
Cash and cash equivalents at the beginning of the financial year	<u>3,028</u>	<u>4,309</u>
Cash and cash equivalents at the end of the financial year	<u>2,621</u>	<u>3,028</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 Consolidated Financial Statements for the financial year ended 31 December 2020 of the Company 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 2021

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 interim financial report on the consolidated results for the second half-year ended 31 December 2021 announced by the Company in compliance with Rule 6.12 of the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”).

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2020 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 Financial Statements for the financial year ended 31 December 2020.

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 2021:

- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform
- Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 April 2021:

- Amendment to MFRS 16, Leases - Covid-19 - Related Rent Concessions

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

The business operations of the Group are not significantly affected by any seasonal or cyclical factors for the current financial period and financial year-to-date.

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 and financial year-to-date.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021 (CONT'D)

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in accounting estimates in the current financial period and financial year-to-date.

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 and financial year-to-date.

On 18 March 2021, 33,400,000 new ordinary shares of the Company were issued pursuant to the excluded issue at an issue price of RM0.15 per ordinary share to sophisticated investors within the meanings of Sections 229 and 230 of the Capital Markets and Services Act 2007 (“**Excluded Issue**”). Subsequently, on 23 March 2021, the Company’s entire enlarged issued share capital of RM20,310,100 comprising of 333,400,100 ordinary shares were listed on the LEAP Market of Bursa Securities.

A7. SEGMENTAL INFORMATION

The Group’s revenue based on products segment is presented as follows:

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Box Culvert	3,451	6,197	9,567	10,442
U-Drain	6,313	3,302	9,323	5,498
L-Shape	3,145	1,692	5,265	4,184
Others ⁽ⁱ⁾	116	478	467	558
Total	13,025	11,669	24,622	20,682

Note:

(i) Includes the Group’s complementary precast concrete products.

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

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

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial year ended 31 December 2021.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021 (CONT'D)**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 year:

Capital commitments	RM'000
Approved and contracted for	
Plant and machinery	1,637

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Current Financial Period vs Preceding Year Corresponding Period

The Group recorded a revenue of RM13.03 million for the current financial period ended 31 December 2021, as compared to RM11.67 million in the preceding year corresponding period, representing an increase of RM1.36 million or 11.6%. This was mainly due to resumption of the Group's deliveries after the movement control order ("MCO") imposed by the Malaysian Government was uplifted in July 2021.

The Group recorded a profit before taxation of RM0.65 million for the current financial period ended 31 December 2021 as compared to a profit before taxation of RM1.62 million in the preceding year corresponding period, representing a decrease of RM0.97 million or 59.6%. This was mainly due to lower gross profit generated as a result of an increase in cost of steel bar materials as well as the balance one-off listing expenses of RM0.45 million being expensed during the current financial period ended 31 December 2021.

B2. PROSPECTS

As disclosed in the Company's Information Memorandum dated 29 January 2021, the Group has in place a series of future plans and strategies to further expand the Group's business as follows:

- (i) to relocate and expand the Group's new manufacturing site; and
- (ii) to widen the Group's range of precast concrete products to continue catering for drain, tunnel and retaining wall construction.

Notwithstanding the upliftment of the MCOs by the Malaysian Government in July 2021, the Group's relocation plans remain delayed as the Group is still pending approval of building plans from the local authorities for the new batching plant and factory at the Group's new manufacturing site. The Group will work closely with its consultants to expedite the process to obtain approval of the said building plans by the 2nd quarter of 2022.

The COVID-19 pandemic continues to raise concerns and the Group is unable to predict its impact on the demand for the Group's products. However, the Group remains optimistic on the recovery of the Malaysian economy in view of the Malaysian Government's efforts in increasing the vaccination rate of the country, and introducing various stimulus packages to stimulate economic recovery such as the "PRIHATIN", "PEMULIH" and "PEMERKASA" packages.

Notwithstanding the above and barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is of the opinion that the Group's financial performance for the financial year ending 31 December 2022 will remain challenging. Moving forward, the Group will continue to monitor and assess the impact of COVID-19 on the Group's business operations and will take proactive measures to ensure the Group's business remains resilient and focused.

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 13 July 2021 declared a single tier interim dividend of RM0.0015 per ordinary share in respect of the financial year ending 31 December 2021. The interim dividend amounting to RM500,100 was paid on 30 July 2021.

C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but pending completion as at the date of this interim financial report.

C2. MATERIAL LITIGATION

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

C3. EARNINGS PER SHARE

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	340	1,167	65	1,798
Weighted average number of ordinary shares in issue ('000)	326,354	300,000	326,354	300,000
Basic EPS (sen)	0.10	0.39	0.02	0.56

Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments.

C4. UTILISATION OF PROCEEDS

As at 31 December 2021, the proceeds from the Excluded Issue amounting to RM5.01 million was utilised in the following manner:

Purpose	Proposed utilisation (RM'000)	Actual utilised (RM'000)	Unutilised amount (RM'000)	Estimated timeframe for utilisation
Capital expenditure	3,000	-	3,000	Within 18 months
Working capital	1,010	(1,010)	-	Within 6 months
Listing expenses	1,000	(1,000)	-	Immediate
Total	5,010	(2,010)	3,000	