



UCI RESOURCES BERHAD

(Registration No. 202001015323 (1371643-X))

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR
ENDED 30 JUNE 2023**

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Unaudited As at 30.06.2023 RM'000	Audited As at 31.12.2022 RM'000
<u>ASSETS</u>		
Non-current assets		
Plant and equipment	1,064	1,154
Right-of-use assets	8,758	7,593
Other investment	1,000	1,000
Total non-current assets	10,822	9,747
Current assets		
Inventories	4,320	4,717
Trade receivables	9,775	8,556
Other receivables, deposits and prepayments	3,198	2,236
Fixed deposits	5,072	6,748
Cash and bank balances	2,894	2,994
Total current assets	25,259	25,251
Total assets	36,081	34,998
<u>LIABILITIES AND EQUITY</u>		
Equity attributable to owners of the Company		
Share capital	20,210	20,210
Reorganisation reserve	(14,800)	(14,800)
Retained profits	18,703	17,158
Total equity	24,113	22,568
Non-current liabilities		
Borrowings	5,283	5,027
Deferred tax liabilities	116	116
Total non-current liabilities	5,399	5,143
Current liabilities		
Trade payables	4,997	5,200
Other payables, deposits and accruals	320	624
Borrowings	705	1,185
Current tax liabilities	547	278
Total current liabilities	6,569	7,287
Total liabilities and equity	36,081	34,998
Net assets per share (sen)⁽²⁾	7.23	6.76

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 Financial Statements for the financial year ended 31 December 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share are calculated based on the Company's number of ordinary shares in issue of 333,400,100 shares.

UCI RESOURCES BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	17,216	16,657	17,216	16,657
Cost of sales	(13,529)	(13,460)	(13,529)	(13,460)
Gross profit	3,687	3,197	3,687	3,197
Other income	104	37	104	37
Selling and distribution expenses	(621)	(398)	(621)	(398)
Other operating expenses	(1,073)	(1,063)	(1,073)	(1,063)
Profit from operations	2,097	1,773	2,097	1,773
Finance costs	(40)	(64)	(40)	(64)
Profit before taxation	2,057	1,709	2,057	1,709
Income tax expenses	(512)	(426)	(512)	(426)
Profit for the financial period, representing total comprehensive income for the financial period	1,545	1,283	1,545	1,283
Total comprehensive income for the financial period attributable to owners of the Company	1,545	1,283	1,545	1,283
Earnings per ordinary share ("EPS") (sen):				
- Basic	0.46	0.38	0.46	0.38

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 Financial Statements for the financial year ended 31 December 2022 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 FIRST HALF-YEAR ENDED 30 JUNE 2023

	Non-distributable		Distributable	Total
	Share capital	Reorganisation reserve	Retained earnings	
	RM'000	RM'000	RM'000	
Balance as at 1 January 2022	20,210	(14,800)	15,697	21,107
Total comprehensive profit for the financial period	-	-	1,283	1,283
Balance as at 30 June 2022	20,210	(14,800)	16,980	22,390
Balance as at 1 January 2023	20,210	(14,800)	17,158	22,568
Total comprehensive profit for the financial period	-	-	1,545	1,545
Balance as at 30 June 2023	20,210	(14,800)	18,703	24,113

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 Financial Statements for the financial year ended 31 December 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023

	Unaudited 30.06.2023 RM'000	Unaudited 30.06.2022 RM'000
Cash flows from operating activities		
Profit before taxation	2,057	1,709
Adjustments for:-		
Depreciation of plant and equipment	231	361
Depreciation of right-of-use assets	192	212
Interest expense	34	64
Interest income	(88)	(27)
Operating profit before working capital changes	2,426	2,319
Changes in working capital:-		
Inventories	397	(166)
Trade receivables	(1,219)	(897)
Other receivables, deposits and prepayments	(962)	(188)
Trade payables	(203)	439
Other payables, deposits and accruals	(303)	(145)
Cash generated from operations	136	1,362
Interest paid	(34)	(64)
Interest received	88	27
Tax paid	(245)	(102)
Net cash from/(used in) operating activities	(55)	1,223
Cash flows from investing activities		
Other investment in unquoted shares	-	(1,000)
Purchase of plant and equipment	(213)	(320)
Purchase of right-of-use assets	(1,285)	(80)
Net cash used in investing activities	(1,498)	(1,400)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023 (CONT'D)

	Unaudited 30.06.2023 RM'000	Unaudited 30.06.2022 RM'000
Cash flows from financing activities		
Repayment of lease liabilities	(110)	(106)
Repayment of borrowings	(113)	(372)
Net cash used in financing activities	<u>(223)</u>	<u>(478)</u>
Net decrease in cash and cash equivalents	<u>(1,776)</u>	<u>(655)</u>
Cash and cash equivalents at the beginning of the financial period	<u>9,742</u>	<u>6,654</u>
Cash and cash equivalents at the end of the financial period	<u>7,966</u>	<u>5,999</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 Financial Statements for the financial year ended 31 December 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.*

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023

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 first half-year ended 30 June 2023 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 2022 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 2022.

The following are accounting standards and amendments of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board (“**MASB**”) but have not been adopted by the Group:

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023:

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108, Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024:

- Amendments to MFRS 7, Financial Instruments : Disclosures – Supplier Finance Arrangements
- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements - Non-current Liabilities with Covenants
- Amendments to MFRS 107, Statement of Cash Flows – Supplier Finance Arrangements

MFRSs and amendments effective for annual periods beginning on or after a date yet to be confirmed:

- Amendments to MFRS 10, Consolidated Financial Statements
- Amendments to MFRS 128, Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned accounting standards and amendments in the respective financial year when the above accounting standards and amendments become effective, if applicable.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023 (CONT'D)

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.

A4. UNUSUAL ITEMS

There were no material unusual items affecting the 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

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

A7. SEGMENTAL INFORMATION

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

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Box Culvert	7,996	7,859	7,996	7,859
U-Drain	3,253	4,665	3,253	4,665
L-Shape	4,367	3,676	4,367	3,676
Others ⁽ⁱ⁾	1,600	457	1,600	457
Total	17,216	16,657	17,216	16,657

Note:

(i) Includes the Group's complementary precast concrete products and other trading building materials.

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.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period ended 30 June 2023.

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

There were no material capital commitments in respect of plant and equipment as at the end of the current financial period.

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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 RM17.22 million for the current financial period ended 30 June 2023, as compared to RM16.66 million in the preceding year corresponding period, representing an increase of RM0.56 million or 3.4%. The increase in revenue was mainly driven by higher selling prices of the Group's products, following adjustments made based on anticipated higher raw material prices.

The Group recorded a profit before taxation of RM2.06 million for the current financial period ended 30 June 2023 as compared to a profit before taxation of RM1.71 million in the preceding year corresponding period, representing an increase of RM0.35 million or 20.5%, mainly due to higher selling prices as explained above.

B2. COMMENTARY ON PROSPECTS

The Group has in January 2023 obtained approval from the local authorities for the building plan for its new batching plant and factory at the Group's new manufacturing site. Pursuant thereto, the Group has commenced construction in the first quarter of 2023 and expects its new batching plant and factory to be completed by the fourth quarter of 2023.

The Malaysian Government has successfully contained the Covid-19 pandemic and through its efforts, improvement in the economy can be seen albeit slowly recovering. However geo-political factors such as global inflation, and other uncertainties may hamper the efforts of the Malaysian Government in improving the economy.

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 2023 will improve as the Group has sufficient order book in hand and the prices of raw materials stabilise. Moving forward, the Group will continue to monitor and assess its business operations and will take proactive measures to ensure its 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 or announcement.

B4. DIVIDENDS

The Board had on 12 July 2023 declared a single-tier interim dividend of RM0.0015 per ordinary share in respect of the financial year ending 31 December 2023. The interim dividend amounting to RM500,100 was paid on 31 July 2023.

C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

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

The basic EPS for the current financial period and the preceding year corresponding period are computed as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	1,545	1,283	1,545	1,283
Weighted average number of ordinary shares in issue ('000)	333,400	333,400	333,400	333,400
Basic EPS (sen)	0.46	0.38	0.46	0.38

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

C4. UTILISATION OF PROCEEDS

As at 30 June 2023, the proceeds from the Excluded Issue amounting to RM5.01 million have been fully 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 30 months
Working capital	1,010	(1,010)	-	Within 6 months
Listing expenses	1,000	(1,000)	-	Immediate
Total	5,010	(5,010)	-	