



UCI RESOURCES BERHAD

(Registration No. 202001015323 (1371643-X))

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR
ENDED 31 DECEMBER 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 31 DECEMBER 2023

	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
<u>ASSETS</u>		
Non-current assets		
Plant and equipment	1,249	1,154
Right-of-use assets	14,787	7,593
Other investments	1,500	1,000
Total non-current assets	17,536	9,747
Current assets		
Inventories	4,547	4,717
Trade receivables	6,795	8,556
Other receivables, deposits and prepayments	2,157	2,236
Fixed deposits	4,094	6,748
Cash and bank balances	1,997	2,994
Total current assets	19,590	25,251
Total assets	37,126	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	18,676	17,158
Total equity	24,086	22,568
Non-current liabilities		
Borrowings	4,668	5,027
Deferred tax liabilities	116	116
Total non-current liabilities	4,784	5,143
Current liabilities		
Trade payables	4,543	5,200
Other payables, deposits and accruals	400	624
Borrowings	2,972	1,185
Current tax liabilities	341	278
Total current liabilities	8,256	7,287
Total liabilities and equity	37,126	34,998
Net assets per share (sen)⁽²⁾	7.22	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 Consolidated 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 333,400,100 ordinary shares in issue as at the end of the financial period/year ended 31 December 2023 and 31 December 2022.*

UCI RESOURCES BERHAD

(Registration No. 202001015323 (1371643-X))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2023

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	15,575	17,098	32,790	33,754
Cost of sales	(13,454)	(14,159)	(26,982)	(27,628)
Gross profit	2,121	2,939	5,808	6,126
Other income	337	88	442	125
Selling and distribution expenses	(401)	(436)	(1,022)	(834)
Other operating expenses	(1,196)	(1,348)	(2,269)	(2,469)
Profit from operations	861	1,243	2,959	2,948
Finance costs	(68)	(70)	(108)	(149)
Profit before taxation	793	1,173	2,851	2,799
Income tax expenses	(322)	(301)	(833)	(838)
Profit for the financial period/year, representing total comprehensive income for the financial period/year	471	872	2,018	1,961
Total comprehensive income for the financial period/year attributable to owners of the Company	471	872	2,018	1,961
Earnings per ordinary share ("EPS") (sen):				
- Basic	0.14	0.26	0.61	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 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 SECOND HALF-YEAR ENDED 31 DECEMBER 2023

	Non-distributable		Distributable	Total RM'000
	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 income for the financial year	-	-	1,961	1,961
Dividends paid			(500)	(500)
Balance as at 31 December 2022	20,210	(14,800)	17,158	22,568
Balance as at 1 January 2023	20,210	(14,800)	17,158	22,568
Total comprehensive income for the financial year	-	-	2,018	2,018
Dividends paid			(500)	(500)
Balance as at 31 December 2023	20,210	(14,800)	18,676	24,086

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.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unaudited	Audited
	31.12.2023	31.12.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	2,851	2,799
Adjustments for:-		
Depreciation of plant and equipment	333	674
Depreciation of right-of-use assets	586	343
Gain on disposal of plant and equipment	-	(1)
Other receivables written off	-	3
Interest expense	100	149
Interest income	(154)	(92)
Operating profit before working capital changes	3,716	3,875
Changes in working capital:-		
Inventories	170	(432)
Trade receivables	1,603	(523)
Other receivables, deposits and prepayments	109	(1,687)
Trade payables	(658)	1,147
Other payables, deposits and accruals	(56)	238
Cash generated from operations	4,884	2,618
Interest paid	(100)	(149)
Interest received	154	92
Tax paid	(818)	(779)
Net cash from operating activities	4,120	1,782
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	5
Investment in unquoted investment	(500)	(1,000)
Purchase of plant and equipment	(541)	(554)
Purchase of right-of-use assets	(7,709)	(93)
Net cash used in investing activities	(8,750)	(1,642)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Unaudited	Audited
	31.12.2023	31.12.2022
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid	(500)	(500)
Net drawdown/(repayment) of lease liabilities	2,283	(257)
Net (repayment)/drawdown of borrowings	(804)	3,705
Net cash from financing activities	<u>979</u>	<u>2,948</u>
Net (decrease)/increase in cash and cash equivalents	<u>(3,651)</u>	<u>3,088</u>
Cash and cash equivalents at the beginning of the financial year	<u>9,742</u>	<u>6,654</u>
Cash and cash equivalents at the end of the financial year	<u>6,091</u>	<u>9,742</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 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 SECOND HALF-YEAR ENDED 31 DECEMBER 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 second half-year ended 31 December 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.

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 the current financial year:

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 SECOND HALF-YEAR ENDED 31 DECEMBER 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 and financial year-to-date.

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 and financial year-to-date.

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

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current financial period and financial year-to-date.

A7. SEGMENTAL INFORMATION

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

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Box Culvert	7,551	7,497	15,548	15,356
U-Drain	3,570	3,678	6,824	8,343
L-Shape	3,549	5,168	7,916	8,844
Others ⁽ⁱ⁾	905	755	2,502	1,211
Total	15,575	17,098	32,790	33,754

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 2023.

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 2023 (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	2,000

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Current Financial Year (FYE2023) vs Previous Financial Year (FYE2022)

The Group recorded a revenue of RM32.79 million for the current financial year ended 31 December 2023, as compared to RM33.75 million in the previous financial year, representing a decrease of RM0.96 million or 2.86%, mainly due to a decrease in orders from our customers.

Despite the lower revenue generated, the Group managed to record a profit before taxation of RM2.85 million for the current financial year ended 31 December 2023 as compared to a profit before taxation of RM2.80 million in the previous financial year, representing an increase of RM0.05 million or 1.86%. This increase was mainly due to net dividend income of RM0.25 million received from its investment in an unquoted shares company. However, the increase is partially offset by the lower gross profit generated as a result of an increase in raw material costs such as cement, sand and aggregate, which the Group was unable to pass all the cost increase to our customers.

B2. COMMENTARY ON PROSPECTS

Despite lower economic growth experienced in Malaysia during the fourth quarter of 2023 (4Q 2023: 3%; 3Q 2023: 3.3%), there remains optimism for Malaysia's economy to rebound in 2024. This growth is expected to be driven by robust domestic spending and an increase in global demand. The International Monetary Fund predicts an upturn in global trade growth from 0.4% in 2023 to 3.3% in 2024, which, combined with technological advancements, will bolster Malaysia's exports. Domestically, household expenditure will benefit from sustained employment and wage growth, while investment activity will be boosted by ongoing multi-year projects across both private and public sectors, along with initiatives outlined in national master plans, will stimulate investment activity. Despite potential risks from weaker external demand and commodity production, positive factors such as the tech upcycle and flourishing tourism could exceed growth expectations.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, Bank Negara Malaysia)

Additionally, as announced in the previous half-yearly report, the Group had obtained approval in January 2023 from the local authorities for its building plan for the construction of the new batching plant and factory at the Group's new manufacturing site. However, the construction was delayed due to additional requests from the Malaysian Public Works Department ("JKR") for the traffic management plan, which subsequently delayed the overall construction progress.

We anticipate that the construction of the new batching plant and factory to be completed by the third quarter of 2024.

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 2024 will improve as our new spun pipe factory will begin to generate additional revenue and with our sufficient order book in hand. 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 and/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 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	471	872	2,018	1,961
Weighted average number of ordinary shares in issue ('000)	333,400	333,400	333,400	333,400
Basic EPS (sen)	0.14	0.26	0.61	0.59

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

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