



SUNMOW HOLDING BERHAD

(Registration No. 202001024626 (1380946-V))
(Incorporated in Malaysia under the Companies Act 2016)

**UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDED 30
JUNE 2022**

**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 SUNMOW HOLDING BERHAD (“SUNMOW” 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.**

This Half Yearly Report is dated 29 August 2022



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022⁽¹⁾

	Unaudited as at 30.06.2022 RM	Audited as at 31.12.2021 RM
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	6,218,232	5,643,420
Investment properties	23,557,287	23,053,445
Deferred tax assets	219,687	219,687
Property development costs	14,369,442	689,092
	44,364,648	29,605,644
CURRENT ASSETS		
Inventories	265,114	325,292
Trade receivables	29,057,630	31,567,967
Contract assets	30,589,450	31,667,477
Other receivables and deposits	1,042,475	1,479,558
Fixed deposits with licensed banks	2,503,148	8,583,799
Cash and bank balances	5,172,684	316,783
Current tax assets	-	22,613
	68,630,501	73,963,489
TOTAL ASSETS	112,995,149	103,569,133



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2022 ⁽¹⁾ (CONT'D)**

	Unaudited as at 30.06.2022 RM	Audited as at 31.12.2021 RM
EQUITY		
Share capital	38,250,000	38,250,000
Merger deficit	(24,539,800)	(24,539,800)
Equity reserves	2,000,000	2,000,000
Retained profits	30,035,934	27,027,865
	45,746,134	42,738,065
LIABILITIES		
NON-CURRENT LIABILITIES		
Lease liabilities	744,352	1,566,839
Term loans	4,919,148	5,500,328
Deferred tax liabilities	7,925	-
	5,671,425	8,604,782
CURRENT LIABILITIES		
Trade payables	33,935,776	38,032,903
Contract liabilities	1,548,789	-
Other payables, deposit and accruals	13,654,480	1,176,332
Lease liabilities	1,729,666	1,848,493
Term loans	1,185,859	1,245,353
Amount owing to bankers	6,424,000	8,057,207
Amount owing to directors	2,181,747	2,683,444
Current tax liabilities	917,273	720,169
	61,577,590	53,763,901
TOTAL LIABILITIES	67,249,015	60,831,068
TOTAL EQUITY AND LIABILITIES	112,995,149 =====	103,569,133 =====
Net assets per ordinary share ⁽²⁾	0.20	0.18



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Notes:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended (“FYE”) 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.*
2. *Net assets per ordinary share is calculated based on the Company’s number of ordinary shares at the end of the reporting period of 233,940,000 shares.*

N/A – Not applicable

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE FIRST HALF-YEAR ENDED
 30 JUNE 2022⁽¹⁾**

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM	RM	RM	RM
Revenue	39,859,936	30,106,251	39,859,936	30,106,251
Cost of sales	(33,928,439)	(25,423,963)	(33,928,439)	(25,423,963)
Gross profit	5,931,497	4,682,288	5,931,497	4,682,288
Other income	1,275,665	1,068,242	1,275,665	1,068,242
Administrative expenses	(3,336,818)	(4,852,418)	(3,336,818)	(4,852,418)
Finance costs	(282,049)	(295,583)	(282,049)	(295,583)
Profit before taxation	3,588,295	602,529	3,588,295	602,529
Income tax expense	(580,226)	(425,745)	(580,226)	(425,745)
Profit after taxation for the financial period	3,008,069	176,784	3,008,069	176,784
Attributable to equity holders of the Company:				
- Basic earnings per share (sen) ⁽²⁾	1.29	0.08	1.29	0.08
- Diluted earnings per share (sen) ⁽³⁾	1.29	0.08	1.29	0.08



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Notes:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements of the Company for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.*
2. *Basic earnings per share is calculated based on the Company's share capital of 233,940,000 ordinary shares as at the end of the reporting period.*
3. *Diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022⁽¹⁾**

	Share Capital RM	Merger Deficit RM	Equity Reserves RM	Retained Profits RM	Total Equity RM
At 1.1.2022	38,250,000	(24,539,800)	2,000,000	27,027,865	42,738,065
Profit after taxation for the financial period	-	-	-	3,008,069	3,008,069
At 30.06.2022	38,250,000	(24,539,800)	2,000,000	30,035,934	45,746,134

Note:

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 Audited Financial Statements of the Company for the FYE 31 December 2021 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 2022⁽¹⁾**

	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	3,588,295	602,529
Adjustments for:		
Depreciation for:		
- property and equipment	242,585	118,864
- investment properties	248,798	263,383
- right-of-use assets	553,370	844,822
Interest expense	282,049	295,583
Share gift to employees	-	1,000,500
Reversal of impairment losses on trade receivables	-	(17,293)
Gain on disposal of property and equipment and investment properties	(807,923)	(21,129)
Interest income	(54,823)	(100,427)
	4,052,351	2,986,832
Property development costs	(13,680,350)	(18,640)
Decrease in inventories	60,178	585,126
Decrease/(Increase) in trade and other receivables	2,949,066	(305,922)
Decrease/(Increase) in contract assets and liabilities	2,626,817	(1,314,533)
Increase/(Decrease) in trade and other payables	8,381,021	(3,260,418)
	4,389,083	(1,327,555)
Cash from/(for) operations		
Interest expense paid	(282,049)	(295,583)
Interest income received	81,692	100,646
Income tax paid	(405,906)	(424,913)
Income tax refunded	24,807	240,510
	3,807,627	(1,706,895)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022⁽¹⁾ (CONT'D)**

	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Purchase of property and equipment	(1,372,119)	(40,569)
Purchase of investment properties	(1,800,931)	(133,670)
Addition to right-of-use assets	-	(134,090)
Proceeds from disposal of property and equipment	6,680	750
Proceeds from disposal of investment properties	1,850,887	679,328
Decrease/(Increase) in fixed deposits pledged to licensed banks	(17,961)	2,083,529
	(1,333,444)	2,455,278
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
(Repayment to)/Advance from directors	(501,696)	393,948
Drawdown of term loans	201	86,535
Proceeds from issuance of shares	-	12,000,000
Increase/(Decrease) in bankers' acceptance	1,320,000	(225,000)
Repayment of lease liabilities	(941,314)	(905,813)
Repayment of term loans	(640,876)	(574,221)
	(763,685)	10,775,449
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,710,498	11,523,832
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	4,463,024	(706,676)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	6,173,521	10,817,156



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Note:

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 Audited Financial Statements of the Company for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.*
2. *The cash and cash equivalents comprise the following:*

	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM
<i>Fixed deposits with licensed banks</i>	2,503,148	12,829,389
<i>Cash and bank balances</i>	5,172,684	1,368,006
<i>Bank overdrafts</i>	-	(2,100,959)
	<hr/>	<hr/>
	7,675,832	12,096,436
<i>Less: Fixed deposits pledged to licensed banks</i>	(1,502,311)	(1,279,280)
	<hr/>	<hr/>
	6,173,521	10,817,156
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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF- YEAR ENDED 30 JUNE 2022

A. NOTES TO THE FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial report of Sunmow Holding Berhad (“**Sunmow**” or “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

These unaudited interim consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

A2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“**MFRSs**”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

During the financial period, the Group has adopted the following amendments to MFRSs which are effective for annual years beginning on or after 1 January 2021.

MFRSs and/or IC Interpretations

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-
YEAR ENDED 30 JUNE 2022 (CONT'D)**

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, that have been issued by MASB but are not yet effective:

MFRSs and/or IC Interpretations	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-
YEAR ENDED 30 JUNE 2022 (CONT'D)**

A3. SEASONAL AND CYCLICAL FACTORS

The nature of the Group's businesses were not subject to any significant seasonal and cyclical factors.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

The board of directors of Sunmow ("**Board**") is not aware of any items or incidence of an unusual nature not otherwise dealt with us in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial period under review.

A5. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimate that had a material effect in the current financial period under review.

A6. DEBT AND EQUITY SECURITIES

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

A7. SEGMENTAL INFORMATION

Sunmow is an investment holding company. The principal activities of the subsidiaries are as follows:

- (i) Sunmow Construction Sdn Bhd ("**SMC**") is principally involved in construction contract works and provision of construction support services;
- (ii) Sunmow Development Sdn Bhd ("**SMD**") is principally involved in property development; and
- (iii) Sunmow Trading Sdn Bhd ("**SMT**") is principally involved in trading of building materials and tools.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-
 YEAR ENDED 30 JUNE 2022 (CONT'D)**

A7. SEGMENTAL INFORMATION (CONT'D)

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM	RM	RM	RM
Construction segment ⁽¹⁾	37,057,987	30,092,983	37,057,987	30,092,983
Trading segment ⁽²⁾	120,821	13,268	120,821	13,268
Property development segment ⁽³⁾	2,681,128	-	2,681,128	-
Total	39,859,936	30,106,251	39,859,936	30,106,251

All of our Group's revenue are generated in Malaysia.

Note:

1. *Construction segment comprises of services in relation to construction contract works and provision of construction support.*
2. *Trading segment comprises of trading of building materials and tools.*
3. *Property development segment comprises of services in relation to property development works.*

A8. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the end of the financial period under review.

A9. CAPITAL COMMITMENTS

There were no material capital commitments as at the end of the financial period under review.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-
YEAR ENDED 30 JUNE 2022 (CONT'D)**

A10. DIVIDENDS

There is no dividend declared or proposed as at the date of this report.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-
YEAR ENDED 30 JUNE 2022 (CONT'D)**

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

First Half-Year Ended 30 June 2022 (“1st Half FYE 2022”) vs First Half-Year Ended 30 June 2021 (“1st Half FYE 2021”)

The Group recorded revenue of RM39.86 million for 1st Half FYE 2022 which represents an increase of RM9.75 million or 32.40% compared to RM30.11 million for 1st Half FYE 2021. The increase is mainly contributed by additional services provided in terms of construction support and commencement of property development project with a gross development value (“**GDV**”) of RM58.93 million in Bintulu known as My Residence 2.

The Group’s costs of sales have increased from RM25.42 million to RM33.93 million or 33.45% for the 1st Half FYE 2022 mainly due to of the commencement of MY Residence 2 property development project, construction work for temporary facilities which comprise of office building and warehouse, which have been extended to year 2022 and additional services provided in terms of construction support.

Gross profit (“**GP**”) increased by 26.68% from RM4.68 million to RM5.93million for the 1st Half FYE 2022 mainly contributed by the additional services provided in terms of construction support.

Decrease in administrative expenses from RM4.85 million to RM3.34 million mainly due to the share gift given to employees during 1st Half FYE 2021 of RM1.00 million.

The absence of share gift and additional services provided in terms of construction support during 1st Half FYE 2021 have also resulted in the increase in profit before taxation (“**PBT**”) by 495.54% from RM0.60 million in 1st Half FYE 2021 to RM3.59 million in 1st Half FYE 2022.

B2. PROSPECTS

With Malaysia’s international borders reopening on 1 April 2022 and governments efforts on the employment of foreign workers, supporting vibrant economic activities in Sarawak, the Board is cautiously optimistic on the Group’s financial performance for financial year 2022.



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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. UTILISATION OF PROCEEDS

The status of the utilisation of proceeds from the subscription of Sunmow shares by pre-Listing investors of RM12.00 million is as follows:

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Estimated timeframe for utilisation upon Listing
Purchase of new construction machineries and equipment	3,026	1,180	1,846	Within 24 months
Working capital for construction projects	4,000	4,000	-	Within 24 months
Working capital for the Group	4,274	4,274	-	Within 12 months
Listing expenses	700	700	-	Immediate
Total	12,000	10,154	1,846	

C3. MATERIAL LITIGATION

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