



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 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 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 23 August 2023



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023⁽¹⁾

	Unaudited as at 30.06.2023 RM	Audited as at 31.12.2022 RM
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	7,583,617	6,499,079
Investment properties	23,940,027	24,082,232
Deferred tax assets	-	-
Property development costs	468,973	510,085
	31,992,617	31,091,396
CURRENT ASSETS		
Inventories	603,088	290,895
Trade receivables	11,514,971	15,069,444
Contract assets	36,538,098	33,343,202
Property development costs	16,411,761	10,613,382
Other receivables, deposit and prepayments	2,727,984	1,474,509
Current tax assets	35,400	34,413
Fixed deposits with licensed banks	3,464,047	3,746,748
Cash and bank balances	15,529,572	10,163,334
	86,824,921	74,735,927
TOTAL ASSETS	118,817,538	105,827,323



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2023 ⁽¹⁾ (CONT'D)**

	Unaudited as at 30.06.2023 RM	Audited as at 31.12.2022 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	33,982,086	29,208,281
	49,692,286	44,918,481
LIABILITIES		
NON-CURRENT LIABILITIES		
Hire purchase liabilities	144,989	175,625
Term loans	3,991,248	4,540,357
Deferred tax liabilities	180,719	165,542
	4,316,956	4,881,524
CURRENT LIABILITIES		
Trade payables	31,807,605	31,664,009
Other payables, deposit and accruals	1,681,961	1,280,992
Contract liabilities	21,031,660	12,929,178
Amount owing to directors	1,405,461	1,701,234
Hire purchase liabilities	816,177	1,509,614
Term loans	1,120,581	1,128,176
Amount owing to bankers	5,262,000	4,878,000
Current tax liabilities	1,682,851	936,115
	64,808,296	56,027,318
TOTAL LIABILITIES	69,125,252	60,908,842
TOTAL EQUITY AND LIABILITIES	118,817,538 =====	105,827,323 =====
Net assets per ordinary share ⁽²⁾	0.21	0.19



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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 2022 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 2023⁽¹⁾**

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Revenue	50,754,865	39,859,936	50,754,865	39,859,936
Cost of sales	(40,922,479)	(33,928,439)	(40,922,479)	(33,928,439)
Gross profit	9,832,386	5,931,497	9,832,386	5,931,497
Other income	688,795	1,275,665	688,795	1,275,665
Administrative expenses	(4,152,293)	(3,336,818)	(4,152,293)	(3,336,818)
Finance costs	(163,126)	(282,049)	(163,126)	(282,049)
Net impairment losses on financial assets and contract assets	43,200	-	43,200	-
Profit before taxation	6,248,962	3,588,295	6,248,962	3,588,295
Income tax expense	(1,475,157)	(580,226)	(1,475,157)	(580,226)
Profit after taxation for the financial period	4,773,805	3,008,069	4,773,805	3,008,069
Attributable to equity holders of the Company:				
- Basic earnings per share (sen) ⁽²⁾	2.04	1.29	2.04	1.29
- Diluted earnings per share (sen) ⁽³⁾	2.04	1.29	2.04	1.29



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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 2022 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 2023⁽¹⁾**

	Share Capital RM	Merger Deficit RM	Equity Reserves RM	Retained Profits RM	Total Equity RM
At 1.1.2023	38,250,000	(24,539,800)	2,000,000	29,208,281	44,918,481
Profit after taxation for the financial period	-	-	-	4,773,805	4,773,805
At 30.06.2023	38,250,000	(24,539,800)	2,000,000	33,982,086	49,692,286

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 2022 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⁽¹⁾**

	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	6,248,962	3,588,295
Adjustments for:		
Gain on disposal of property and equipment and investment properties	(126,497)	(807,923)
Property and equipment written off	971	-
Depreciation for:		
- property and equipment	1,051,151	795,955
- investment properties	206,986	248,798
Interest expense	163,126	282,049
Reversal of impairment losses on trade receivables	(43,200)	-
Interest income	(109,723)	(54,823)
Operating profit before working capital changes	7,391,776	4,052,351
Property development costs	(5,757,268)	(13,680,350)
(Increase)/decrease in inventories	(312,194)	60,178
(Increase)/decrease in trade and other receivables	(459,251)	2,949,066
Increase in contract assets and liabilities	2,611,053	2,626,817
Increase in trade and other payables	5,642,521	8,381,021
Cash from operations	9,116,637	4,389,083
Interest expense paid	(163,126)	(282,049)
Interest income received	111,750	81,692
Income tax paid	(714,230)	(405,906)
Income tax refunded	-	24,807
NET CASH FROM OPERATING ACTIVITIES	8,351,031	3,807,627



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2023⁽¹⁾ (CONT'D)**

	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property and equipment	(2,049,263)	(1,372,119)
Purchase of investment properties	(64,782)	(1,800,931)
Proceeds from disposal of property and equipment	162,500	6,680
Proceeds from disposal of investment properties	-	1,850,887
Increase in fixed deposits pledged to licensed banks	(956,035)	(17,961)
	(2,907,580)	(1,333,444)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment to directors	(295,772)	(501,696)
Drawdown of term loans	143,121	201
(Decrease)/increase in bankers' acceptance	(2,116,000)	1,320,000
Increase in revolving credit	2,500,000	-
Repayment of lease liabilities	(847,473)	(941,314)
Repayment of term loans	(699,825)	(640,876)
	(1,315,949)	(763,685)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,127,502	1,710,498
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	12,202,070	4,463,023
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	16,329,572 =====	6,173,521 =====



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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 2022 and the accompanying explanatory notes attached to this interim financial report.*
2. *The cash and cash equivalents comprise the following:*

	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM
<i>Fixed deposits with licensed banks</i>	3,464,047	2,503,148
<i>Cash and bank balances</i>	15,529,572	5,172,684
	<hr/>	<hr/>
	18,993,619	7,675,832
<i>Less: Fixed deposits pledged to licensed banks</i>	(2,664,047)	(1,502,311)
	<hr/>	<hr/>
	16,329,572	6,173,521
	=====	=====

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

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 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.

These unaudited interim consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the FYE 31 December 2022 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 2022.

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 current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020



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

A2. SIGNIFICANT ACCOUNTING POLICIES

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
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
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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



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

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.



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

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.

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Construction segment ⁽¹⁾	36,030,796	37,057,987	36,030,796	37,057,987
Trading segment ⁽²⁾	326,433	120,821	326,433	120,821
Property development segment ⁽³⁾	14,397,636	2,681,128	14,397,636	2,681,128
Total	50,754,865	39,859,936	50,754,865	39,859,936

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

Notes:

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.*



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

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.

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 2023 (CONT'D)**

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

First Half-Year Ended 30 June 2023 (“1st Half FYE 2023”) vs First Half-Year Ended 30 June 2022 (“1st Half FYE 2022”)

Sunmow Holding Berhad (“SMH”) recorded a group revenue of RM50.75 million for 1st Half FYE 2023 which represents an increase of 27.32% or RM10.89 million as compared to RM39.86 million for 1st Half FYE 2022. The increase is mainly contributed by the performance of the Group’s wholly-owned subsidiary, namely Sunmow Development Sdn Bhd (“SMD”) which recorded increase in revenues of 437.00% or RM11.72 million.

SMH Group recorded a gross profit (“GP”) of RM9.83 million for 1st Half of FYE 2023 which represent an increase of 65.77% or RM3.90 million as compared to RM5.93 million for 1st Half FYE 2022. Both group’s profit before tax (“PBT”) and profit after tax (“PAT”) for the same period increased by 74.09% or RM2.66 million and 58.47% or RM1.76 million, respectively.

An improvement of 42.16% in financing cost to RM0.16 million from RM0.28 million despite the raise in financing costs were due to lower amount of outstanding financing facilities and improvement in operating cash flow.

The Group recorded a net cash from operating activities of RM8.35 million for the 1st Half FYE 2023 which represents an increase of 119.32% or RM4.54 million from RM3.81 million for 1st Half FYE 2022. The cash and cash equivalents balance for the same period also increase by 164.51% or RM10.16 million to RM16.33 million.

The Group further strengthened its current assets by 16.18% or RM12.09 million as compared to an increase of 15.67% or RM8.78 million of its current liabilities.



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

**B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS
(CONT'D)**

B2. PROSPECTS

SMD will continue to launch more location focus projects and expand its foot print beyond Sarawak. SMD business strategy is to capitalize on its good market reputation to build buyers' confidence and landowners' trust.

SMC plans to enhance its current assets position by reducing its investment properties position. SMC will continue to play a strong role in supporting the construction work for SMD's projects, besides continuing to bid for external projects.

SMT continues to play a vital role in supporting SMC and SMD beyond a simple trading arm for SMH. It also provides forecast prices of building materials to SMC and SMD. SMT will continue to source and engage building material agencies from Sarawak and Sabah.

Continuous improvement in the supply of construction workers and skilled workers, declining in magnitude of fluctuation in raw material prices, stable Malaysian Ringgit, competitive borrowing interest rate and a stable government provides a conducive business environment for SMH to conduct its business.

As the economic activities of Sarawak and Sabah starts to rejuvenate and coupled with the restoration of business activities post COVID-19 restrictions, the Board is cautiously optimistic on the Group's financial performance for financial year 2023.



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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

As at 30 June 2023, the proceeds from the subscription of Sunmow shares by pre-Listing investors of RM12.00 million has been fully utilised.

C3. MATERIAL LITIGATION

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