



SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia under the Companies Act 2016)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SECOND QUARTER ENDED 30 JUNE 2024

SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Second Quarter Ended 30 June 2024⁽¹⁾

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		30/6/2024	30/6/2023 ⁽²⁾	30/6/2024	30/6/2023 ⁽²⁾
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	4,640	N/A	10,666	N/A
Cost of sales		(1,934)	N/A	(4,680)	N/A
Gross profit		2,706	N/A	5,986	N/A
Other income		7	N/A	28	N/A
Administrative expenses		(1,431)	N/A	(2,767)	N/A
Other expenses		(49)	N/A	(134)	N/A
Net impairment gain on financial asset		70	N/A	70	N/A
Profit before interest and tax		1,303	N/A	3,183	N/A
Finance costs		(7)	N/A	(15)	N/A
Profit before taxation	B13	1,296	N/A	3,168	N/A
Income tax expense	B5	(300)	N/A	(710)	N/A
Profit and total comprehensive income for the financial period		996	N/A	2,458	N/A
Profit and total comprehensive income attributable to:					
- Owners of the Company		996	N/A	2,458	N/A
Earnings per share attributable to owners of the Company:					
- Basic (sen) ⁽³⁾	B12	0.33	N/A	0.81	N/A
- Diluted (sen) ⁽⁴⁾	B12	0.33	N/A	0.81	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 28 August 2024 in relation to our initial public offering ("IPO") ("Prospectus") and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report for the second quarter ended 30 June 2024 being announced in compliance with ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"). There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.
- (3) Basic earnings per share ("EPS") is calculated based on the profits attributable to owners of the Company divided by 305,152,460 ordinary shares in Solar District Cooling Group Berhad ("SDCG" or "Company") ("SDCG Shares" or "Shares") in issue upon completion of acquisition of Solar District Cooling Sdn Bhd ("SDC") but before the IPO.
- (4) The diluted EPS is equivalent to the basic EPS as the Company does not have any dilutive instruments as at the end of the quarter ended 30 June 2024.

N/A - Not applicable

SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024⁽¹⁾

	Note	Unaudited As at 30/6/2024 RM'000	Audited As at 31/12/2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		4,273	4,972
Intangible assets		7	-
		<u>4,280</u>	<u>4,972</u>
Current Assets			
Inventories		3,030	3,240
Trade receivables		6,545	7,363
Other receivables, deposits and prepayments		2,266	1,893
Fixed deposits with licensed banks		2,932	550
Current tax assets		546	61
Cash and bank balances		5,337	6,138
		<u>20,656</u>	<u>19,245</u>
TOTAL ASSETS		<u>24,936</u>	<u>24,217</u>
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital		*	*
Invested capital		1,000	1,000
Retained profits		21,061	18,603
TOTAL EQUITY		<u>22,061</u>	<u>19,603</u>
LIABILITIES			
Non-Current Liabilities			
Hire purchase payables	B8	74	123
Term loans	B8	322	429
		<u>396</u>	<u>552</u>
Current Liabilities			
Trade payables		793	2,614
Other payables and accruals		1,392	1,173
Bank overdrafts		*	*
Hire purchase payables	B8	81	62
Term loans	B8	213	209
Current tax liabilities		-	4
		<u>2,479</u>	<u>4,062</u>
TOTAL LIABILITIES		2,875	4,614
TOTAL EQUITY AND LIABILITIES		<u>24,936</u>	<u>24,217</u>
Net assets per share (RM)⁽²⁾		<u>0.07</u>	<u>0.06</u>

Notes:

(1) The Unaudited Condensed Combined Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

(2) Computed based on net assets attributable to owners of the Company divided by 305,152,460 ordinary Shares in SDCG Shares in issue upon completion of acquisition of SDC but before the IPO.

(*) Amount represents value less than RM500

SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY

For The Second Quarter Ended 30 June 2024⁽¹⁾⁽²⁾

	Share capital RM'000	Invested capital RM'000	Retained profits RM'000	Total equity RM'000
As at 1 January 2024 (Audited)	*	1,000	18,603	19,603
Profit and total comprehensive income for the financial period	-	-	2,458	2,458
As at 30 June 2024 (Unaudited)	<u>*</u>	<u>1,000</u>	<u>21,061</u>	<u>22,061</u>

Notes:

- (1) The Unaudited Condensed Combined Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
 - (2) There are no comparative figures for the preceding corresponding quarter and year-to-date as this is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities.
- (*) RM 100 only.

- The rest of this page is intentionally left blank -

SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2024⁽¹⁾⁽²⁾

	Current year- to-date 30/6/2024 RM'000	Preceding year- to-date 30/6/2023 RM'000
Cash Flows From Operating Activities		
Profit before taxation	3,168	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	754	N/A
Amortisation of intangible assets	*	N/A
Reversal of impairment losses on trade receivables	(70)	N/A
Unrealised gain on foreign exchange	*	N/A
Interest income	(28)	N/A
Interest expenses	15	N/A
Operating profit before working capital changes	<u>3,839</u>	<u>N/A</u>
Changes in working capital:-		
Decrease in inventories	210	N/A
Decrease in trade and other receivables	515	N/A
Decrease in trade and other payables	(1,602)	N/A
Cash generated from operations	<u>2,962</u>	<u>N/A</u>
Income tax refunded	248	N/A
Income tax paid	(1,447)	N/A
Net cash generated from operating activities	<u>1,763</u>	<u>N/A</u>
Cash Flows For Investing Activities		
Purchase of property, plant and equipment	(55)	N/A
Acquisition of intangible asset	(7)	N/A
Interest received	28	N/A
Net cash for investing activities	<u>(34)</u>	<u>N/A</u>
Cash Flows For Financing Activities		
Interest paid	(15)	N/A
Repayment of term loans	(103)	N/A
Repayment of hire purchase payables	(30)	N/A
Net cash for financing activities	<u>(148)</u>	<u>N/A</u>
Net changes in cash & cash equivalents	<u>1,581</u>	<u>N/A</u>
Cash & cash equivalents at the beginning of the financial period	<u>6,138</u>	<u>N/A</u>
Cash & cash equivalents at the end of the financial period	<u>7,719</u>	<u>N/A</u>
Cash and cash equivalents at the end of the financial period comprises:-		
Cash and bank balances	5,337	N/A
Fixed deposits with licensed banks	2,932	N/A
Bank overdrafts	*	N/A
	<u>8,269</u>	<u>N/A</u>
Less: Fixed deposits pledged to licensed banks	(545)	N/A
Less: Fixed deposit with tenure of more than 3 months	(5)	N/A
	<u>7,719</u>	<u>N/A</u>

Notes:

(1) The basis of the preparation of the Unaudited Condensed Combined Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Accountants' Report included in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

(2) This is the first interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report was prepared for the comparative financial period concerned.

(*) Amount represents value less than RM500

N/A - Not applicable

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134 - INTERIM FINANCIAL REPORTING**A1 Basis of Preparation**

This condensed combined interim financial report of Solar District Cooling Group Berhad and its subsidiaries (collectively, the "Group") is unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 and Appendix 9B of Listing Requirements.

This is the Company's first interim financial report on the unaudited condensed combined financial results for the second quarter ended 30 June 2024 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

The interim financial report should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

A2 Material Accounting Policies

The material accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountants' Report as disclosed in the Prospectus except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB.

MFRSs, Amendments to MFRSs and Interpretations adopted

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the above amendments to MFRSs did not have any material impact on the financial statements of the Group.

MFRSs, Amendments to MFRSs and Interpretations not adopted

		<u>Effective to financial periods beginning on or after</u>
Amendments to MFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
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 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The initial application of the MFRSs interpretations or amendments is not expected to have any material financial impact on the Group upon adoption.

A3 Auditors' Report of the Preceding Financial Year Ended 31 December 2023

There was no qualification on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2023.

A4 Seasonal or Cyclical Factors

The Group's operations during the current financial quarter under review and year-to-date were not materially affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items which affect the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review and year-to-date.

A6 Material Changes in Estimates

There were no material changes in estimates in the current financial quarter under review and year-to-date.

A7 Debts and Equity Securities

On 15 July 2024, the Company completed the acquisition of the entire equity interest of SDC for a purchase consideration of RM15,257,618 which was fully satisfied by the issuance of 305,152,360 Shares of the Company at an issue price of RM0.05 per Share.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial quarter under review and year-to-date.

A8 Dividend Paid

There were no dividends paid during the current financial quarter under review and year-to-date.

SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)**A EXPLANATORY NOTES PURSUANT TO MFRS 134 - INTERIM FINANCIAL REPORTING (CONTINUED)****A9 Segmental Information**

The segmental information based on the business segments and geographical locations are as follows:

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	Current year quarter	Preceding year quarter	Current year- to-date	Preceding year- to-date
	30/6/2024 RM'000	30/6/2023 ⁽¹⁾ RM'000	30/6/2024 RM'000	30/6/2023 ⁽¹⁾ RM'000
<u>Revenue by business segments</u>				
Building management systems (BMS)	2,736	N/A	6,895	N/A
Solar thermal systems and energy saving services	1,371	N/A	2,645	N/A
Maintenance of other systems and equipment	533	N/A	1,126	N/A
Total	4,640	N/A	10,666	N/A
<u>Revenue by geographical locations</u>				
Malaysia	4,640	N/A	10,650	N/A
Other country:				
- Singapore	-	N/A	16	N/A
Total	4,640	N/A	10,666	N/A

Notes:

- (1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

N/A - Not applicable

A10 Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the current financial quarter under review and year-to-date.

A11 Material Events Subsequent to the End of the Current Financial Quarter

Save for the corporate proposals as disclosed below, there were no other material events subsequent to the end of the current financial quarter under review and year-to-date that have not been reflected in this interim financial report.

- i) On 11 August 2023, the Company entered into a conditional share sale agreement with Edison Kong and Eileen Liuk to acquire the entire issued share capital of SDC of RM1,000,000 comprising 1,000,000 of ordinary Shares in SDC for a purchase consideration of RM15,257,618. The acquisition of SDC was satisfied via the issuance of 305,152,360 Shares of the Company at an issue price of RM0.05 per Share.

The purchase consideration of RM15,257,618 was arrived at on a willing buyer willing seller basis after taking into consideration the audited net assets of SDC, as at 31 December 2022 of RM15,257,618.

The acquisition of SDC was completed on 15 July 2024, following the completion of the Acquisition of SDC and its subsidiary Kejuruteraan Efektif Dinamik Sdn Bhd became the wholly-owned subsidiaries of the Company.

- ii) In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company issued its Prospectus for its initial public offering ("IPO") at an issue price of RM0.38 per Share comprising public issue of 118,670,000 new Shares in the following manner ("Public Issue"):

- 21,192,000 new Shares available for application by the Malaysian public;
- 21,192,000 new Shares available for application by the eligible directors, key senior management, employees and persons who have contributed to the success of the Group; and
- 76,286,000 new Shares by way of private placement to selected investors.

Upon completion of our IPO, the Company is expected to be admitted to the official List of Bursa Securities and the Company's enlarged issued share capital of 423,822,460 Shares shall be listed and quoted on the ACE Market of Bursa Securities on 19 September 2024.

A12 Changes in the Composition of the Group

Save as disclosed in Note A11, there were no changes in the composition of the Group during the current financial quarter under review and year-to-date.

A13 Contingent Assets and Contingent Liabilities

Details of contingent liabilities of the Group are as follows:-

	Unaudited As at 30/6/2024 RM'000	Audited As at 31/12/2023 RM'000
Secured:		
Bank guarantees extended to third parties	328	415

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)**A EXPLANATORY NOTES PURSUANT TO MFRS 134 - INTERIM FINANCIAL REPORTING (CONTINUED)****A14 Material Capital Commitments**

	Unaudited As at 30/6/2024 RM'000	Audited As at 31/12/2023 RM'000
Approved and contracted for:		
- Construction of new shop office in Kajang, Selangor	100	-
Approved but not contracted for:		
- Construction of new shop office in Kajang, Selangor	1,800	-
- Purchase new tools and equipment for our BMS and solar thermal systems and energy saving services	1,740	-
- Purchase ICT software and services to improve our business operations	782	-
	<u>4,422</u>	<u>-</u>

A15 Material Related Party Transaction

There was no material related party transaction entered into with related parties during the current financial quarter under review and year-to-date.

A16 Fair value of financial instruments

There were no gain or loss arising from fair value changes of financial assets and liabilities for the current financial quarter under review and year-to-date.

- The rest of this page is intentionally left blank -

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES

B1 Review of Performance

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	30/6/2024 RM'000	30/6/2023 ⁽¹⁾ RM'000	30/6/2024 RM'000	30/6/2023 ⁽¹⁾ RM'000
Revenue	4,640	N/A	10,666	N/A
Gross Profit	2,706	N/A	5,986	N/A
Profit before tax	1,296	N/A	3,168	N/A
Profit after tax	996	N/A	2,458	N/A
Profit attributable to owners of the company	996	N/A	2,458	N/A

Notes:

- (1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

N/A - Not applicable

The Group recorded revenue of RM4.64 million for the current financial quarter which was contributed from BMS segment of RM2.74 million representing 58.99% and solar thermal systems and energy saving services segment of RM1.37 million representing 29.55%, with the balance of RM0.53 million representing 11.46% derived from maintenance of other systems and equipment segment.

The Group recorded revenue of RM10.67 million for the current financial year-to-date which was contributed from BMS segment of RM6.90 million representing 64.65% and solar thermal systems and energy saving services segment of RM2.64 million representing 24.80%, with the balance of RM1.13 million representing 10.55% derived from maintenance of other systems and equipment segment.

The Group recognised profit before tax of RM1.30 million and profit after tax of RM1.00 million for the current financial quarter and profit before tax of RM3.17 million and profit after tax of RM2.46 million respectively for the current financial year-to-date.

B2 Comparison with Immediate Preceding Quarter's result

This is the first interim financial report announced in compliance with the Listing Requirements. As such, there are no comparative figures for the immediate preceding quarter results.

B3 Prospects of the Group

Our business strategies and plans will continue to focus on our current core competencies in the provision of BMS and solar thermal systems and energy saving services to grow our business. In addition, we plan to address opportunities in solar PV systems. We intend to implement these business strategies and plans from 2024 to 2027. Our business strategies and plans are as follows:

(i) Expand our Headquarters

Our Headquarters is located on a land area of 4,628 sq. ft., of which the building of our Headquarters stands on 2,983 sq. ft. The remaining 1,645 sq. ft. of the land area is currently vacant. We have earmarked RM1.90 million from our proceeds for the expansion of our Headquarters by constructing a new extension on the remaining vacant land, which will increase the built-up area of our existing Headquarters from 8,320 sq. ft. to approximately 14,000 sq. ft.

(ii) Purchase new tools and equipment for our BMS segment and solar thermal systems and energy saving services segment

We currently utilise tools and equipment to carry out our systems integration and maintenance of BMS, and installation and maintenance of solar thermal hot water systems (under our energy performance services and as a standalone business activity). We plan to purchase the additional tools, equipment and vehicles to enhance our productivity and service delivery of these business activities.

(iii) Purchasing and subscribing for ICT software and services to improve our business operations

As part of our business strategy, we intend to purchase and subscribe to ICT software and services to improve our ICT resources.

(iv) Address opportunities in solar PV systems

As part of our business strategy, we intend to commence the solar PV system business based on the power purchase agreement ("PPA") mode of operation. Under this mode of operation, we will enter into a PPA with the customer. We will provide the whole or partial initial capital investment to design, supply, install and maintain the solar PV system at the customer's premises during the contract period. We intend to target prospective customers that wish to reduce electricity costs, as well as reduce the carbon footprint of their operations.

Please refer to Section 7.19 of this Prospectus of the Group dated 28 August 2024 for further details of our business strategies and plans.

B4 Profit Forecast, Profit Guarantee and Internal Targets

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review and year-to-date.

SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES (CONTINUED)****B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year quarter	Current year- to-date	Preceding year- to-date
	30/6/2024	30/6/2023 ⁽¹⁾	30/6/2024	30/6/2023 ⁽¹⁾
Current tax expense (RM'000)	300	N/A	710	N/A
Effective tax rate (%) ⁽²⁾	23.15	N/A	22.41	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Notes:

- (1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.
- (2) The effective tax rate of the Group for the current quarter and current financial year-to-date subjected to Malaysian income tax rate of 15% for the first RM150,000 of chargeable income, 17% for the first chargeable income ranging between RM150,001 up to RM600,000 and 24% on the remaining chargeable income.

Hence, the effective tax rate of the Group for the current quarter and current financial year-to-date were lower than the Malaysian statutory tax rate mainly due to the abovementioned scale income tax rates.

N/A - Not applicable

B6 Status of Corporate Proposal

Save as disclosed in Note A11, there was no corporate proposal announced and not completed as at the date of this unaudited interim financial report.

B7 Utilisation of Proceeds Raised from Public Issue

The gross proceeds from the Public Issue amounting to RM45.09 million will be utilised in the following manner:-

Details of utilisation ⁽¹⁾		Proposed Utilisation RM'000	Percentage of Utilisation %	Actual Utilisation ⁽²⁾ RM'000	Balance to be Unutilised RM'000	Estimated timeframe for utilisation upon listing
(a)	Expansion of our Headquarters	1,900	4.21	-	1,900	Within 24 Months
(b)	Tender bonds and/or performance bonds for future projects	5,000	11.09	-	5,000	Within 24 Months
(c)	Purchase of materials for BMS segment and solar thermal systems and energy saving services segment	18,700	41.47	-	18,700	Within 36 Months
(d)	General working capital	12,673	28.10	-	12,673	Within 36 Months
(e)	Capital expenditure	2,522	5.59	-	2,522	Within 36 Months
(f)	Estimated listing expenses	4,300	9.54	-	4,300	Within 3 Months
Total		45,095	100.00	-	45,095	

Notes:

- (1) The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus.
- (2) As at the date of this interim financial report, the IPO has yet to be completed and hence the proceeds have yet to be raised and utilised by the Group.

B8 Group Loans and Borrowings

	Unaudited As at 30/6/2024 RM'000	Audited As at 31/12/2023 RM'000
Non-current		
Secured and guaranteed		
Terms loans	322	429
Hire purchase payables	74	123
	396	552
Current		
Secured and guaranteed		
Terms loans	213	209
Hire purchase payables	81	62
	294	271
	690	823

The Group's borrowings are all denominated in RM and interest-bearing.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES (CONTINUED)****B9 Derivative Financial Instruments**

The Group did not enter into any derivatives financial instruments during the current financial quarter under review and year-to-date.

B10 Material Litigations

Save as disclosed below, as at the date of this interim financial report, there is no other litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors of the Company are not aware of any other proceedings pending or threatened or of any fact likely to give rise to any other proceedings:

SDC had on 8 November 2022 initiated a legal action against Sedafiat seeking for the recovery of the outstanding sum of RM542,591.60, being the unpaid work done by SDC in respect of the Keningau Hospital Contract, along with the sum of RM24,082.15 being the late payment interests ("Main Claim").

Incidental to the above, Sedafiat's defence for the non-payment of the outstanding sum to SDC is premised on the basis that the purported arrears had been fully paid off up to date along with right to set-off based on the letter of award, to which SDC contests and denies the same.

Sedafiat had also initiated a counterclaim against SDC ("Counterclaim") for the sum of RM72,895.69 along with the withdrawal of the registration of Sedafiat's involvement as a defendant from CTOS Data Systems Sdn Bhd. In respect of the Counterclaim, Sedafiat submitted that, as a result of SDC's alleged non-compliance towards the energy savings guarantee as provided in SDC's earlier proposal, Sedafiat was made liable to pay MOH for the additional sum of RM72,895.69, being the increment utility cost for the electricity usage due to the alleged non-compliance by SDC, as such Sedafiat is alleging that it is entitled to claim the additional sum of RM72,895.69 from SDC.

The pre-trial case management for the Main Claim and Counterclaim was completed on 22 June 2023, and the Court had issued pre-trial directions to the proceedings, namely for the filing of the relevant cause papers prior to the scheduled trial dates. The tentative trial dates for this matter have been rescheduled to 24 to 26 September 2024. As at the date of this interim financial report, based on the pleadings of the case, the counsel for SDC is of the professional opinion that SDC has a reasonable prospect of success in the Main Claim as the Main Claim is premised on the unpaid contractual monthly payments for the work done by SDC as provided under the Keningau Hospital Contract and, in the event of a positive outcome arising from the Main Claim, the counsel for SDC is of the professional opinion that the Counterclaim may likely be unsustainable as the alleged shortfall in the energy savings was due to various factors not attributable to SDC.

B11 Dividends proposed

No dividend proposed or declared by the Board of Directors of the Company during the current financial quarter under review and year-to-date.

B12 Earnings Per Share ("EPS")

The basic and diluted EPS for the current financial quarter under review and year-to-date are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/6/2024	Preceding year quarter 30/6/2023 ⁽¹⁾	Current year- to-date 30/6/2024	Preceding year- to-date 30/6/2023 ⁽¹⁾
Profit attributable to owners of the Company (RM'000)	996	N/A	2,458	N/A
Number of ordinary Shares in issue ('000)	305,152	N/A	305,152	N/A
Basic/Diluted EPS (sen)⁽²⁾	0.33	N/A	0.81	N/A

Notes:

(1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

(2) Basic EPS is calculated based on the profits attributable to owners of the Company divided by 305,152,460 ordinary Shares in SDCG Shares in issue upon completion of acquisition of SDC but before the IPO. The diluted EPS is equivalent to the basic EPS as the Company does not have any dilutive instruments as at the end of the current financial quarter under review and year-to-date.

N/A - Not applicable

NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES (CONTINUED)**B13 Notes to the Condensed Combined Statements of Profit or Loss and Other Comprehensive Income**

The following items have been charged/(credited) in arriving at the profit before tax for the current financial quarter under review and year-to-date:

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding	Current year-	Preceding year-
	quarter	year quarter	to-date	to-date
	30/6/2024	30/6/2023 ⁽¹⁾	30/6/2024	30/6/2023 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Reversal of impairment loss on trade receivables	(70)	N/A	(70)	N/A
Depreciation of property, plant and equipment	380	N/A	754	N/A
Amortisation of intangible assets	*	N/A	*	N/A
Interest expenses	7	N/A	15	N/A
Interest income	(7)	N/A	(28)	N/A
Loss/(Gain) on foreign exchange				
- realised	*	N/A	42	N/A
- unrealised	*	N/A	(*)	N/A

Notes:

(1) This is the first interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

(*) Amount represents value less than RM500

N/A - Not applicable

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

B14 Authorisation for Issue

This interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 6 September 2024.

**BY ORDER OF THE BOARD OF DIRECTORS OF SOLAR DISTRICT COOLING GROUP BERHAD
6 SEPTEMBER 2024**

- END OF REPORT-