



# **SOLAR DISTRICT COOLING GROUP BERHAD**

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia under the Companies Act 2016)

**UNAUDITED INTERIM FINANCIAL REPORT**

**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

# SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Third Quarter Ended 30 September 2024<sup>(1)</sup>

	Note	Individual Quarter		Cumulative Quarter	
		Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
		30/9/2024	30/9/2023 <sup>(2)</sup>	30/9/2024	30/9/2023 <sup>(2)</sup>
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	5,409	N/A	16,075	N/A
Cost of sales		(1,917)	N/A	(6,597)	N/A
Gross profit		3,492	N/A	9,478	N/A
Other income		74	N/A	102	N/A
Administrative expenses		(3,677)	N/A	(6,445)	N/A
Other expenses		(375)	N/A	(508)	N/A
Net impairment (loss)/gain on financial asset		(20)	N/A	50	N/A
(Loss)/Profit before interest and tax		(506)	N/A	2,677	N/A
Finance costs		(7)	N/A	(22)	N/A
(Loss)/Profit before taxation	B13	(513)	N/A	2,655	N/A
Income tax expense	B5	(356)	N/A	(1,066)	N/A
(Loss)/Profit and total comprehensive income for the financial period		(869)	N/A	1,589	N/A
(Loss)/Profit and total comprehensive income attributable to:					
- Owners of the Group		(869)	N/A	1,589	N/A
(Loss)/Profit attributable to:					
Owners of the Group		(869)	N/A	1,589	N/A
Total comprehensive income attributable to:					
Owners of the Group		(869)	N/A	1,589	N/A
(Loss)/Earnings per share attributable to owners of the Group:					
- Basic (sen) <sup>(3)</sup>	B12	(0.32)	N/A	1.73	N/A
- Diluted (sen) <sup>(4)</sup>	B12	(0.32)	N/A	1.73	N/A

### Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated 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 Group 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 second interim financial report for the third quarter ended 30 September 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 Group divided by the Group's weighted average number of ordinary shares of 274,194,927 and 92,065,516 for the preceding corresponding quarter and year-to-date upon the completion of the acquisition of Solar District Cooling Sdn Bhd ("SDC") and the IPO.

(4) The diluted EPS is equivalent to the basic EPS as the Group does not have any dilutive instruments as at the end of the quarter ended 30 September 2024.

N/A - Not applicable

# SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024<sup>(1)</sup>

	Note	Unaudited As at 30/9/2024 RM'000	Audited As at 31/12/2023 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		3,941	4,972
Intangible assets		7	-
		<u>3,948</u>	<u>4,972</u>
<b>Current Assets</b>			
Inventories		4,166	3,240
Trade receivables		7,270	7,363
Other receivables, deposits and prepayments		1,752	1,893
Fixed deposits with licensed banks		48,344	550
Current tax assets		460	61
Cash and bank balances		2,807	6,138
		<u>64,799</u>	<u>19,245</u>
<b>TOTAL ASSETS</b>		<b><u>68,747</u></b>	<b><u>24,217</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Owners of the Group</b>			
Share capital		58,295	*
Invested capital		-	1,000
Merger Deficit		(14,258)	-
Retained profits		20,192	18,603
<b>TOTAL EQUITY</b>		<b><u>64,229</u></b>	<b><u>19,603</u></b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Hire purchase payables	<b>B8</b>	75	123
Term loans	<b>B8</b>	268	429
		<u>343</u>	<u>552</u>
<b>Current Liabilities</b>			
Trade payables		1,870	2,614
Other payables and accruals		2,023	1,173
Bank overdrafts		4	*
Hire purchase payables	<b>B8</b>	64	62
Term loans	<b>B8</b>	214	209
Current tax liabilities		-	4
		<u>4,175</u>	<u>4,062</u>
<b>TOTAL LIABILITIES</b>		<b>4,518</b>	<b>4,614</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>68,747</u></b>	<b><u>24,217</u></b>
<b>Net assets per share (RM)<sup>(2)</sup></b>		<b><u>0.15</u></b>	<b><u>0.06</u></b>

### Notes:

(1) The Unaudited Condensed Consolidated 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 Group divided by enlarged number of ordinary Shares as at 30 September 2024 of 423,822,460 Shares (31 December 2023: 305,152,460 Shares)

(\*) Amount represents value less than RM500

# SOLAR DISTRICT COOLING GROUP BERHAD

Registration No. 202301015665 (1509587-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Third Quarter Ended 30 September 2024<sup>(1)(2)</sup>

	Share capital	Invested capital	Merger Deficit	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2024 (Audited)</b>	*	1,000	-	18,603	19,603
<b>Profit and total comprehensive income for the financial period</b>	-	-	-	1,589	1,589

### Transaction with owners

Issuance of shares for:

- acquisition of SDC	15,258	(1,000)	(14,258)	-	-
- public issue <sup>(3)</sup>	45,095	-	-	-	45,095
- share issuance expenses <sup>(4)</sup>	(2,058)	-	-	-	(2,058)
Total transaction with owners	58,295	(1,000)	(14,258)	-	43,037
<b>As at 30 September 2024 (Unaudited)</b>	<u>58,295</u>	<u>-</u>	<u>(14,258)</u>	<u>20,192</u>	<u>64,229</u>

### Notes:

- (1) The Unaudited Condensed Consolidated 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 second interim financial report announced in compliance with the Listing Requirements of Bursa Securities.
  - (3) Issuance of new shares pursuant to the IPO as disclosed in Note A11.
  - (4) Listing expenses incurred pursuant to the IPO as disclosed in Note A11 that has been set-off against the equity.
- (\*) RM 100 only.

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**SOLAR DISTRICT COOLING GROUP BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024<sup>(1)(2)</sup>**

	Current year- to-date 30/9/2024 RM'000	Preceding year- to-date 30/9/2023 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	2,655	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	1,136	N/A
Amortisation of intangible assets	*	N/A
Reversal of impairment losses on trade receivables	(50)	N/A
Unrealised loss on foreign exchange	344	N/A
Interest income	(102)	N/A
Interest expenses	22	N/A
Operating profit before working capital changes	4,005	N/A
Changes in working capital:-		
Increase in inventories	(926)	N/A
Decrease in trade and other receivables	284	N/A
Increase in trade and other payables	106	N/A
	(536)	N/A
Cash generated from operations	3,469	N/A
Income tax refunded	248	N/A
Income tax paid	(1,717)	N/A
Net cash generated from operating activities	2,000	N/A
<b>Cash Flows For Investing Activities</b>		
Purchase of property, plant and equipment	(105)	N/A
Acquisition of intangible asset	(7)	N/A
Interest received	102	N/A
Net cash for investing activities	(10)	N/A
<b>Cash Flows For Financing Activities</b>		
Interest paid	(22)	N/A
Repayment of term loans	(156)	N/A
Net proceeds from issuance of new ordinary share capital	43,037	N/A
Repayment of hire purchase payables	(46)	N/A
Net cash for financing activities	42,813	N/A
<b>Net changes in cash &amp; cash equivalents</b>	44,803	N/A
<b>Effect of exchange translation differences</b>	(344)	N/A
<b>Cash &amp; cash equivalents at the beginning of the financial period</b>	6,138	N/A
<b>Cash &amp; cash equivalents at the end of the financial period</b>	50,597	N/A
<b>Cash and cash equivalents at the end of the financial period comprises:-</b>		
Cash and bank balances	2,807	N/A
Fixed deposits with licensed banks	48,344	N/A
Bank overdrafts	(4)	N/A
	51,147	N/A
Less: Fixed deposits pledged to licensed banks	(545)	N/A
Less: Fixed deposit with tenure of more than 3 months	(5)	N/A
	50,597	N/A

**Notes:**

(1) The basis of the preparation of the Unaudited Condensed Consolidated 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 second interim financial report for the third quarter ended 30 September 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

# SOLAR DISTRICT COOLING GROUP BERHAD

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## 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 consolidated 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 Group's second interim financial report on the unaudited condensed consolidated financial results for the third quarter ended 30 September 2024 announced by the Group 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
Annual Improvements to MFRS Accounting Standards – Volume 11		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 Group 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.

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## NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)

### A EXPLANATORY NOTES PURSUANT TO MFRS 134 - INTERIM FINANCIAL REPORTING (CONTINUED)

#### A7 Debts and Equity Securities

On 15 July 2024, the Group 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 Group at an issue price of RM0.05 per Share.

Pursuant to the Group's listing on the ACE Market of Bursa Securities which was completed on 19 September 2024, the Group had issued 118,670,000 new ordinary shares at an IPO price of RM0.38 per Share with the entire enlarged issue share capital of 423,822,460 Shares was listed.

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 was no dividend paid during the current financial quarter under review and year-to-date.

#### A9 Segmental Information

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	Current year quarter	Preceding year quarter	Current year- to-date	Preceding year- to-date
	30/9/2024 RM'000	30/9/2023 <sup>(1)</sup> RM'000	30/9/2024 RM'000	30/9/2023 <sup>(1)</sup> RM'000
<b><u>Revenue by business segments</u></b>				
Building management systems ("BMS")	3,655	N/A	10,550	N/A
Solar thermal systems and energy saving services	1,354	N/A	3,999	N/A
Maintenance of other systems and equipment	400	N/A	1,526	N/A
<b>Total</b>	<b>5,409</b>	<b>N/A</b>	<b>16,075</b>	<b>N/A</b>
<b><u>Revenue by geographical locations</u></b>				
Malaysia	5,407	N/A	16,057	N/A
Other country:				
- Singapore	-	N/A	16	N/A
- Brunei	2	N/A	2	N/A
<b>Total</b>	<b>5,409</b>	<b>N/A</b>	<b>16,075</b>	<b>N/A</b>

#### Notes:

(1) This is the second interim financial report for the third quarter ended 30 September 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

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

#### A12 Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current financial quarter under review.

#### A13 Contingent Assets and Contingent Liabilities

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

	Unaudited As at 30/9/2024 RM'000	Audited As at 31/12/2023 RM'000
<b>Secured:</b>		
Bank guarantees extended to third parties	202	415

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

	<b>Unaudited As at 30/9/2024 RM'000</b>	<b>Audited As at 31/12/2023 RM'000</b>
Approved and contracted for:		
- Construction of new shop office in Kajang, Selangor	105	-
Approved but not contracted for:		
- Construction of new shop office in Kajang, Selangor	1,690	-
- 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>4,317</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.

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## 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
	30/9/2024 RM'000	30/9/2023 <sup>(1)</sup> RM'000	30/9/2024 RM'000	30/9/2023 <sup>(1)</sup> RM'000
Revenue	5,409	N/A	16,075	N/A
Gross Profit	3,492	N/A	9,478	N/A
Gross Profit margin (%)	64.56	N/A	58.96	N/A
(Loss)/Profit before taxation	(513)	N/A	2,655	N/A
(Loss)/Profit after taxation	(869)	N/A	1,589	N/A
(Loss)/Profit attributable to owners of the Group	(869)	N/A	1,589	N/A

The Group recorded revenue of RM5.41 million for the current financial quarter which was contributed from BMS segment of RM3.66 million representing 67.57% and solar thermal systems and energy saving services segment of RM1.35 million representing 25.03%, with the balance of RM0.40 million representing 7.40% derived from maintenance of other systems and equipment segment.

The Group recorded revenue of RM16.08 million for the current financial year-to-date which was contributed from BMS segment of RM10.55 million representing 65.63% and solar thermal systems and energy saving services segment of RM4.00 million representing 24.88%, with the balance of RM1.53 million representing 9.49% derived from maintenance of other systems and equipment segment.

The Group recorded gross profit of RM3.49 million with the gross profit margin of 64.56% for the current financial quarter which was mainly contributed from the BMS segment. The gross profit was contributed by BMS project as the revenue recognised following the approval of progress billings for the completed projects which also contributed better gross profit margin due to lower cost incurred pertaining to retification works in current financial quarter.

The Group recorded gross profit of RM9.48 million with the gross profit margin of 58.96% for the current financial year-to-date which was mainly contributed from the BMS segment. The gross profit contributed by BMS project as the revenue recognised following the approval of progress billings for the ongoing project and the completed projects in current financial year-to-date. Meanwhile, the ongoing project of Ampang Office Tower Project which contributed of high gross profit but was commanded with lower gross profit margin mainly due to the materials as well as supply and installation costs incurred.

The Group registered loss before tax of RM0.51 million and loss after tax of RM0.87 million for the current financial quarter and profit before tax of RM2.66 million and profit after tax of RM1.59 million respectively for the current financial year-to-date. This was mainly due to higher administrative expenses attributed to the recognition of one off charged out of IPO expenses amounting to RM2.30 million and recognition of unrealised foreign exchange loss resulted from the depreciated of US Dollars for current financial quarter and year-to-date. Should the one-off listing expenses of RM2.30 million be excluded from the financial performance, the Group would have achieved an adjusted profit before tax of RM1.43 million for the current financial quarter and RM3.89 million for cumulative quarter as follows:

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	30/9/2024 RM'000	30/9/2023 <sup>(1)</sup> RM'000	30/9/2024 RM'000	30/9/2023 <sup>(1)</sup> RM'000
(Loss)/Profit before taxation	(869)	N/A	1,589	N/A
Add: Listing expenses	2,297	N/A	2,297	N/A
Adjusted profit before taxation	1,428	N/A	3,886	N/A

#### Notes:

- (1) This is the second interim financial report for the third quarter ended 30 September 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

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**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)****B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES (CONTINUED)****B2 Comparison with Immediate Preceding Quarter's result**

	Individual Quarter		Changes RM'000	Changes %
	Current quarter 30/9/2024 RM'000	Immediate preceding quarter 30/06/2024 RM'000		
Revenue	5,409	4,640	769	16.57
Gross Profit	3,492	2,706	786	29.05
Gross Profit margin (%)	64.56	58.32	6.24	6.24
(Loss)/Profit before taxation	(513)	1,296	(1,809)	(139.58)
(Loss)/Profit after taxation	(869)	996	(1,865)	(187.25)
(Loss)/Profit attributable to owners of the Group	(869)	996	(1,865)	(187.25)

The Group's revenue for the current quarter increased by RM0.77 million or 16.57% to RM5.41 million as compared with the immediate preceding quarter of RM4.64 million. The increase was mainly due to higher revenue contribution from BMS segment, which the revenue increased by RM0.92 million or 33.59% to RM3.66 million as compared to the immediate preceding quarter of RM2.74 million attributed to the progress billing from Ministry of Finance and Commercial Building Projects. The increase was partially moderate by the decrease in revenue from Chilled Water System Maintenance Project under maintenance of other systems and equipment segment amount by RM0.13 million or 24.95% to RM0.40 million as compared with the immediate preceding quarter of RM0.53 million.

The Group's gross profit for the current quarter increased by RM0.79 million or 29.05% to RM3.49 million as compared with the immediate preceding quarter of RM2.71 million mainly due to higher revenue recognised from the progress billing for the completed project by BMS segment. As a result, the Group's overall gross profit margin improved from 58.32% of preceding quarter to 64.56% for the current financial quarter under review.

The Group registered loss before tax of RM0.51 million for current financial quarter under review, representing losses of RM1.81 million compared to the profit before tax in the immediate preceding quarter of RM1.30 million. The decrease in profit before tax was mainly due to higher administrative expenses attributed to the recognition of one off charged out of IPO expenses amounting to RM2.30 million upon the Group completed its listing on the ACE Market of Bursa Securities on 19 September 2024.

**B3 Prospects of the Group**

The Group was listed on the ACE Market of Bursa Securities on 19 September 2024. 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 the Prospectus 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

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## 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
	30/9/2024	30/9/2023 <sup>(1)</sup>	30/9/2024	30/9/2023 <sup>(1)</sup>
Current tax expense (RM'000)	356	N/A	1066	N/A
Effective tax rate (%) <sup>(2)</sup>	(69.40)	N/A	40.15	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

#### Notes:

- (1) This is the second interim financial report for the third quarter ended 30 September 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 Group's effective tax rate was a credit of 69.40% for current financial quarter and 40.15% for current financial year-to-date, mainly due to under provision of prior year taxation and the non-taxable expenses incurred for the one off non-recurring listing expenses of RM2.30 million.

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 <sup>(1)</sup>		Proposed Utilisation RM'000	Percentage of Utilisation %	Actual Utilisation RM'000	Balance to be Unutilised RM'000	Estimated timeframe for utilisation upon listing
(a)	Expansion of our Headquarters	1,900	4.21	23	1,877	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
<b>Total</b>		<b>45,095</b>	<b>100.00</b>	<b>4,323</b>	<b>40,772</b>	

#### Note:

- (1) The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus.

#### B8 Group Loans and Borrowings

	Unaudited As at 30/9/2024 RM'000	Audited As at 31/12/2023 RM'000
<b>Non-current</b>		
<b><u>Secured and guaranteed</u></b>		
Terms loans	268	429
Hire purchase payables	75	123
	<b>343</b>	<b>552</b>
<b>Current</b>		
<b><u>Secured and guaranteed</u></b>		
Terms loans	214	209
Hire purchase payables	64	62
	<b>278</b>	<b>271</b>
	<b>621</b>	<b>823</b>

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

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## 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 Group 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 which was rescheduled to 24 to 26 September 2024 have postponed to 19 to 21 February 2025. 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

The Board of Directors has on 28 November 2024 declared a single-tier interim dividend of RM0.01 per ordinary share in respect of the financial year ending 31 December 2024. The interim dividend amounting to RM4,238,224.60 is payable on 30 December 2024.

#### B12 (Loss)/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 30/9/2024	Preceding year quarter 30/9/2023 <sup>(1)</sup>	Current year- to-date 30/9/2024	Preceding year- to-date 30/9/2023 <sup>(1)</sup>
Profit attributable to owners of the Group (RM'000)	(869)	N/A	1,589	N/A
Weighted average number of ordinary Shares in issue ('000)	274,195	N/A	92,066	N/A
<b>Basic/Diluted EPS (sen)<sup>(2)</sup></b>	<u>(0.32)</u>	<u>N/A</u>	<u>1.73</u>	<u>N/A</u>

#### Notes:

(1) This is the second interim financial report for the third quarter ended 30 September 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 Group divided by the Group's weighted average number of ordinary shares of 274,194,927 and 92,065,516 for the current financial quarter under review and year-to-date upon listed on the ACE Market of Bursa Securities. The diluted EPS is equivalent to the basic EPS as the Group 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

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**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 Consolidated 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
	30/9/2024	30/9/2023 <sup>(1)</sup>	30/9/2024	30/9/2023 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
<b>Profit before taxation is arrived at after charging/(crediting):</b>				
Impairment/(Reversal) of impairment loss on trade receivables	20	N/A	(50)	N/A
Depreciation of property, plant and equipment	382	N/A	1,136	N/A
Amortisation of intangible assets	*	N/A	*	N/A
Interest expenses	7	N/A	22	N/A
Interest income	(74)	N/A	(102)	N/A
Loss/(Gain) on foreign exchange				
- realised	(20)	N/A	21	N/A
- unrealised	344	N/A	344	N/A

**Notes:**

(1) This is the second interim financial report for the third quarter ended 30 September 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 Group in accordance with a resolution passed by the Board of Directors on 28 November 2024.

**BY ORDER OF THE BOARD OF DIRECTORS OF SOLAR DISTRICT COOLING GROUP BERHAD**  
**28 NOVEMBER 2024**

- END OF REPORT-