



**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

24 August 2022

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**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2022**  
(These figures have not been audited)

RM'000	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
Revenue	A7	47,414	55,987	94,523	96,998
Cost of sales		(37,896)	(44,653)	(76,961)	(78,146)
Gross profit		9,518	11,334	17,562	18,852
Other income		811	540	1,455	1,121
Selling and distribution expenses		(249)	(167)	(419)	(313)
Administration expenses		(4,004)	(3,933)	(7,887)	(7,247)
Other expenses		(199)	(288)	(285)	(532)
Finance costs		(119)	(147)	(233)	(230)
Shares of loss in an associate		-	(26)	-	(77)
Profit before tax	B13	5,758	7,313	10,193	11,574
Tax expense	B5	(1,423)	(1,764)	(2,647)	(2,907)
<b>Profit for the period</b>		<b>4,335</b>	<b>5,549</b>	<b>7,546</b>	<b>8,667</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>4,335</b>	<b>5,549</b>	<b>7,546</b>	<b>8,667</b>
<b>Profit attributable to:</b>					
Owners of the Company		3,780	4,498	6,809	7,374
Non-controlling interests		555	1,051	737	1,293
<b>Profit for the period</b>		<b>4,335</b>	<b>5,549</b>	<b>7,546</b>	<b>8,667</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		3,780	4,498	6,809	7,374
Non-controlling interests		555	1,051	737	1,293
<b>Total comprehensive income</b>		<b>4,335</b>	<b>5,549</b>	<b>7,546</b>	<b>8,667</b>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	B10	0.9	1.4	1.8	2.4
Diluted (sen)	B10	n/a	1.2	n/a	1.9

n/a = not applicable

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

<b>RM'000</b>	<b>Note</b>	<b>As at 30.06.2022 Unaudited</b>	<b>As at 31.12.2021 Audited</b>
<b>Assets</b>			
Property, plant and equipment		72,329	62,500
Goodwill		1,978	1,978
Investment property		1,029	1,041
Investment in an associate		-	-
Deferred tax assets		119	119
Fixed deposits with licensed banks		400	400
<b>Non-current assets</b>		<b>75,855</b>	<b>66,038</b>
Inventories		42,309	40,988
Trade and other receivables		46,441	54,117
Amount due from an associate		174	184
Tax recoverable		790	586
Financial asset at fair value through profit or loss		3,725	3,690
Cash and cash equivalents		96,554	69,978
<b>Current assets</b>		<b>189,993</b>	<b>169,543</b>
<b>Total assets</b>		<b>265,848</b>	<b>235,581</b>
<b>Equity and liabilities</b>			
Share capital		110,397	77,302
Merger deficit		(41,477)	(41,477)
Retained earnings		124,158	121,948
Equity attributable to owners of the Company		193,078	157,773
Non-controlling interests		17,851	17,114
<b>Total equity</b>		<b>210,929</b>	<b>174,887</b>
Borrowings (secured)	B7	7,577	9,081
Deferred tax liabilities		2,442	2,442
<b>Non-current liabilities</b>		<b>10,019</b>	<b>11,523</b>
Trade and other payables		39,933	44,897
Borrowings (secured)	B7	3,955	3,340
Tax liabilities		1,012	934
<b>Current liabilities</b>		<b>44,900</b>	<b>49,171</b>
<b>Total liabilities</b>		<b>54,919</b>	<b>60,694</b>
<b>Total equity and liabilities</b>		<b>265,848</b>	<b>235,581</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>		<b>0.44</b>	<b>0.47</b>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**DANCOMECH HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2022**  
(These figures have not been audited)

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Non-Distributable	Distributable					
RM'000	Share capital	Merger deficit	Other reserves	Retained earnings	Total		
<b>At 1 January 2022</b>	77,302	(41,477)	-	121,948	157,773	17,114	174,887
Total comprehensive income	-	-	-	6,809	6,809	737	7,546
Issuance of shares	33,095	-	-	-	33,095	-	33,095
Dividends	-	-	-	(4,599)	(4,599)	-	(4,599)
<b>At 30 June 2022</b>	110,397	(41,477)	-	124,158	193,078	17,851	210,929
<b>At 1 January 2021</b>	70,362	(41,477)	-	111,683	140,568	13,090	153,658
Total comprehensive income	-	-	-	7,374	7,374	1,293	8,667
Acquisition of a subsidiary	-	-	-	-	-	632	632
Issuance of shares	354	-	-	-	354	-	354
Dividends	-	-	-	(3,874)	(3,874)	-	(3,874)
<b>At 30 June 2021</b>	70,716	(41,477)	-	115,183	144,422	15,015	159,437

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**DANCOMECH HOLDINGS BERHAD**  
**Registration No. 201301020455 (1050285-U)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2022**  
(These figures have not been audited)

<b>RM'000</b>	<b>6 months ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>
<b>Cash flows from operating activities</b>		
Profit before tax	10,193	11,574
Adjustments for:		
Non-cash items	1,554	1,666
Non-operating items	(31)	-
Interest income	(319)	(292)
Interest expense	233	230
Operating profit before working capital changes	11,630	13,178
Changes in working capital:		
Inventories	(1,321)	2,786
Receivables	7,929	139
Payables	(5,183)	(9,676)
Cash generated from operations	13,055	6,427
Tax paid	(2,773)	(3,094)
<b>Net cash from operating activities</b>	<b>10,282</b>	<b>3,333</b>
<b>Cash flows from investing activities</b>		
Interest received	319	292
Net (placement) / withdrawal of fixed deposits	(14,029)	3,087
Placement of financial asset at fair value through profit or loss	(35)	(33)
Purchase of property, plant and equipment	(11,480)	(451)
Proceeds from disposal of property, plant and equipment	31	-
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	(542)
<b>Net cash (used in) / from investing activities</b>	<b>(25,194)</b>	<b>2,353</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(4,599)	(3,874)
Interest paid	(233)	(230)
Proceeds from issuance of shares	33,095	354
Net placement of pledged fixed deposits	(3,081)	(4,104)
Net repayment of borrowings	(1,748)	(1,917)
<b>Net cash from / (used in) financing activities</b>	<b>23,434</b>	<b>(9,771)</b>
<b>Net changes in cash and cash equivalents</b>	<b>8,522</b>	<b>(4,085)</b>
Translation differences	85	133
Cash and cash equivalents at the beginning of financial period	38,878	29,812
<b>Cash and cash equivalents at the end of financial period</b>	<b>47,485</b>	<b>25,860</b>
<b>Analysis of cash and cash equivalents</b>		
Fixed deposits with licensed banks	50,850	25,472
Cash and bank balances	46,104	24,164
	96,954	49,636
Less: Bank overdraft	(859)	-
Less: Fixed deposits pledged to licensed banks	(6,267)	(6,162)
Less: Fixed deposits as investing purposes	(42,343)	(17,614)
	47,485	25,860

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1 Basis of Preparation**

These unaudited interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021.

The accounting policies adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 December 2021 except for the adoption of the new MFRS, Amendments to MFRS and IC Interpretations that are mandatory for annual financial periods beginning on or after 1 January 2022.

The adoption of the new MFRS, Amendments to MFRS and IC Interpretations does not have any material impact on the financial statements of the Group.

**A2 Seasonality or Cyclicity of Operations**

The business operations of the Group were not materially affected by any seasonal or cyclical factor during the current quarter under review.

**A3 Unusual Items due to Their Nature, Size or Incidence**

Save as disclosed in this report, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

**A4 Significant Estimates and Changes in Estimates**

There were no changes in estimates that had any material effects during the current quarter under review.

**A5 Debt and Equity Securities**

Save for the issuance and listing of 67,771,970 new ordinary shares in April 2022 and May 2022 arising from the exercise of 67,771,970 warrants by certain warrant holders, there were no other issuances, repurchases or repayments of debt and equity securities by the Company during the current quarter under review. The enlarged share capital of the Company pursuant to the issuance and listing of the said 67,771,970 new ordinary shares, comprises 442,550,214 ordinary shares.

**A6 Dividends Paid**

	<b>30.06.2022</b>	<b>30.06.2021</b>
For the financial year ended	-	31 December 2020
Declared and approved on	-	5 March 2021
Date of payment	-	6 April 2021
Number of ordinary shares on which dividends were paid	-	309,945,000
Dividend per share (single-tier)	-	1.25 sen
Net dividend paid (RM)	-	3,874,312

## A7 Segmental Information

The Group is principally involved in (i) the trading and distribution of process control equipment, measurement instruments and industrial pumps ("Trading"); (ii) the manufacture of industrial pumps ("Pump Manufacturing"); (iii) the provision of material handling system solutions ("MHS Solutions"); (iv) the production of metal stamping parts and components, and design and manufacture of tools and dies ("Metal Stamping"); and (v) electrical, electronic and instrumentation engineering, contracting, commissioning and servicing ("E&E Engineering") (via the acquisition of 55% equity interest in UTC Engineering Sdn Bhd ("UTC") on 15 April 2021).

The segmental information of the Group by business activity is as follows:

### Current financial quarter ended 30 June 2022

<b>RM'000</b>	<b>Trading</b>	<b>Pump Manufacturing</b>	<b>MHS Solutions</b>	<b>Metal Stamping</b>	<b>E&amp;E Engineering</b>	<b>Elimination</b>	<b>Total</b>
Revenue	16,478	1,172	-	28,779	1,984	(999)	47,414
Cost of sales	(10,956)	(865)	-	(25,839)	(1,235)	999	(37,896)
Gross profit	5,522	307	-	2,940	749	-	9,518
Add/(Less):							
Other income							811
Selling and distribution expenses							(249)
Administration expenses							(4,004)
Other expenses							(199)
Finance costs							(119)
Share of loss in an associate							-
Profit before tax							<u>5,758</u>

### Preceding financial year's corresponding quarter ended 30 June 2021

<b>RM'000</b>	<b>Trading</b>	<b>Pump Manufacturing</b>	<b>MHS Solutions</b>	<b>Metal Stamping</b>	<b>E&amp;E Engineering</b>	<b>Elimination</b>	<b>Total</b>
Revenue	20,065	887	15,485	16,978	3,104	(532)	55,987
Cost of sales	(13,568)	(585)	(13,031)	(15,374)	(2,627)	532	(44,653)
Gross profit	6,497	302	2,454	1,604	477	-	11,334
Add/(Less):							
Other income							540
Selling and distribution expenses							(167)
Administration expenses							(3,933)
Other expenses							(288)
Finance costs							(147)
Share of loss in an associate							(26)
Profit before tax							<u>7,313</u>

**Current financial year-to-date ended 30 June 2022**

<b>RM'000</b>	<b>Trading</b>	<b>Pump Manufacturing</b>	<b>MHS Solutions</b>	<b>Metal Stamping</b>	<b>E&amp;E Engineering</b>	<b>Elimination</b>	<b>Total</b>
Revenue	33,469	1,987	-	56,350	4,493	(1,776)	94,523
Cost of sales	(22,365)	(1,768)	-	(51,560)	(3,044)	1,776	(76,961)
Gross profit	11,104	219	-	4,790	1,449	-	17,562
Add/(Less):							
Other income							1,455
Selling and distribution expenses							(419)
Administration expenses							(7,887)
Other expenses							(285)
Finance costs							(233)
Share of loss in an associate							-
Profit before tax							<u>10,193</u>

**Preceding financial year's corresponding year-to-date ended 30 June 2021**

<b>RM'000</b>	<b>Trading</b>	<b>Pump Manufacturing</b>	<b>MHS Solutions</b>	<b>Metal Stamping</b>	<b>E&amp;E Engineering</b>	<b>Elimination</b>	<b>Total</b>
Revenue	44,190	1,971	15,485	33,690	3,104	(1,442)	96,998
Cost of sales	(31,990)	(1,404)	(13,031)	(30,536)	(2,627)	1,442	(78,146)
Gross profit	12,200	567	2,454	3,154	477	-	18,852
Add/(Less):							
Other income							1,121
Selling and distribution expenses							(313)
Administration expenses							(7,247)
Other expenses							(532)
Finance costs							(230)
Share of loss in an associate							(77)
Profit before tax							<u>11,574</u>

A breakdown of the Group's revenue by geographical location of the sales derived from, is as follows:

<b>RM'000</b>	<b>3 months ended</b>			<b>6 months ended</b>		
	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>Changes</b>	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>Changes</b>
Malaysia	42,593	35,358	7,235	86,245	70,171	16,074
Indonesia	4,097	3,168	929	7,261	8,790	(1,529)
Others	724	17,461	(16,737)	1,017	18,037	(17,020)
<b>Total</b>	<b>47,414</b>	<b>55,987</b>	<b>(8,573)</b>	<b>94,523</b>	<b>96,998</b>	<b>(2,475)</b>



#### A8 Related Party Disclosures

Related party transactions of the Group are as follows:

RM'000	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Companies in which certain Directors of the Company have interests:				
Sales of goods	22	12	164	54
Purchase of goods	-	-	1	74
Companies in which certain Directors of the subsidiaries of the Company have interests:				
Sales of goods	66	411	112	672
Purchase of goods	12	5,943	30	5,961
Management fee received	3	3	6	6
Rental paid to certain Directors of a subsidiary of the Company	104	74	208	148

All related party transactions had been entered into in the ordinary course of business and were carried out on normal commercial terms.

#### A9 Valuation of Property, Plant and Equipment

There were no valuations on property, plant and equipment during the current quarter under review.

#### A10 Capital Commitments

Save as disclosed below, there were no material capital commitments in respect of property, plant and equipment as at the end of the current quarter under review:

RM'000	As at 30.06.2022
Approved but not contracted for	7,369
Contracted but not provided for	3,862

#### A11 Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities during the current quarter under review.

#### A12 Changes in Composition of the Group

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

#### A13 Material Events Subsequent to the End of the Current Quarter

There were no material events subsequent to the end of the current quarter under review.

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**PART B: EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Performance Review - Comparison with Preceding Year Corresponding Quarter**

<b>RM'000</b>	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
Revenue	47,414	55,987	94,523	96,998
Profit before tax	5,758	7,313	10,193	11,574

The Group's revenue decreased from RM55.99 million in the corresponding quarter of the preceding year ("Q2 FYE 2021") to RM47.41 million in the current quarter under review ("Q2 FYE 2022"), mainly due to the drop in revenue contribution from our MHS Solutions business given that its project at Jurong Port, Singapore (as announced by the Company to Bursa Malaysia Securities Berhad on 7 September 2020), has been completed. In addition, our Trading and E&E businesses recorded lower revenue contribution in Q2 FYE 2022 due to lower sales to their customers. Nonetheless, this was partly offset by the higher revenue recorded by our Metal Stamping business (Q2 FYE 2022 - RM28.78 million; Q2 FYE 2021 - RM16.98 million) due to pent-up demand from its customers.

Owing to the decrease in revenue, the Group recorded a lower profit before tax in Q2 FYE 2022 vis-à-vis Q2 FYE 2021.

The Group showed a marginal decline in revenue of 2.6% from RM97.00 million in the corresponding six (6) - month period of the preceding year ("1H FYE 2021") to RM94.52 million in the six (6) - month period of the current year ("1H FYE 2022"). The marginal decline was mainly due to the drop in revenue contribution from our MHS Solutions and Trading businesses but this was mainly offset by the higher revenue contribution from our Metal Stamping business.

Given the decrease in revenue, the Group recorded a lower profit before tax in 1H FYE 2022 vis-à-vis 1H FYE 2021.

**B2 Comparison with Immediate Preceding Quarter**

<b>RM'000</b>	<b>3 months ended</b>		<b>Changes</b>
	<b>30.06.2022</b>	<b>31.03.2022</b>	
Revenue	47,414	47,109	305
Profit before tax	5,758	4,435	1,323

The Group's revenue remained relatively unchanged at RM47.41 million in Q2 FYE 2022 when compared to RM47.11 million in the immediate preceding quarter ("Q1 FYE 2022"). However, the Group recorded a higher profit before tax of RM5.76 million in Q2 FYE 2022 when compared to RM4.44 million in Q1 FYE 2022. The higher profit before tax was mainly contributed by the higher gross profit margin / gross profit recorded by our Metal Stamping business.

### B3 Commentary on Prospects

Notwithstanding the uncertainties and challenges faced by the Group in the domestic and overseas markets arising from the current global economic and political headwinds, the Group will continue to strive hard to pursue sales while taking steps to address the uncertainties and challenges. In addition, driven by the encouraging post-acquisition performances showed by our acquiree companies, i.e. MTL Engineering Sdn Bhd and UTC, the Group will continue to seek and explore potential opportunities for acquisitions and collaborations in order to enhance our profitability.

Premised on the above and barring any unforeseen circumstances, the Group expects our prospects and performance for the financial year ending 31 December 2022 to be satisfactory.

### B4 Profit Forecast

Not applicable.

### B5 Tax Expense

RM'000	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Income tax	1,423	1,764	2,647	2,907
<b>Total tax expense</b>	<b>1,423</b>	<b>1,764</b>	<b>2,647</b>	<b>2,907</b>

The effective tax rate of the Group for the current quarter under review and the six (6) - month period of the current year was slightly higher than the statutory tax rate of 24% mainly due to the tax losses of certain subsidiaries for which no deferred tax asset was provided.

### B6 Status of Corporate Proposals and Utilisation of Proceeds

As at the date of this report:

(i) there are no corporate proposals announced but not completed by the Company; and

(ii) all proceeds from corporate proposals implemented by the Company in the past have been fully utilised.

### B7 Borrowings (secured)

RM'000	As at	As at
	30.06.2022	31.12.2021
Lease liabilities	1,559	1,946
Term loans	6,018	7,135
<b>Long term borrowings</b>	<b>7,577</b>	<b>9,081</b>
Bank overdraft	859	-
Bankers' acceptance	443	830
Lease liabilities	852	893
Term loans	1,801	1,617
<b>Short term borrowings</b>	<b>3,955</b>	<b>3,340</b>
<b>Total borrowings</b>	<b>11,532</b>	<b>12,421</b>

All the borrowings are denominated in Ringgit Malaysia. Overall, the decrease in the borrowings of RM0.89 million was mainly due to the repayment instalments of the term loans and lease liabilities.

### B8 Changes in Material Litigation

As at the date of this report, the Group is not involved in any material litigation.

**B9 Proposed Dividend**

On 24 August 2022, the Board of Directors of the Company declared and approved the payment of a first single-tier dividend of 0.75 sen per ordinary share in respect of the financial year ending 31 December 2022. The dividend will be paid on 26 September 2022 to shareholders registered in the Record of Depositors as at 9 September 2022.

**B10 Earnings per Share ("EPS")**

	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit attributable to owners of the Company (RM'000)	3,780	4,498	6,809	7,374
Weighted average number of ordinary shares in issue ('000)	418,450	310,273	380,688	309,820
Effect of warrants outstanding ('000)	n/a	66,433	n/a	72,112
Weighted average number of ordinary shares assumed in issue ('000)	n/a	376,706	n/a	381,932
<b>Basic EPS (sen)</b>	<b>0.9</b>	<b>1.4</b>	<b>1.8</b>	<b>2.4</b>
<b>Diluted EPS (sen)</b>	<b>n/a</b>	<b>1.2</b>	<b>n/a</b>	<b>1.9</b>

Diluted earnings per share was not computed for the current quarter under review and the six (6) - month period of the current year as the Company does not have any potential dilutive ordinary shares in issue as at 30 June 2022.

**B11 Financial Instruments**

As at the date of this report, the Group has not entered into any derivatives.

**B12 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2021 was unqualified.

**B13 Profit Before Tax**

RM'000	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
<b>Profit before tax is arrived at after crediting/(charging):</b>				
Interest income	279	249	319	292
Depreciation	(833)	(868)	(1,663)	(1,695)
Interest expense	(119)	(147)	(233)	(230)
Gain on disposal of property, plant and equipment	31	-	31	-
Reversal of / (Provision for) expected credit losses	52	(38)	255	(38)
Realised loss on foreign exchange	(41)	(33)	(22)	(29)
Unrealised (loss) / gain on foreign exchange	(111)	30	(146)	144

Save as disclosed above, there were no material provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investment or real properties, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter under review.