



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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

29 November 2023

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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 THIRD QUARTER ENDED 30 SEPTEMBER 2023**

(These figures have not been audited)

| RM'000   | Note | Current quarter<br>3 months ended |              | Cumulative quarter<br>9 months ended |               |
|--|------|-----------------------------------|--------------|--------------------------------------|---------------|
|  |      | 30.09.2023                        | 30.09.2022   | 30.09.2023                           | 30.09.2022    |
| Revenue  | A7   | 55,212                            | 56,455       | 160,096                              | 150,978       |
| Cost of sales  |      | (42,874)                          | (45,363)     | (125,198)                            | (122,324)     |
| Gross profit   |      | 12,338                            | 11,092       | 34,898                               | 28,654        |
| Other income   |      | 915                               | 610          | 2,690                                | 2,065         |
| Selling and distribution expenses                                |      | (234)                             | (141)        | (675)                                | (560)         |
| Administration expenses  |      | (4,591)                           | (4,003)      | (14,230)                             | (11,890)      |
| Other expenses   |      | (83)                              | (76)         | (596)                                | (361)         |
| Finance costs  |      | (202)                             | (120)        | (554)                                | (353)         |
| Shares of loss in an associate                                   |      | -                                 | (26)         | (23)                                 | (26)          |
| Profit before tax  | B13  | 8,143                             | 7,336        | 21,510                               | 17,529        |
| Tax expense  | B5   | (1,969)                           | (1,858)      | (5,397)                              | (4,505)       |
| <b>Profit for the period</b>                                     |      | <b>6,174</b>                      | <b>5,478</b> | <b>16,113</b>                        | <b>13,024</b> |
| Other comprehensive income                                       |      | -                                 | -            | -                                    | -             |
| <b>Total comprehensive income</b>                                |      | <b>6,174</b>                      | <b>5,478</b> | <b>16,113</b>                        | <b>13,024</b> |
| <b>Profit attributable to:</b>                                   |      |                                   |              |                                      |               |
| Owners of the Company  |      | 5,773                             | 4,848        | 14,971                               | 11,657        |
| Non-controlling interests  |      | 401                               | 630          | 1,142                                | 1,367         |
| <b>Profit for the period</b>                                     |      | <b>6,174</b>                      | <b>5,478</b> | <b>16,113</b>                        | <b>13,024</b> |
| <b>Total comprehensive income attributable to:</b>               |      |                                   |              |                                      |               |
| Owners of the Company  |      | 5,773                             | 4,848        | 14,971                               | 11,657        |
| Non-controlling interests  |      | 401                               | 630          | 1,142                                | 1,367         |
| <b>Total comprehensive income</b>                                |      | <b>6,174</b>                      | <b>5,478</b> | <b>16,113</b>                        | <b>13,024</b> |
| <b>Earnings per share attributable to owners of the Company:</b> |      |                                   |              |                                      |               |
| Basic (sen)  | B10  | 1.3                               | 1.1          | 3.4                                  | 2.9           |
| Diluted (sen)  | B10  | n/a                               | n/a          | n/a                                  | n/a           |

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 SEPTEMBER 2023**

| <b>RM'000</b>  | <b>Note</b> | <b>As at<br/>30.09.2023<br/>Unaudited</b> | <b>As at<br/>31.12.2022<br/>Audited</b> |
|--|-------------|---|---|
| <b>Assets</b>  |             |   |   |
| Property, plant and equipment  |             | 77,122                                    | 76,532                                  |
| Goodwill on consolidation  |             | 1,978                                     | 1,978                                   |
| Investment property  |             | 1,002                                     | 1,019                                   |
| Investment in an associate   |             | -   | 23                                      |
| Deferred tax assets  |             | 11  | 11                                      |
| Fixed deposits with licensed banks   |             | 416                                       | 407                                     |
| <b>Non-current assets</b>  |             | <b>80,529</b>                             | <b>79,970</b>                           |
| Inventories  |             | 53,271                                    | 46,555                                  |
| Trade and other receivables  |             | 53,784                                    | 58,395                                  |
| Amount due from an associate   |             | 420                                       | 468                                     |
| Tax recoverable  |             | 827                                       | 686                                     |
| Financial asset at fair value through profit or loss                       |             | 3,874                                     | 3,774                                   |
| Cash and cash equivalents  |             | 101,725                                   | 100,744                                 |
| <b>Current assets</b>  |             | <b>213,901</b>                            | <b>210,622</b>                          |
| <b>Total assets</b>  |             | <b>294,430</b>                            | <b>290,592</b>                          |
| <b>Equity and liabilities</b>  |             |   |   |
| Share capital  |             | 110,397                                   | 110,397                                 |
| Merger deficit   |             | (41,477)                                  | (41,477)                                |
| Retained earnings  |             | 138,346                                   | 132,226                                 |
| Equity attributable to owners of the Company                               |             | 207,266                                   | 201,146                                 |
| Non-controlling interests  |             | 19,009                                    | 17,913                                  |
| <b>Total equity</b>  |             | <b>226,275</b>                            | <b>219,059</b>                          |
| Borrowings (secured)   | B7          | 13,723                                    | 15,098                                  |
| Deferred tax liabilities   |             | 2,297                                     | 2,294                                   |
| <b>Non-current liabilities</b>   |             | <b>16,020</b>                             | <b>17,392</b>                           |
| Trade and other payables   |             | 45,329                                    | 47,315                                  |
| Borrowings (secured)   | B7          | 3,642                                     | 3,690                                   |
| Tax liabilities  |             | 3,164                                     | 3,136                                   |
| <b>Current liabilities</b>   |             | <b>52,135</b>                             | <b>54,141</b>                           |
| <b>Total liabilities</b>   |             | <b>68,155</b>                             | <b>71,533</b>                           |
| <b>Total equity and liabilities</b>  |             | <b>294,430</b>                            | <b>290,592</b>                          |
| <b>Net assets per share attributable to owners<br/>of the Company (RM)</b> |             | <b>0.47</b>                               | <b>0.45</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 THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(These figures have not been audited)

|                                   | Attributable to Owners of the Company |                |                |                   |         | Non-controlling interests | Total equity |
|-----------------------------------|---------------------------------------|----------------|----------------|-------------------|---------|---------------------------|--------------|
|                                   | Share capital                         | Merger deficit | Other reserves | Retained earnings | Total   |                           |              |
| <b>RM'000</b>                     |                                       |                |                |                   |         |                           |              |
| <b>At 1 January 2023</b>          | 110,397                               | (41,477)       | -              | 132,226           | 201,146 | 17,913                    | 219,059      |
| Total comprehensive income        | -                                     | -              | -              | 14,971            | 14,971  | 1,142                     | 16,113       |
| Acquisition of a subsidiary       | -                                     | -              | -              | -                 | -       | (46)                      | (46)         |
| Dividend                          | -                                     | -              | -              | (8,851)           | (8,851) | -                         | (8,851)      |
| <b>At 30 September 2023</b>       | 110,397                               | (41,477)       | -              | 138,346           | 207,266 | 19,009                    | 226,275      |
| <b>At 1 January 2022</b>          | 77,302                                | (41,477)       | -              | 121,948           | 157,773 | 17,114                    | 174,887      |
| Total comprehensive income        | -                                     | -              | -              | 11,657            | 11,657  | 1,367                     | 13,024       |
| Issuance of shares by the Company | 33,095                                | -              | -              | -                 | 33,095  | -                         | 33,095       |
| Dividend                          | -                                     | -              | -              | (7,918)           | (7,918) | -                         | (7,918)      |
| <b>At 30 September 2022</b>       | 110,397                               | (41,477)       | -              | 125,687           | 194,607 | 18,481                    | 213,088      |

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**  
(These figures have not been audited)

| <b>RM'000</b>   | <b>9 months ended</b> |                   |
|---|-----------------------|-------------------|
|   | <b>30.09.2023</b>     | <b>30.09.2022</b> |
| <b>Cash flows from operating activities</b>                       |                       |                   |
| Profit before tax   | 21,510                | 17,529            |
| Adjustments for:  |                       |                   |
| Non-cash items  | 2,716                 | 2,390             |
| Non-operating items   | 110                   | (52)              |
| Interest income   | (1,022)               | (422)             |
| Interest expense  | 554                   | 353               |
| Operating profit before working capital changes                   | 23,868                | 19,798            |
| Changes in working capital:                                       |                       |                   |
| Inventories   | (6,591)               | (1,345)           |
| Receivables   | 5,157                 | 712               |
| Payables  | (3,455)               | (4,086)           |
| Cash generated from operations                                    | 18,979                | 15,079            |
| Tax paid  | (5,507)               | (4,484)           |
| <b>Net cash from operating activities</b>                         | <b>13,472</b>         | <b>10,595</b>     |
| <b>Cash flows from investing activities</b>                       |                       |                   |
| Interest received   | 1,022                 | 422               |
| Net placement of fixed deposits                                   | (9,302)               | (21,820)          |
| Purchase of property, plant and equipment                         | (2,757)               | (15,481)          |
| Proceeds from disposal of property, plant and equipment           | 11                    | 52                |
| Placement of financial asset at fair value through profit or loss | (100)                 | (56)              |
| Net cash inflow from acquisition of a subsidiary                  | 224                   | -                 |
| Subscription of new shares in an associate                        | -                     | (28)              |
| <b>Net cash used in investing activities</b>                      | <b>(10,902)</b>       | <b>(36,911)</b>   |
| <b>Cash flows from financing activities</b>                       |                       |                   |
| Dividend paid   | (8,851)               | (7,918)           |
| Proceeds from issuance of shares                                  | -                     | 33,095            |
| Interest paid   | (554)                 | (353)             |
| Net withdrawal/(placement) of pledged fixed deposits              | 324                   | (3,096)           |
| Net repayment of borrowings                                       | (1,668)               | (815)             |
| <b>Net cash (used in)/from financing activities</b>               | <b>(10,749)</b>       | <b>20,913</b>     |
| <b>Net changes in cash and cash equivalents</b>                   | <b>(8,179)</b>        | <b>(5,403)</b>    |
| Translation differences   | (54)                  | 99                |
| Cash and cash equivalents at the beginning of financial period    | 43,457                | 38,878            |
| <b>Cash and cash equivalents at the end of reporting period</b>   | <b>35,224</b>         | <b>33,574</b>     |
| <b>Analysis of cash and cash equivalents</b>                      |                       |                   |
| Fixed deposits with licensed banks                                | 65,109                | 54,927            |
| Cash and bank balances  | 37,032                | 35,063            |
|   | 102,141               | 89,990            |
| Less: Bank overdraft  | (245)                 | -                 |
| Less: Fixed deposits pledged with licensed banks                  | (6,419)               | (6,282)           |
| Less: Fixed deposits as investing purposes                        | (60,253)              | (50,134)          |
|   | 35,224                | 33,574            |

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 2022.

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 2022 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 2023.

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 the Group's 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 on the Group during the current quarter under review.

**A5 Debt and Equity Securities**

There were no issuances, repurchases or repayments of debt and equity securities by the Company during the current quarter under review.

**A6 Dividends Paid**

The following dividends were paid during the current quarter under review and previous year's corresponding financial quarter:

|  | <b>30.09.2023</b> | <b>30.09.2022</b> |
|--|-------------------|-------------------|
| For the financial year ended                           | 31 December 2023  | 31 December 2022  |
| Declared and approved on                               | 24 August 2023    | 24 August 2022    |
| Date of payment  | 26 September 2023 | 26 September 2022 |
| Number of ordinary shares on which dividends were paid | 442,550,214       | 442,550,214       |
| Dividend per share (single-tier)                       | 0.75 sen          | 0.75 sen          |
| Net dividend paid (RM)                                 | 3,319,127         | 3,319,127         |

## 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, and the provision of electrical vehicle supply equipment for home, public and commercial segments ("E&E Engineering").

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

### Current financial quarter ended 30 September 2023

| <b>RM'000</b>                     | <b>Trading</b> | <b>Pump<br/>Manufacturing</b> | <b>MHS<br/>Solutions</b> | <b>Metal<br/>Stamping</b> | <b>E&amp;E<br/>Engineering</b> | <b>Elimination</b> | <b>Total</b> |
|-----------------------------------|----------------|-------------------------------|--------------------------|---------------------------|--------------------------------|--------------------|--------------|
| Revenue                           | 28,623         | 1,248                         | 167                      | 23,157                    | 3,209                          | (1,192)            | 55,212       |
| Cost of sales                     | (20,316)       | (979)                         | 49                       | (20,572)                  | (2,248)                        | 1,192              | (42,874)     |
| Gross profit                      | 8,307          | 269                           | 216                      | 2,585                     | 961                            | -                  | 12,338       |
| Add/(Less):                       |                |                               |                          |                           |                                |                    |              |
| Other income                      |                |                               |                          |                           |                                |                    | 915          |
| Selling and distribution expenses |                |                               |                          |                           |                                |                    | (234)        |
| Administration expenses           |                |                               |                          |                           |                                |                    | (4,591)      |
| Other expenses                    |                |                               |                          |                           |                                |                    | (83)         |
| Finance costs                     |                |                               |                          |                           |                                |                    | (202)        |
| Share of loss in an associate     |                |                               |                          |                           |                                |                    | -            |
| Profit before tax                 |                |                               |                          |                           |                                |                    | <u>8,143</u> |

### Preceding financial year's corresponding quarter ended 30 September 2022

| <b>RM'000</b>                     | <b>Trading</b> | <b>Pump<br/>Manufacturing</b> | <b>MHS<br/>Solutions</b> | <b>Metal<br/>Stamping</b> | <b>E&amp;E<br/>Engineering</b> | <b>Elimination</b> | <b>Total</b> |
|-----------------------------------|----------------|-------------------------------|--------------------------|---------------------------|--------------------------------|--------------------|--------------|
| Revenue                           | 19,208         | 1,474                         | -                        | 34,570                    | 2,348                          | (1,145)            | 56,455       |
| Cost of sales                     | (12,616)       | (1,200)                       | -                        | (31,137)                  | (1,555)                        | 1,145              | (45,363)     |
| Gross profit                      | 6,592          | 274                           | -                        | 3,433                     | 793                            | -                  | 11,092       |
| Add/(Less):                       |                |                               |                          |                           |                                |                    |              |
| Other income                      |                |                               |                          |                           |                                |                    | 610          |
| Selling and distribution expenses |                |                               |                          |                           |                                |                    | (141)        |
| Administration expenses           |                |                               |                          |                           |                                |                    | (4,003)      |
| Other expenses                    |                |                               |                          |                           |                                |                    | (76)         |
| Finance costs                     |                |                               |                          |                           |                                |                    | (120)        |
| Share of loss in an associate     |                |                               |                          |                           |                                |                    | (26)         |
| Profit before tax                 |                |                               |                          |                           |                                |                    | <u>7,336</u> |

**Current financial year-to-date ended 30 September 2023**

| <b>RM'000</b>                     | <b>Trading</b> | <b>Pump<br/>Manufacturing</b> | <b>MHS<br/>Solutions</b> | <b>Metal<br/>Stamping</b> | <b>E&amp;E<br/>Engineering</b> | <b>Elimination</b> | <b>Total</b>  |
|-----------------------------------|----------------|-------------------------------|--------------------------|---------------------------|--------------------------------|--------------------|---------------|
| Revenue                           | 74,503         | 3,678                         | 788                      | 71,460                    | 12,861                         | (3,194)            | 160,096       |
| Cost of sales                     | (51,671)       | (3,000)                       | (325)                    | (63,428)                  | (9,968)                        | 3,194              | (125,198)     |
| Gross profit                      | 22,832         | 678                           | 463                      | 8,032                     | 2,893                          | -                  | 34,898        |
| Add/(Less):                       |                |                               |                          |                           |                                |                    |               |
| Other income                      |                |                               |                          |                           |                                |                    | 2,690         |
| Selling and distribution expenses |                |                               |                          |                           |                                |                    | (675)         |
| Administration expenses           |                |                               |                          |                           |                                |                    | (14,230)      |
| Other expenses                    |                |                               |                          |                           |                                |                    | (596)         |
| Finance costs                     |                |                               |                          |                           |                                |                    | (554)         |
| Share of loss in an associate     |                |                               |                          |                           |                                |                    | (23)          |
| Profit before tax                 |                |                               |                          |                           |                                |                    | <u>21,510</u> |

**Preceding financial year's corresponding year-to-date ended 30 September 2022**

| <b>RM'000</b>                     | <b>Trading</b> | <b>Pump<br/>Manufacturing</b> | <b>MHS<br/>Solutions</b> | <b>Metal<br/>Stamping</b> | <b>E&amp;E<br/>Engineering</b> | <b>Elimination</b> | <b>Total</b>  |
|-----------------------------------|----------------|-------------------------------|--------------------------|---------------------------|--------------------------------|--------------------|---------------|
| Revenue                           | 52,677         | 3,461                         | -                        | 90,920                    | 6,841                          | (2,921)            | 150,978       |
| Cost of sales                     | (34,981)       | (2,968)                       | -                        | (82,697)                  | (4,599)                        | 2,921              | (122,324)     |
| Gross profit                      | 17,696         | 493                           | -                        | 8,223                     | 2,242                          | -                  | 28,654        |
| Add/(Less):                       |                |                               |                          |                           |                                |                    |               |
| Other income                      |                |                               |                          |                           |                                |                    | 2,065         |
| Selling and distribution expenses |                |                               |                          |                           |                                |                    | (560)         |
| Administration expenses           |                |                               |                          |                           |                                |                    | (11,890)      |
| Other expenses                    |                |                               |                          |                           |                                |                    | (361)         |
| Finance costs                     |                |                               |                          |                           |                                |                    | (353)         |
| Share of loss in an associate     |                |                               |                          |                           |                                |                    | (26)          |
| Profit before tax                 |                |                               |                          |                           |                                |                    | <u>17,529</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>9 months ended</b> |                   |                |
|---------------|-----------------------|-------------------|----------------|-----------------------|-------------------|----------------|
|               | <b>30.09.2023</b>     | <b>30.09.2022</b> | <b>Changes</b> | <b>30.09.2023</b>     | <b>30.09.2022</b> | <b>Changes</b> |
| Malaysia      | 40,414                | 52,393            | (11,979)       | 125,268               | 138,638           | (13,370)       |
| Indonesia     | 10,553                | 3,622             | 6,931          | 22,813                | 10,883            | 11,930         |
| Others        | 4,245                 | 440               | 3,805          | 12,015                | 1,457             | 10,558         |
| <b>Total</b>  | <b>55,212</b>         | <b>56,455</b>     | <b>(1,243)</b> | <b>160,096</b>        | <b>150,978</b>    | <b>9,118</b>   |

**A8 Related Party Disclosures**

Related party transactions of the Group are as follows:

| <b>RM'000</b>   | <b>3 months ended</b> |                   | <b>9 months ended</b> |                   |
|---|-----------------------|-------------------|-----------------------|-------------------|
|   | <b>30.09.2023</b>     | <b>30.09.2022</b> | <b>30.09.2023</b>     | <b>30.09.2022</b> |
| Companies in which certain Directors of the Company have interests:                 |                       |                   |                       |                   |
| Sales of goods  |                       | 229               | 55                    | 335               |
| Purchase of goods   |                       | -                 | -                     | -                 |
|   |                       |                   |                       | 1                 |
| Companies in which certain Directors of subsidiaries of the Company have interests: |                       |                   |                       |                   |
| Sales of goods  |                       | 62                | 217                   | 374               |
| Purchase of goods   |                       | 47                | 8                     | 55                |
| Management fee received   |                       | -                 | 1                     | -                 |
|   |                       |                   |                       | 7                 |
| Rental paid to certain Directors of a subsidiary of the Company                     |                       | 110               | 104                   | 319               |
|   |                       |                   |                       | 312               |

All the 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 the property, plant and equipment of the Group during the current quarter under review.

#### **A10 Capital Commitments**

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

| <b>RM'000</b>                   | <b>As at<br/>30.09.2023</b> |
|---------------------------------|-----------------------------|
| Approved but not contracted for | -                           |
| Contracted but not provided for | 158                         |

#### **A11 Contingent Assets and Liabilities**

There were no contingent liabilities and contingent assets 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.

Nevertheless, the Company and its 55%-owned subsidiary, UTC Engineering Sdn Bhd, had, on 1 March 2023, completed the acquisition of 51,000 ordinary shares (representing 51% equity interest) and 19,000 ordinary shares (representing 19% equity interest) in JusEV Charging Network Sdn Bhd ("JusEV") for a cash consideration of RM51,000 and RM19,000, respectively. In this regard, JusEV has become a 61.45% (effective interest)-owned subsidiary of the Company with effect from 1 March 2023.

#### **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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**Registration No. 201301020455 (1050285-U)**  
**(Incorporated in Malaysia)**

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

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

| RM'000            | 3 months ended |            |         | 9 months ended |            |         |
|-------------------|----------------|------------|---------|----------------|------------|---------|
|                   | 30.09.2023     | 30.09.2022 | Changes | 30.09.2023     | 30.09.2022 | Changes |
| Revenue           | 55,212         | 56,455     | (1,243) | 160,096        | 150,978    | 9,118   |
| Profit before tax | 8,143          | 7,336      | 807     | 21,510         | 17,529     | 3,981   |

The Group recorded a marginal drop (of 2.2%) in revenue from RM56.46 million in the corresponding quarter of the preceding year ("Q3 FYE 2022") to RM55.21 million in the current quarter under review ("Q3 FYE 2023"), mainly due to the lower revenue contribution from our Metal Stamping business (Q3 FYE 2023 - RM23.16 million; Q3 FYE 2022 - RM34.57 million) arising from lower demand from its customers in the air-conditioning industry. However, this was offset by the higher revenue recorded by our Trading business (Q3 FYE 2023 - RM28.62 million; Q3 FYE 2022 - RM19.21 million) with the recovery of the local and overseas markets post the Covid-19 pandemic.

Notwithstanding the marginally lower revenue, the Group recorded an increase in profit before tax in Q3 FYE 2023 vis-à-vis Q3 FYE 2022 mainly due to a higher gross profit margin (Q3 FYE 2023 - 22.3%; Q3 FYE 2022 - 19.6%) as a result of the higher revenue contribution from our Trading business, which has a higher gross profit margin than our Metal Stamping business.

The Group recorded a 6.0% increase in revenue from RM150.98 million in the corresponding nine (9) - month period of the preceding year ("9-month FYE 2022") to RM160.10 million in the nine (9) - month period of the current year ("9-month FYE 2023"), mainly due to the higher revenue contribution from our Trading business (9-month FYE 2023 - RM74.50 million; 9-month FYE 2022 - RM52.68 million) with the recovery of the local and overseas markets post the Covid-19 pandemic. However, this was offset by the lower revenue recorded by our Metal Stamping business (9-month FYE 2023 - RM71.46 million; 9-month FYE 2022 - RM90.92 million) owing to lower demand from its customers in the air-conditioning industry.

In line with the increase in revenue, the Group recorded a higher profit before tax in 9-month FYE 2023 vis-à-vis 9-month FYE 2022.

**B2 Comparison with Immediate Preceding Quarter**

| RM'000            | 3 months ended |            |         |
|-------------------|----------------|------------|---------|
|                   | 30.09.2023     | 30.06.2023 | Changes |
| Revenue           | 55,212         | 54,872     | 340     |
| Profit before tax | 8,143          | 7,436      | 707     |

The Group's revenue remained relatively unchanged in Q3 FYE 2023 vis-a-vis the immediate preceding quarter ("Q2 FYE 2023") as the higher in the revenue recorded by our Trading and Metal Stamping businesses was offset by the lower revenue recorded by our E&E Engineering and MHS Solutions businesses. Notwithstanding the relatively unchanged revenue, the Group recorded a higher profit before tax in Q3 FYE 2023 vis-a-vis Q2 FYE 2023 owing to the higher gross profit margin and lower operating expenses.

**B3 Commentary on Prospects**

The Group has recorded growth in revenue and profits in 9-month FYE 2023 despite the challenging market conditions, owing to the efforts put in by the Group to pursue sales and control costs. The market conditions are expected to remain challenging in the last quarter of the current financial year ending 31 December 2023 ("FYE 2023"). Nonetheless, the Group will continue to strive hard to pursue sales while taking steps to address the market uncertainties and challenges. In addition, the Group will continue to seek and explore potential opportunities for acquisitions and collaborations in order to enhance our financial performance.

Premised on the above and barring any unforeseen circumstances, the Group expects our prospects and performance for the last quarter of FYE 2023 to remain satisfactory.

**B4 Profit Forecast**

Not applicable.

**B5 Tax Expense**

| RM'000                   | 3 months ended |              | 9 months ended |              |
|--------------------------|----------------|--------------|----------------|--------------|
|                          | 30.09.2023     | 30.09.2022   | 30.09.2023     | 30.09.2022   |
| Income tax               | 1,969          | 1,858        | 5,397          | 4,505        |
| <b>Total tax expense</b> | <b>1,969</b>   | <b>1,858</b> | <b>5,397</b>   | <b>4,505</b> |

The effective tax rate of the Group for the current quarter under review and the nine (9) - month period of the current year was 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         |
|------------------------------|---------------|---------------|
|                              | 30.09.2023    | 31.12.2022    |
| Lease liabilities            | 2,340         | 2,221         |
| Term loans                   | 11,383        | 12,877        |
| <b>Long term borrowings</b>  | <b>13,723</b> | <b>15,098</b> |
| Bank overdraft               | 245           | -             |
| Bankers' acceptance          | 894           | 805           |
| Lease liabilities            | 567           | 1,115         |
| Term loans                   | 1,936         | 1,770         |
| <b>Short term borrowings</b> | <b>3,642</b>  | <b>3,690</b>  |
| <b>Total borrowings</b>      | <b>17,365</b> | <b>18,788</b> |

All the borrowings are denominated in Ringgit Malaysia. Overall, the decrease in the borrowings of RM1.42 million was mainly due to the repayment instalments of the term loans and lease liabilities.

**B8 Changes in Material Litigation**

Save as disclosed below, the Group is not involved in any material litigation as at the date of this report.

The Company's 55%-owned subsidiary, Arah Edar (M) Sdn Bhd ("Arah Edar"), had, on 15 June 2023, lodged an adjudication application with the Singapore Mediation Centre ("SMC") for the amount of Singapore Dollar ("SGD") 1,233,506.74 against SH Design & Build Pte Ltd ("SHDB") ("Adjudication Application").

The Adjudication Application is in relation to the design, supply, assembly (off-site) and delivery of the material handling equipment (Package 2) for the proposed ready mixed concrete ecosystem project at Jurong Port, Singapore, for a fixed priced lump sum contract value of SGD12,010,901.00, excluding goods and services tax, accepted by Arah Edar from SHDB on 7 September 2020.

Based on the adjudication determination dated 14 August 2023 ("Adjudication Determination"), the adjudicator had determined that, among others, the Adjudication Application is disallowed and there is no adjudicated amount to be paid by SHDB to Arah Edar.

Arah Edar has, on 21 August 2023, lodged an application for an adjudication review of the Adjudication Determination with SMC. Based on the adjudication review determination dated 28 November 2023 ("ARD"), the review adjudicators have determined the following:

- (i) SHDB shall pay SGD318,632.84 (exclusive of GST) to Arah Edar.
- (ii) The interest on SGD318,632.84 (exclusive of goods and services tax ("GST")) shall be payable by SHDB to Arah Edar if the said amount is not paid within seven (7) days after service of the ARD on SHDB. Interest shall accrue from the date payment of the said amount is due until the date of payment, at the contractual rate (if any) or in the absence of such contractual rate, at the rate of 5.33% per annum for any part of the said amount which remains unpaid until the entire amount is paid.
- (iii) The cost of the adjudication review application amounting to SGD44,928.00 (including 8% GST), comprising the adjudication review application fee in the amount of SGD1,296.00 (including 8% GST) and the review adjudicators' fee of SGD43,632.00 (including 8% GST), shall be borne and paid by the parties in the following proportions:
  - (a) Arah Edar shall bear and pay 50% of the said costs.
  - (b) SHDB shall bear and pay 50% of the said costs.

Please refer to the Company's announcements dated 16 June 2023, 15 August 2023, 21 August 2023 and 29 November 2023 for further details on the above matter.

**B9 Proposed Dividend**

As disclosed in the Company's quarterly announcement for the second quarter ended 30 June 2023 dated 24 August 2023, the Board had, on 24 August 2023, 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 2023. The dividend was paid on 26 September 2023, as disclosed in Note A6 above.

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

|  | 3 months ended |            | 9 months ended |            |
|--|----------------|------------|----------------|------------|
|  | 30.09.2023     | 30.09.2022 | 30.09.2023     | 30.09.2022 |
| Profit attributable to owners of the Company (RM'000)      | 5,773          | 4,848      | 14,971         | 11,657     |
| Weighted average number of ordinary shares in issue ('000) | 442,550        | 442,550    | 442,550        | 401,536    |
| <b>Basic EPS (sen)</b>                                     | <b>1.3</b>     | <b>1.1</b> | <b>3.4</b>     | <b>2.9</b> |

Diluted EPS per share was not computed for the current quarter under review and the nine (9) - month period of the current financial year as the Company did not have any potential dilutive ordinary shares in issue as at 30 September 2023.

**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 2022 was unqualified.

**B13 Profit Before Tax**

| RM'000   | 3 months ended |            | 9 months ended |            |
|--|----------------|------------|----------------|------------|
|  | 30.09.2023     | 30.09.2022 | 30.09.2023     | 30.09.2022 |
| <b>Profit before tax is arrived at after crediting/(charging):</b> |                |            |                |            |
| Interest income  | 171            | 103        | 1,022          | 422        |
| Depreciation   | (893)          | (906)      | (2,609)        | (2,569)    |
| Interest expense   | (202)          | (120)      | (554)          | (353)      |
| Gain on disposal of property, plant and equipment                  | -              | 21         | 11             | 52         |
| Reversal of/(Provision for) expected credit losses                 | 35             | -          | (12)           | 255        |
| Realised gain/(loss) on foreign exchange                           | 104            | (44)       | 17             | (66)       |
| Unrealised (loss)/gain on foreign exchange                         | (24)           | 96         | (72)           | (50)       |
| Goodwill written off   | -              | -          | (121)          | -          |

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.