



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2024

22 August 2024

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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 2024

(These figures have not been audited)

RM'000	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
Revenue	A7	55,883	54,872	104,966	104,884
Cost of sales		(44,099)	(42,927)	(83,063)	(82,324)
Gross profit		11,784	11,945	21,903	22,560
Other income		1,877	1,216	3,638	1,775
Selling and distribution expenses		(157)	(180)	(460)	(441)
Administration expenses		(5,111)	(5,209)	(10,004)	(9,639)
Other expenses		(70)	(167)	(155)	(513)
Finance costs		(180)	(169)	(376)	(352)
Shares of loss in an associate		-	-	-	(23)
Profit before tax	B13	8,143	7,436	14,546	13,367
Tax expense	B5	(1,778)	(1,867)	(3,423)	(3,428)
Profit for the period		6,365	5,569	11,123	9,939
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		6,365	5,569	11,123	9,939
Profit attributable to:					
Owners of the Company		5,813	5,166	10,381	9,198
Non-controlling interests		552	403	742	741
Profit for the period		6,365	5,569	11,123	9,939
Total comprehensive income attributable to:					
Owners of the Company		5,813	5,166	10,381	9,198
Non-controlling interests		552	403	742	741
Total comprehensive income for the period		6,365	5,569	11,123	9,939
Earnings per share attributable to owners of the Company:					
Basic (sen)	B10	1.3	1.2	2.3	2.1
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 JUNE 2024

RM'000	Note	As at 30.06.2024 Unaudited	As at 31.12.2023 Audited
Assets			
Property, plant and equipment		76,823	77,146
Intangible assets		214	232
Goodwill on consolidation		1,978	1,978
Investment property		985	997
Investment in an associate		-	-
Deferred tax assets		103	103
Fixed deposits with licensed banks		416	416
Non-current assets		80,519	80,872
Inventories		52,772	59,714
Trade and other receivables		56,488	55,018
Amount due from an associate		805	1,353
Tax recoverable		724	724
Financial asset at fair value through profit or loss		3,972	3,906
Cash and cash equivalents		101,295	101,747
Current assets		216,056	222,462
Total assets		296,575	303,334
Equity and liabilities			
Share capital		110,397	110,397
Merger deficit		(41,477)	(41,477)
Retained earnings		148,126	144,383
Equity attributable to owners of the Company		217,046	213,303
Non-controlling interests		19,857	18,995
Total equity		236,903	232,298
Borrowings (secured)	B7	11,966	12,977
Deferred tax liabilities		2,321	2,321
Non-current liabilities		14,287	15,298
Trade and other payables		38,270	48,021
Dividend payable		-	225
Borrowings (secured)	B7	3,902	4,379
Tax liabilities		3,213	3,113
Current liabilities		45,385	55,738
Total liabilities		59,672	71,036
Total equity and liabilities		296,575	303,334
Net assets per share attributable to owners of the Company (RM)		0.49	0.48

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
Registration No. 201301020455 (1050285-U)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(These figures have not been audited)

	Attributable to Owners of the Company		Retained earnings	Total	Non-controlling interests	Total equity
	Non-Distributable	Distributable				
RM'000	Share capital	Merger deficit	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2024	110,397	(41,477)	144,383	213,303	18,995	232,298
Total comprehensive income for the period	-	-	10,381	10,381	742	11,123
Dividends	-	-	(6,638)	(6,638)	-	(6,638)
Subscription of new ordinary shares in a subsidiary by a non-controlling interest	-	-	-	-	120	120
At 30 June 2024	110,397	(41,477)	148,126	217,046	19,857	236,903
At 1 January 2023	110,397	(41,477)	132,226	201,146	17,913	219,059
Total comprehensive income for the period	-	-	9,198	9,198	741	9,939
Acquisition of a subsidiary	-	-	-	-	(46)	(46)
Dividends	-	-	(5,532)	(5,532)	-	(5,532)
At 30 June 2023	110,397	(41,477)	135,892	204,812	18,608	223,420

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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(These figures have not been audited)

RM'000	6 months ended	
	30.06.2024	30.06.2023
Cash flows from operating activities		
Profit before tax	14,546	13,367
Adjustments for:		
Non-cash items	1,245	1,834
Non-operating items	(16)	110
Interest income	(1,214)	(851)
Interest expense	376	352
Operating profit before working capital changes	14,937	14,812
Changes in working capital:		
Inventories	6,942	(1,393)
Receivables	(687)	6,560
Payables	(9,672)	(10,435)
Cash generated from operations	11,520	9,544
Tax paid	(3,323)	(2,501)
Net cash from operating activities	8,197	7,043
Cash flows from investing activities		
Interest received	1,214	851
Net placement of fixed deposits	(3,756)	(9,183)
Placement of financial asset at fair value through profit or loss	(66)	(68)
Purchase of property, plant and equipment	(1,231)	(1,649)
Proceeds from disposal of property, plant and equipment	16	11
Net cash inflow from acquisition of a subsidiary	-	224
Net cash used in investing activities	(3,823)	(9,814)
Cash flows from financing activities		
Dividends paid	(6,863)	(5,532)
Interest paid	(376)	(352)
Net withdrawal of pledged fixed deposits	343	352
Net repayment of borrowings	(1,663)	(740)
Subscription of new ordinary shares in a subsidiary by a non-controlling interest	120	-
Net cash used in financing activities	(8,439)	(6,272)
Net changes in cash and cash equivalents	(4,065)	(9,043)
Translation differences	25	(9)
Cash and cash equivalents at the beginning of financial period	35,727	43,457
Cash and cash equivalents at the end of financial period	31,687	34,405
Analysis of cash and cash equivalents		
Fixed deposits with licensed banks	69,513	64,972
Cash and bank balances	32,198	36,181
	101,711	101,153
Less: Bank overdraft	(233)	(223)
Less: Fixed deposits pledged to licensed banks	(6,554)	(6,391)
Less: Fixed deposits as investing purposes	(63,237)	(60,134)
	31,687	34,405

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 2023.

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 2023 except for the adoption of the new Malaysian Financial Reporting Standards ("MFRSs") and Amendments to MFRSs that are mandatory for annual financial periods beginning on or after 1 January 2024.

The adoption of the new MFRSs and Amendments to MFRSs 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 Dividend Paid

	30.06.2024	30.06.2023
For the financial year ended	31 December 2023	-
Declared and approved on	26 February 2024	-
Date of payment	4 April 2024	-
Number of ordinary shares on which dividends were paid	442,550,214	-
Dividend per share (single-tier)	1.50 sen	-
Net dividend paid (RM)	6,638,253	-

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 trading of electric vehicle charging stations, software solution, equipment and other relevant accessories ("E&E Engineering").

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

Current financial quarter ended 30 June 2024

RM'000	Trading	Pump Manufacturing	MHS Solutions	Metal Stamping	E&E Engineering	Elimination	Total
Revenue	28,477	911	83	23,741	3,494	(823)	55,883
Cost of sales	(19,873)	(853)	(65)	(21,386)	(2,745)	823	(44,099)
Gross profit	8,604	58	18	2,355	749	-	11,784
Add/(Less):							
Other income							1,877
Selling and distribution expenses							(157)
Administration expenses							(5,111)
Other expenses							(70)
Finance costs							(180)
Share of loss in an associate							-
Profit before tax							<u>8,143</u>

Preceding financial year's corresponding quarter ended 30 June 2023

RM'000	Trading	Pump Manufacturing	MHS Solutions	Metal Stamping	E&E Engineering	Elimination	Total
Revenue	25,502	1,390	621	21,753	6,737	(1,131)	54,872
Cost of sales	(17,729)	(1,152)	(374)	(19,354)	(5,449)	1,131	(42,927)
Gross profit	7,773	238	247	2,399	1,288	-	11,945
Add/(Less):							
Other income							1,216
Selling and distribution expenses							(180)
Administration expenses							(5,209)
Other expenses							(167)
Finance costs							(169)
Share of loss in an associate							-
Profit before tax							<u>7,436</u>

Current financial year-to-date ended 30 June 2024

RM'000	Trading	Pump Manufacturing	MHS Solutions	Metal Stamping	E&E Engineering	Elimination	Total
Revenue	50,990	1,925	614	46,780	6,371	(1,714)	104,966
Cost of sales	(35,819)	(1,745)	(506)	(41,708)	(4,999)	1,714	(83,063)
Gross profit	15,171	180	108	5,072	1,372	-	21,903
Add/(Less):							
Other income							3,638
Selling and distribution expenses							(460)
Administration expenses							(10,004)
Other expenses							(155)
Finance costs							(376)
Share of loss in an associate							-
Profit before tax							<u>14,546</u>

Preceding financial year's corresponding year-to-date ended 30 June 2023

RM'000	Trading	Pump Manufacturing	MHS Solutions	Metal Stamping	E&E Engineering	Elimination	Total
Revenue	45,880	2,430	621	48,303	9,652	(2,002)	104,884
Cost of sales	(31,355)	(2,021)	(374)	(42,856)	(7,720)	2,002	(82,324)
Gross profit	14,525	409	247	5,447	1,932	-	22,560
Add/(Less):							
Other income							1,775
Selling and distribution expenses							(441)
Administration expenses							(9,639)
Other expenses							(513)
Finance costs							(352)
Share of loss in an associate							(23)
Profit before tax							<u>13,367</u>

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

RM'000	3 months ended			6 months ended		
	30.06.2024	30.06.2023	Changes	30.06.2024	30.06.2023	Changes
Malaysia	51,081	42,693	8,388	94,818	84,854	9,964
Indonesia	4,468	7,946	(3,478)	8,253	12,260	(4,007)
Others	334	4,233	(3,899)	1,895	7,770	(5,875)
Total	55,883	54,872	1,011	104,966	104,884	82

A8 Related Party Disclosures

Related party transactions of the Group are as follows:

RM'000	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Companies in which certain Directors of the Company have interests:				
Sales of goods	47	7	129	106
Companies in which certain Directors of the subsidiaries of the Company have interests:				
Sales of goods	93	209	138	312
Purchase of goods	3	6	294	8
Rental paid to certain Directors of a subsidiary of the Company	107	105	214	209

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

A10 Capital Commitments

There were no material capital commitments incurred by the Group in respect of property, plant and equipment as at the end of the current quarter under review.

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

MTL Engineering Sdn Bhd, a 70%-owned subsidiary of the Company, has on 7 June 2024, incorporated a new 51%-owned subsidiary, AK Manufacturing Sdn Bhd.

Save for the above, there were no other 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's Corresponding Quarter

RM'000	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Revenue	55,883	54,872	104,966	104,884
Profit before tax	8,143	7,436	14,546	13,367

The Group's revenue recorded a marginal increase of 1.8% from RM54.87 million in the corresponding quarter of the preceding year ("Q2 FYE 2023") to RM55.88 million in the current quarter under review ("Q2 FYE 2024"), mainly due to higher revenue recorded by our Trading business (Q2 FYE 2024 - RM28.48 million; Q2 FYE 2023 - RM25.50 million) and Metal Stamping business (Q2 FYE 2024 - RM23.74 million; Q2 FYE 2023 - RM21.75 million) arising from higher demand from customers. However, this was partly offset by the lower revenue recorded by our E&E Engineering business (Q2 FYE 2024 - RM3.49 million; Q2 FYE 2023 - RM6.74 million).

Notwithstanding the marginal increase in revenue, the Group recorded a marginal decrease of 1.4% in gross profit from RM11.95 million in Q2 FYE 2023 to RM11.78 million in Q2 FYE 2024 due to margin compression. However, the Group's profit before tax increased from RM7.44 million in Q2 FYE 2023 to RM8.14 million in Q2 FYE 2024 mainly due to higher interest income and reversal of provision for expected credit losses (in other income).

The Group's revenue remained relatively unchanged between the six (6) - month period of the preceding year ("1H FYE 2023") and the six (6) - month period of the current year ("1H FYE 2024"). However, the Group recorded a marginal decrease of 2.9% in gross profit from RM22.56 million in 1H FYE 2023 to RM21.90 million in 1H FYE 2024 resulting from margin compression. Nonetheless, the Group recorded an increase in profit before tax from RM13.37 million in 1H FYE 2023 to RM14.55 million in 1H FYE 2024, mainly due to the increase in other income such as calibration and fabrication charges, interest income, and reversal of provision for expected credit losses.

B2 Comparison with Immediate Preceding Quarter

RM'000	3 months ended		Changes
	30.06.2024	31.03.2024	
Revenue	55,883	49,083	6,800
Profit before tax	8,143	6,403	1,740

The Group's revenue increased from RM49.08 million in the immediate preceding quarter ("Q1 FYE 2024") to RM55.88 million in Q2 FYE 2024 (equivalent to 13.9%), mainly due to higher revenue recorded by our Trading business (Q2 FYE 2024 - RM28.48 million; Q1 FYE 2024 - RM22.51 million) arising from higher demand from customers.

With the increase in revenue, coupled with the higher gross profit margin recorded (Q2 FYE 2024 - 21.1%; Q1 FYE 2024 - 20.6%), the Group recorded an increase in profit before tax in Q2 FYE 2024 vis-à-vis Q1 FYE 2024.

B3 Commentary on Prospects

Based on the Quarterly Bulletin for the Second Quarter 2024 issued by Bank Negara Malaysia on 16 August 2024, the Malaysian economy advanced by 5.9% in the second quarter of 2024 (1Q 2024: 4.2%). The growth is driven by stronger domestic demand and further expansion in exports. In addition, growth of the Malaysian economy in the second half of the year is expected to be driven mainly by firm expansions in investment activity and resilient household spending, with large support from exports recovery.

Given the economic prospects, the Group will continue putting in strong efforts to pursue sales while taking steps to address any downside risks from weaker-than-expected external demand, further escalation in geopolitical conflicts and lower-than-expected commodity production. In addition, the Group will also continue with its strategy 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 is cautiously optimistic of our prospects and performance for the current financial year ending 31 December 2024.

B4 Profit Forecast

Not applicable.

B5 Tax Expense

RM'000	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Income tax	1,778	1,867	3,423	3,428
Total tax expense	1,778	1,867	3,423	3,428

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

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
	30.06.2024	31.12.2023
Lease liabilities	2,437	2,067
Term loans	9,529	10,910
Non-current borrowings	11,966	12,977
Bank overdraft	233	58
Bankers' acceptance	1,275	1,189
Lease liabilities	560	1,182
Term loans	1,834	1,950
Current borrowings	3,902	4,379
Total borrowings	15,868	17,356

All the borrowings are denominated in Ringgit Malaysia. Overall, the decrease in the borrowings of RM1.49 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 22 August 2024, 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 2024. The dividend will be paid on 23 September 2024 to shareholders registered in the Record of Depositors as at 6 September 2024.

B10 Earnings per Share ("EPS")

	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to owners of the Company (RM'000)	5,813	5,166	10,381	9,198
Weighted average number of ordinary shares in issue ('000)	442,550	442,550	442,550	442,550
Basic EPS (sen)	1.3	1.2	2.3	2.1

Diluted EPS per share was not computed for the current quarter under review and the six (6) - month period of the current financial year as the Company did not have any potential dilutive ordinary shares in issue as at 30 June 2024.

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 2023 was unqualified.

B13 Profit Before Tax

RM'000	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit before tax is arrived at after crediting/(charging):				
Interest income	939	662	1,214	851
Interest expense	(180)	(169)	(376)	(352)
Depreciation and amortisation	(786)	(880)	(1,584)	(1,716)
Gain on disposal of property, plant and equipment	-	11	16	11
Reversal of / (Provision for) expected credit losses	163	(47)	287	(47)
Realised gain / (loss) on foreign exchange	208	(75)	380	(87)
Unrealised gain / (loss) on foreign exchange	15	113	52	(48)
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.