



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

25 November 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 THIRD QUARTER ENDED 30 SEPTEMBER 2024

(These figures have not been audited)

RM'000	Note	Current quarter		Cumulative quarter	
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
Revenue	A7	56,552	55,212	161,518	160,096
Cost of sales		(44,318)	(42,874)	(127,381)	(125,198)
Gross profit		12,234	12,338	34,137	34,898
Other income		1,101	915	4,739	2,690
Selling and distribution expenses		(238)	(234)	(698)	(675)
Administration expenses		(5,010)	(4,591)	(15,014)	(14,230)
Other expenses		(687)	(83)	(842)	(596)
Finance costs		(151)	(202)	(527)	(554)
Shares of loss in an associate		-	-	-	(23)
Profit before tax	B13	7,249	8,143	21,795	21,510
Tax expense	B5	(2,073)	(1,969)	(5,496)	(5,397)
Profit for the period		5,176	6,174	16,299	16,113
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		5,176	6,174	16,299	16,113
Profit attributable to:					
Owners of the Company		4,631	5,773	15,012	14,971
Non-controlling interests		545	401	1,287	1,142
Profit for the period		5,176	6,174	16,299	16,113
Total comprehensive income attributable to:					
Owners of the Company		4,631	5,773	15,012	14,971
Non-controlling interests		545	401	1,287	1,142
Total comprehensive income for the period		5,176	6,174	16,299	16,113
Earnings per share attributable to owners of the Company:					
Basic (sen)	B10	1.0	1.3	3.4	3.4
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 2024

RM'000	Note	As at 30.09.2024 Unaudited	As at 31.12.2023 Audited
Assets			
Property, plant and equipment		77,597	77,146
Intangible assets		213	232
Goodwill on consolidation		1,978	1,978
Investment property		980	997
Investment in an associate		-	-
Deferred tax assets		103	103
Fixed deposits with licensed banks		433	416
Non-current assets		81,304	80,872
Inventories		52,394	59,714
Trade and other receivables		48,272	55,018
Amount due from an associate		873	1,353
Tax recoverable		671	724
Financial asset at fair value through profit or loss		4,005	3,906
Cash and cash equivalents		104,241	101,747
Current assets		210,456	222,462
Total assets		291,760	303,334
Equity and liabilities			
Share capital		110,397	110,397
Merger deficit		(41,477)	(41,477)
Retained earnings		149,438	144,383
Equity attributable to owners of the Company		218,358	213,303
Non-controlling interests		20,402	18,995
Total equity		238,760	232,298
Borrowings (secured)	B7	11,297	12,977
Deferred tax liabilities		2,321	2,321
Non-current liabilities		13,618	15,298
Trade and other payables		35,080	48,021
Dividend payable		-	225
Borrowings (secured)	B7	3,054	4,379
Tax liabilities		1,248	3,113
Current liabilities		39,382	55,738
Total liabilities		53,000	71,036
Total equity and liabilities		291,760	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 THIRD QUARTER ENDED 30 SEPTEMBER 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				
At 1 January 2024	110,397	(41,477)	144,383	213,303	18,995	232,298
Total comprehensive income for the period	-	-	15,012	15,012	1,287	16,299
Subscription of new ordinary shares in a subsidiary by a non-controlling interest	-	-	-	-	120	120
Dividends	-	-	(9,957)	(9,957)	-	(9,957)
At 30 September 2024	110,397	(41,477)	149,438	218,358	20,402	238,760
At 1 January 2023	110,397	(41,477)	132,226	201,146	17,913	219,059
Total comprehensive income for the period	-	-	14,971	14,971	1,142	16,113
Acquisition of a subsidiary	-	-	-	-	(46)	(46)
Dividends	-	-	(8,851)	(8,851)	-	(8,851)
At 30 September 2023	110,397	(41,477)	138,346	207,266	19,009	226,275

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 THIRD QUARTER ENDED 30 SEPTEMBER 2024
(These figures have not been audited)

RM'000	9 months ended	
	30.09.2024	30.09.2023
Cash flows from operating activities		
Profit before tax	21,795	21,510
Adjustments for:		
Non-cash items	2,696	2,716
Non-operating items	(16)	110
Interest income	(1,564)	(1,022)
Interest expense	527	554
Operating profit before working capital changes	23,438	23,868
Changes in working capital:		
Inventories	7,320	(6,591)
Receivables	6,974	5,157
Payables	(12,357)	(3,455)
Cash generated from operations	25,375	18,979
Tax paid	(7,308)	(5,507)
Net cash from operating activities	18,067	13,472
Cash flows from investing activities		
Interest received	1,564	1,022
Net placement of fixed deposits	(9,031)	(9,302)
Purchase of property, plant and equipment	(2,794)	(2,757)
Proceeds from disposal of property, plant and equipment	16	11
Placement of financial asset at fair value through profit or loss	(99)	(100)
Net cash inflow from acquisition of a subsidiary	-	224
Net cash used in investing activities	(10,344)	(10,902)
Cash flows from financing activities		
Dividends paid	(10,182)	(8,851)
Interest paid	(527)	(554)
Net withdrawal of pledged fixed deposits	315	324
Net repayment of borrowings	(2,947)	(1,668)
Subscription of new ordinary shares in a subsidiary by a non-controlling interest	120	-
Net cash used in financing activities	(13,221)	(10,749)
Net changes in cash and cash equivalents	(5,498)	(8,179)
Translation differences	(649)	(54)
Cash and cash equivalents at the beginning of financial period	35,727	43,457
Cash and cash equivalents at the end of financial period	29,580	35,224
Analysis of cash and cash equivalents		
Fixed deposits with licensed banks	74,092	65,109
Cash and bank balances	30,582	37,032
	104,674	102,141
Less: Bank overdraft	-	(245)
Less: Fixed deposits pledged with licensed banks	(6,582)	(6,419)
Less: Fixed deposits as investing purposes	(68,512)	(60,253)
	29,580	35,224

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 Dividends Paid

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

	30.09.2024	30.09.2023
For the financial year ended	31 December 2024	31 December 2023
Declared and approved on	22 August 2024	24 August 2023
Date of payment	23 September 2024	26 September 2023
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 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 September 2024

RM'000	Trading	Pump Manufacturing	MHS Solutions	Metal Stamping	E&E Engineering	Elimination	Total
Revenue	28,725	673	-	25,994	1,723	(563)	56,552
Cost of sales	(19,673)	(734)	-	(23,432)	(1,042)	563	(44,318)
Gross profit	9,052	(61)	-	2,562	681	-	12,234
Add/(Less):							
Other income							1,101
Selling and distribution expenses							(238)
Administration expenses							(5,010)
Other expenses							(687)
Finance costs							(151)
Share of loss in an associate							-
Profit before tax							<u>7,249</u>

Preceding financial year's corresponding quarter ended 30 September 2023

RM'000	Trading	Pump Manufacturing	MHS Solutions	Metal Stamping	E&E Engineering	Elimination	Total
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>

Current financial year-to-date ended 30 September 2024

RM'000	Trading	Pump Manufacturing	MHS Solutions	Metal Stamping	E&E Engineering	Elimination	Total
Revenue	79,715	2,598	614	72,774	8,094	(2,277)	161,518
Cost of sales	(55,492)	(2,479)	(506)	(65,140)	(6,041)	2,277	(127,381)
Gross profit	24,223	119	108	7,634	2,053	-	34,137
Add/(Less):							
Other income							4,739
Selling and distribution expenses							(698)
Administration expenses							(15,014)
Other expenses							(842)
Finance costs							(527)
Share of loss in an associate							-
Profit before tax							<u>21,795</u>

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

RM'000	Trading	Pump Manufacturing	MHS Solutions	Metal Stamping	E&E Engineering	Elimination	Total
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>

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

RM'000	3 months ended			9 months ended		
	30.09.2024	30.09.2023	Changes	30.09.2024	30.09.2023	Changes
Malaysia	44,454	40,414	4,040	139,272	125,268	14,004
Indonesia	3,773	10,553	(6,780)	12,026	22,813	(10,787)
Others	8,325	4,245	4,080	10,220	12,015	(1,795)
Total	56,552	55,212	1,340	161,518	160,096	1,422

A8 Related Party Disclosures

Related party transactions of the Group are as follows:

RM'000	3 months ended		9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Companies in which certain Directors of the Company have interests:				
Sales of goods		51	229	180
Companies in which certain Directors of subsidiaries of the Company have interests:				
Sales of goods		65	62	203
Purchase of goods		23	47	317
Rental paid to certain Directors of a subsidiary of the Company		107	110	321

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

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

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

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

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 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		
	30.09.2024	30.09.2023	Changes	30.09.2024	30.09.2023	Changes
Revenue	56,552	55,212	1,340	161,518	160,096	1,422
Profit before tax	7,249	8,143	(894)	21,795	21,510	285

The Group recorded a marginal increase of 2.4% in revenue from RM55.21 million in the corresponding quarter of the preceding year ("Q3 FYE 2023") to RM56.55 million in the current quarter under review ("Q3 FYE 2024"), mainly due to the higher revenue contribution from our Metal Stamping business (Q3 FYE 2024 - RM25.99 million; Q3 FYE 2023 - RM23.16 million) arising from higher demand from its customers in the air-conditioning industry. However, this was mainly offset by the lower revenue recorded by our E&E Engineering business (Q3 FYE 2024 - RM1.72 million; Q3 FYE 2023 - RM3.21 million).

Notwithstanding the marginal increase in revenue, the Group recorded a drop in profit before tax from RM8.14 million in Q3 FYE 2023 to RM7.25 million in Q3 FYE 2024 mainly due to the higher unrealised loss on foreign exchange experienced by the Trading business as a result of the appreciation of the Ringgit Malaysia against the US Dollar, as disclosed in Note B13 below.

The Group recorded a marginal increase of 0.9% in revenue from RM160.10 million in the corresponding nine (9) - month period of the preceding year ("9-month FYE 2023") to RM161.52 million in the nine (9) - month period of the current year ("9-month FYE 2024"), mainly due to the higher revenue contribution from our Trading business (9-month FYE 2024 - RM79.72 million; 9-month FYE 2023 - RM74.50 million) and Metal Stamping business (9-month FYE 2024 - RM72.77 million; 9-month FYE 2023 - RM71.46 million) owing to higher demand from their customers. However, this was mainly offset by the lower revenue recorded by our E&E Engineering business (Q3 FYE 2024 - RM8.09 million; Q3 FYE 2023 - RM12.86 million).

The Group recorded a marginally-higher profit before tax of RM21.80 million in the 9-month FYE 2024 vis-a-vis RM21.51 million in the 9-month FYE 2023 mainly due to higher other income (i.e. interest income, realised gain on foreign exchange, and reversal of provision for expected credit losses) but this was mainly offset by the higher unrealised loss on foreign exchange (as disclosed in Note B13 below).

B2 Comparison with Immediate Preceding Quarter

RM'000	3 months ended		
	30.09.2024	30.06.2024	Changes
Revenue	56,552	55,883	669
Profit before tax	7,249	8,143	(894)

The Group recorded a marginal increase of 1.2% in revenue from RM55.88 million in the immediate preceding quarter ("Q2 FYE 2024") to RM56.55 million in Q3 FYE 2024, mainly due to the higher revenue contribution from our Metal Stamping business (Q3 FYE 2024 - RM25.99 million; Q2 FYE 2024 - RM23.74 million) arising from higher demand from its customers in the air-conditioning industry. However, this was mainly offset by the lower revenue recorded by our E&E Engineering business (Q3 FYE 2024 - RM1.72 million; Q2 FYE 2024 - RM3.49 million).

Notwithstanding the marginal increase in revenue, the Group recorded a drop in profit before tax from RM8.14 million in Q2 FYE 2024 to RM7.25 million in Q3 FYE 2024 mainly due to lower other income coupled with higher unrealised loss on foreign exchange.

B3 Commentary on Prospects

Based on the Budget 2025 Speech released on 18 October 2024, it is noted that Malaysia's Gross Domestic Product ("GDP") for 2024 is forecast to be more robust, projected between 4.8% and 5.3%. In addition, the Government is anticipating that Malaysia's real GDP will expand by 4.5% to 5.5% in 2025, supported by the measures and strategies of the Third MADANI Budget 2025.

Encouraged by the economic prospects, the Group will continue putting in strong efforts to pursue sales and profits while taking steps to address any downside risks such as weaker-than-expected demand, further escalation in geopolitical conflicts which can affect the supply chain, and cost pressure. 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 last quarter of FYE 2024.

B4 Profit Forecast

Not applicable.

B5 Tax Expense

RM'000	3 months ended		9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Income tax	2,073	1,969	5,496	5,397
Total tax expense	2,073	1,969	5,496	5,397

The effective tax rate of the Group for Q3 FYE 2024 and the 9 - month FYE 2024 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, and under-provision of tax in prior year.

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
	30.09.2024	31.12.2023
Lease liabilities	2,302	2,067
Term loans	8,995	10,910
Non-current borrowings	11,297	12,977
Bank overdraft	-	58
Bankers' acceptance	615	1,189
Lease liabilities	559	1,182
Term loans	1,880	1,950
Current borrowings	3,054	4,379
Total borrowings	14,351	17,356

All the borrowings are denominated in Ringgit Malaysia. Overall, the decrease in the borrowings of RM3.0 million was mainly due to the repayment term loans, lease liabilities and bankers' acceptance.

B8 Changes in Material Litigation

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

B9 Proposed Dividend

As disclosed in the Company's quarterly announcement for the second quarter ended 30 June 2024 dated 22 August 2024, the Board of Directors of the Company had, on 22 August 2024, 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 was paid on 23 September 2024, as disclosed in Note A6 above.

B10 Earnings Per Share ("EPS")

	3 months ended		9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit attributable to owners of the Company (RM'000)	4,631	5,773	15,012	14,971
Weighted average number of ordinary shares in issue ('000)	442,550	442,550	442,550	442,550
Basic EPS (sen)	1.0	1.3	3.4	3.4

Diluted EPS per share was not computed for Q3 FYE 2024 and the 9-month FYE 2024 as the Company did not have any potential dilutive ordinary shares in issue as at 30 September 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		9 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit before tax is arrived at after crediting/(charging):				
Interest income	350	171	1,564	1,022
Depreciation and amortisation	(795)	(893)	(2,379)	(2,609)
Interest expense	(151)	(202)	(527)	(554)
Gain on disposal of property, plant and equipment	-	-	16	11
Reversal of/(Provision for) expected credit losses	-	35	287	(12)
Realised gain on foreign exchange	24	104	404	17
Unrealised loss on foreign exchange	(656)	(24)	(604)	(72)
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.