

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 December 2022⁽¹⁾

	Note	<--- Individual Quarter --->		<--- Cumulative Quarter --->	
		Current year quarter 31.12.2022	Preceding year quarter 31.12.2021 ⁽²⁾	Current year-to-date 31.12.2022	Preceding year-to-date 31.12.2021 ⁽²⁾
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	18,944	N/A	44,334	N/A
Cost of sales		(13,232)	N/A	(29,440)	N/A
Gross profit		5,712	N/A	14,894	N/A
Finance income		102	N/A	185	N/A
Other income	B5	4	N/A	29	N/A
Selling and distribution expenses		(167)	N/A	(248)	N/A
Administrative expenses		(3,018)	N/A	(5,980)	N/A
Finance costs		(89)	N/A	(201)	N/A
Profit before taxation	B15	2,544	N/A	8,679	N/A
Tax expenses	B6	(566)	N/A	(1,991)	N/A
Profit for the financial period		1,978	N/A	6,688	N/A
Other comprehensive income, net of tax		-	N/A	-	N/A
Total comprehensive income for the financial period / year		1,978	N/A	6,688	N/A
Profit attributable to:					
Owners of the Company		1,978	N/A	6,688	N/A
Non-controlling interests		-	N/A	-	N/A
		1,978	N/A	6,688	N/A
Total comprehensive income attributable to:					
Owners of the Company		1,978	N/A	6,688	N/A
Non-controlling interests		-	N/A	-	N/A
		1,978	N/A	6,688	N/A
Earnings per ordinary share attributable to owners of the Company:					
- Basic earnings per share (sen) ⁽³⁾	B14	0.75	N/A	2.53	N/A
- Diluted earnings per share (sen) ⁽⁴⁾	B14	0.75	N/A	2.53	N/A

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

Notes:

N/A – Not applicable

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 15 November 2022 ("**Accountants' Report**") as disclosed in the prospectus of DS Sigma Holdings Berhad ("**DS Sigma**" or "**Company**") dated 13 December 2022 ("**Prospectus**") and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.
- (3) Basic earnings per share ("**EPS**") is calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares of 264,144,028 ordinary shares in DS Sigma ("**Share(s)**") in issue as at 31 December 2022.
- (4) The diluted EPS of the Company is equivalent to the basic EPS as the Company does not have any dilutive instruments as at the end of the financial period.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 December 2022⁽¹⁾

	Note	(Unaudited) As at 31.12.2022 RM'000	(Audited) As at 30.06.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		27,325	25,557
TOTAL NON-CURRENT ASSETS		27,325	25,557
CURRENT ASSETS			
Inventories		1,531	2,084
Trade receivables		11,549	18,759
Other receivables		4,513	2,073
Fixed deposits with a licensed bank		9,000	12,000
Cash and bank balances		26,329	19,021
TOTAL CURRENT ASSETS		52,922	53,937
TOTAL ASSETS		80,247	79,494
EQUITY AND LIABILITIES			
EQUITY			
Share capital		29,162	2,700
Merger deficit		(26,462)	-
Retained earnings		54,278	44,776
		56,978	47,476
Non-controlling interests		-	2,814
TOTAL EQUITY		56,978	50,290
NON-CURRENT LIABILITIES			
Lease liabilities	B9	2,886	3,347
Borrowings	B9	7,804	8,172
Deferred tax liabilities		1,327	1,327
TOTAL NON-CURRENT LIABILITIES		12,017	12,846
CURRENT LIABILITIES			
Trade payables		5,313	8,544
Other payables		2,243	3,825
Lease liabilities	B9	1,122	1,184
Borrowings	B9	675	685
Tax payable		1,899	2,120
TOTAL CURRENT LIABILITIES		11,252	16,358
TOTAL LIABILITIES		23,269	29,204
TOTAL EQUITY AND LIABILITIES		80,247	79,494
Net assets per share (RM) ⁽²⁾		0.15	0.13

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 13 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the net assets divided by the number of ordinary shares of 388,820,000 Shares in issue before the IPO.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 December 2022 ⁽¹⁾⁽²⁾

	<-----Attributable to owners of the parent ----->					
	<----Non-distributable---->	Distributable			Non-	Total Equity
	Share capital RM'000	Merger deficit RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	controlling interest RM'000	RM'000
As at 1 July 2022	2,700	-	44,776	47,476	2,814	50,290
Total comprehensive income for the financial period	-	-	6,688	6,688	-	6,688
Transaction with owners:						
Issuance of ordinary shares pursuant to the acquisition of the subsidiaries	29,162	-	-	29,162	-	29,162
Acquisition of subsidiaries	(2,700)	(26,462)	2,814	(26,348)	(2,814)	(29,162)
As at 31 December 2022	29,162	(26,462)	54,278	56,978	-	56,978

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 13 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 December 2022⁽¹⁾

	Current year-to-date 31.12.2022 RM'000	Preceding year-to-date 31.12.2021⁽²⁾ RM'000
Cash Flows From Operating Activities		
Profit before taxation	8,679	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	1,308	N/A
Gain on disposal of property, plant and equipment	(17)	N/A
Finance income	(185)	N/A
Finance cost	201	N/A
Operating profit before working capital changes	9,986	N/A
Changes in working capital:-		
Inventories	553	N/A
Receivables	4,770	N/A
Payables	(4,813)	N/A
Cash generated from operations	10,496	N/A
Interest received	185	N/A
Interest paid	(201)	N/A
Tax paid	(2,212)	N/A
Net cash generated from operating activities	8,268	N/A
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,933)	N/A
Proceeds from disposal of property, plant and equipment	32	N/A
Net cash used in investing activities	(2,901)	N/A
Cash Flows From Financing Activities		
Repayment of bank borrowings	(378)	N/A
Repayment of lease liabilities	(681)	N/A
Net cash used in financing activities	(1,059)	N/A
Cash and cash equivalents		
Net changes	4,308	N/A
At the beginning of the period	31,021	N/A
At the end of the period	35,329	N/A

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

Notes:

N/A – Not applicable

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 13 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial statements of DS Sigma and its subsidiaries ("**Group**") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("**MFRS**") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards ("**MASB**") and Rules 9.22 of the Listing Requirements.

This is the Company's second interim financial statements on the unaudited condensed consolidated financial results for the second quarter ended 31 December 2022 announced by the Company in compliance with the Listing Requirements. As such, there are no comparative figures for the preceding year's corresponding period.

The interim financial statements should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 13 December 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Accountants' Report as disclosed in the Prospectus dated 13 December 2022 except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

Adoption of new and amended standards

During the financial period, the Group has adopted the following amendments for MFRSs issued by MASB that are mandatory for current financial period.

- MFRS 3 Business Combinations – Reference to the Conceptual Framework (Amended to MFRS 3),
- MFRS 116 Property, Plant and Equipment – Proceeds Before Intended Use (Amended to MFRS 116),
- *MFRS 137 Provisions, Contingent liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract (Amended to MFRS 137),
- Annual Improvements to MFRS Standards 2018-2020

Adoption of the above standards and interpretations did not have any material impact to the financial statements of the Group.

** Not applicable to the Group's operations*

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

A2. Significant Accounting Policies (cont'd)

Standards issued but not yet effective

At the date of authorisation for issue of this interim financial report, the new and revised standards and amendments, which were in issue but not yet effective and have not been early adopted by the Group are as follow:-

Standards	Effective dates for financial period beginning on and after
*MFRS 4 Insurance Contracts (Amendments to MFRS 4)	1 January 2023
*MFRS 17 Insurance Contracts (Amendments to MFRS 17)	1 January 2023
MFRS 101 Presentation of Financial Statements (Amendments to MFRS 101)	1 January 2023
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to MFRS 108)	1 January 2023
*MFRS 112 Income Taxes (Amendments to MFRS 112)	1 January 2023
MFRS 10 and 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Directors anticipate that the abovementioned standards and amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these standards and amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

** Not applicable to the Group's operations*

A3. Auditors' report of preceding annual audited financial statements

DS Sigma was incorporated under the Companies Act, 2016 on 20 September 2021. The Company completed the acquisition of its subsidiaries, Dai Suwon Packaging Sdn Bhd ("**DS Packaging**"), Dai Suwon Manufacturing Sdn Bhd ("**DS Manufacturing**") and Kaisung Industries Sdn Bhd ("**Kaisung**") on 29 August 2022.

In view of the above, there was no auditors' report on the Group for preceding annual financial statements. However, the audited financial statements of DS Packaging and Kaisung for the financial year ended 30 June 2022 and of DS Manufacturing for the 18-month financial period ended 30 June 2022 were not subject to any qualification. The preceding audited combined financial statements of the Group are prepared based on combination or aggregation of all of the audited financial statements of respective companies of the Group.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

A4. Seasonal or cyclical factors

The Group's operations are not significantly affected by seasonal or cyclical effects, albeit experiencing higher sales between July and October as our customers increase orders in conjunction with year-end and festive season sales. Generally, the Group's sales at the end of the year in the month of November and December would decrease.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no extraordinary and exceptional items of unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review and year-to-date.

A6. Changes in estimates

There were no material changes in the estimates that have a material effect to the Group during the current quarter under review and year-to-date.

A7. Debt and equity securities

On 29 August 2022, the Company completed the acquisition of the entire issued share capital in the following companies:

- (a) acquisition of the entire equity interest in DS Packaging comprising 1,000,000 ordinary shares for a purchase consideration of RM21,297,096, satisfied by the issuance of 283,961,280 ordinary shares in DS Sigma ("**Share(s)**") at an issue price of RM0.075 per Share;
- (b) acquisition of the entire equity interest in DS Manufacturing comprising 2,400,000 ordinary shares for a purchase consideration of RM4,695,600 satisfied by the issuance of 62,608,000 Shares at an issue price of RM0.075 per Share; and
- (c) acquisition of the entire equity interest in Kaisung comprising 500,000 ordinary shares for a purchase consideration of RM3,168,802.50 satisfied by the issuance of 42,250,700 Shares at an issue price of RM0.075 per Share.

(Collectively defined as "**Acquisitions**")

On 13 December 2022, DS Sigma issued its Prospectus in conjunction with the Company's listing on the ACE Market of Bursa Securities. The Company has undertaken an IPO comprising public issue of 91,180,000 new Shares in the Company at an IPO price of RM0.55 per Share and offer for sale of 38,420,000 existing Shares by the existing shareholders of the Company at an offer price of RM0.55 per Share, allocated in the following manner:

(i) Public issue

- 24,000,000 new Shares made available for application by the Malaysian Public;

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

- 9,800,000 new Shares made available for application by eligible Directors, employees and person(s) who have contributed to the success of the Group;
- 35,800,000 new Shares made available by way of private placement to selected investors; and
- 21,580,000 new Shares made available by way of private placement to selected Bumiputera investors approved by the Ministry of International Trade and Industry, Malaysia ("**MITI**").

(ii) Offer for sale

- 38,420,000 existing Shares made available by way of private placement to selected Bumiputera investors approved by the MITI.

On 6 January 2023, the Company was successfully admitted to the Official List of Bursa Securities and its entire enlarged issued share capital of RM79,310,500.50 comprising 480,000,000 Shares have been listed and quoted on the ACE Market of Bursa Securities.

Save as disclosed above, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A8. Dividends Paid

The Company did not pay any dividend for the financial period ended 31 December 2022.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

A9. Segmental information

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

- (a) Analysis of revenue by business segments

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current year	Preceding	Current	Preceding
	quarter	year quarter	year-to-date	year-to-date
	31.12.2022	31.12.2021 ⁽¹⁾	31.12.2022	31.12.2021 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Manufacture of corrugated paper packaging products	15,732	N/A	35,908	N/A
Supply of protective packaging products	3,212	N/A	8,426	N/A
Total	18,944	N/A	44,334	N/A

- (b) Analysis of revenue by geographical location

The Group's business is operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

Notes:

N/A – Not applicable

- (1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

Save for the completion of the Acquisitions and the corporate proposal as disclosed in A7 above, there were no other significant events subsequent to the end of the current quarter under review.

A12. Changes in the composition of the Group

Save for the Acquisitions as disclosed in the Note A7 above, there were no other material changes to the composition of the Group during the current financial quarter under review.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

A13. Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets in the Group since the end of the last reporting period as at 31 December 2022.

A14. Capital commitments

	As at 31.12.2022
	RM'000
Approved but not contracted for	
- Expansion of operational facilities	35,400
- Purchase of new machinery and equipment	16,000
- Set up of packaging design and innovation centre	690
	52,090

Save as disclosed above, there were no other material capital commitments of the Group as at 31 December 2022.

A15. Related party transactions

Save as disclosed below, there were no other significant related party transactions during the current quarter and year-to-date under review:

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current year quarter 31.12.2022 RM'000	Preceding year quarter 31.12.2021⁽¹⁾ RM'000	Current year-to-date 31.12.2022 RM'000	Preceding year-to-date 31.12.2021⁽¹⁾ RM'000
Related companies				
Rental of premises	18	N/A	36	N/A
Provision of transport services	14	N/A	60	N/A
Purchase of goods	-	N/A	47	N/A
Related parties				
Rental of premises	123	N/A	246	N/A

Note:

- (1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance – Comparison with previous year’s corresponding quarter and financial year-to-date

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current year quarter 31.12.2022 RM'000	Preceding year quarter 31.12.2021 ⁽¹⁾ RM'000	Current year-to-date 31.12.2022 RM'000	Preceding year-to-date 31.12.2021 ⁽¹⁾ RM'000
Revenue	18,944	N/A	44,334	N/A
Gross profit	5,712	N/A	14,894	N/A
Profit before tax	2,544	N/A	8,679	N/A
Profit after tax	1,978	N/A	6,688	N/A

Note:

N/A – Not applicable

(1) This is the second interim financial report on the Company’s unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

The Group recorded revenue of RM18.94 million for the current financial quarter ended 31 December 2022.

The Group’s revenue was principally derived from the manufacturing segment accounting for approximately 83.04% and 80.99% of the total revenue for the current financial quarter and year-to-date ended 31 December 2022 respectively. The Group’s revenue was mainly driven by the sales of corrugated cartons and paper pallets in the electrical and electronic product sector.

The Group recorded a profit before tax of RM2.54 million and RM8.68 million, for the current financial quarter and year-to-date ended 31 December 2022 respectively after deducting administrative expenses and finance cost. The administrative expenses for current financial quarter and financial year-to-date were RM3.02 million and RM5.98 million respectively, which mainly consist of staff costs, depreciation, maintenance fees for building and office equipment, insurance, professional fees, transportation and utilities.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

B2. Comparison with immediate preceding quarter's results

	<-- Individual Quarter -->		←----- Changes ----->	
	Current year quarter 31.12.2022 RM'000	Preceding year quarter 30.09.2022 RM'000	RM'000	%
Revenue	18,944	25,390	(6,446)	(25.39)
Profit before tax	2,544	6,135	(3,591)	(58.53)

The Group's revenue for the current financial quarter has decreased by RM6.45 million or 25.39% to RM18.94 million as compared to immediate preceding quarter due mainly to lower demand in the electrical and electronic product sector.

In line with the above, the Group recorded a lower profit before tax of RM2.54 million in the current financial quarter, representing a decrease of RM3.59 million or 58.53% as compared to RM6.14 million in the immediate preceding financial quarter ended 30 September 2022.

B3. Prospects of the Group

As disclosed in the Prospectus, the Group plans to expand its operational facilities through expanding its operation to Penang and establishing a new factory in Klang, Selangor. The Group also intends to establish a factory in Klang Selangor, which will serve as a corporate head office and to increase the Group's operational efficiency and productivity. The Group plans to expand to Penang, Malaysia as there are many electrical and electronics manufacturing companies located there.

In conjunction with the expansion plan above, the Group plans to acquire new machinery in order to automate parts of its production lines as well as introducing new products such as honeycomb board. The Group intends to acquire 2 units of honeycomb board machines to produce honeycomb core and honeycomb board where it'll be a new product offering of the Group. The Group also plans to acquire 6-colour flexographic printing machine to print more vibrant colour of images on corrugated cartons as compared to existing 3-colour flexographic printing machine.

Furthermore, the Group is setting up a packaging design and innovative centre to facilitate the Group's front-end value-added services such as packaging design and space optimisation. Moving forward, the Group plans to expand its target markets to serve customers in the solar photovoltaic industry and medical devices industry as currently the Group mainly serves customers in the consumer durable electronic goods of the E&E industry.

Based on the above, the Board of Directors ("**Board**") is optimistic of the Group's future prospects and expects the Group's expansion plans to contribute positively to its financial performance in the future.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

B4. Variance of actual profits from forecast profits

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5. Other income

	<---- Individual Quarter ---->		<--- Cumulative Quarter --->	
	Current year quarter 31.12.2022 RM'000	Preceding year quarter 31.12.2021 ⁽¹⁾ RM'000	Current year-to-date 31.12.2022 RM'000	Preceding year-to-date 31.12.2021 ⁽¹⁾ RM'000
Waste paper	4	N/A	12	N/A
Gain on disposal of property, plant and equipment	-	N/A	17	N/A
Total	4	N/A	29	N/A

Note:

N/A – Not applicable

- (1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

B6. Tax expense

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current year quarter 31.12.2022 RM'000	Preceding year quarter 31.12.2021 ⁽¹⁾ RM'000	Current year-to-date 31.12.2022 RM'000	Preceding year-to-date 31.12.2021 ⁽¹⁾ RM'000
Current tax expense	566	N/A	1,991	N/A
Effective tax rate (%) ⁽²⁾	22.25	N/A	22.94	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Notes:

N/A – Not applicable

- (1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.
- (2) The Group's effective tax rate is lower than the statutory income tax rate due to subsidiaries is being taxed at 17% tax rate on the first RM600,000.

B7. Status of corporate proposals

Save as disclosed in A7 above, there are no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

B8. Utilisation of proceeds

The gross proceeds raised from the IPO amounting to RM50.15 million is intended to be utilised in the following manner:-

Purpose	Proposed utilisation	Actual utilised	Unutilised amount	Estimated Timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
i) Expansion of our operational facilities	17,200	-	17,200	Within 24 months
ii) Purchase of new machinery and equipment	16,000	-	16,000	Within 24 months
iii) Establish packaging design and innovation centre	1,140	-	1,140	Within 24 months
iv) Repayment of bank borrowings	6,000	-	6,000	Within 12 months
v) Working capital	5,409	-	5,409	Within 12 months
iv) Estimated listing expenses	4,400	-	4,400	Within 3 months
	<u>50,149</u>	<u>-</u>	<u>50,149</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 December 2022. As at 31 December 2022, the IPO is still pending completion and hence, the proceeds have yet to be raised and utilised by the Group. The Company was listed on the ACE Market of Bursa Securities on 6 January 2023.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

B9. Lease liabilities and borrowings

The Group's lease liabilities and borrowings were as follows:-

	(Unaudited) As at 31.12.2022 RM'000	(Audited) As at 30.06.2022 RM'000
Current liabilities		
<u>Secured and guaranteed</u>		
Term loans	675	685
Lease liabilities	628	700
 <u>Secured but not guaranteed</u>		
Lease liabilities	494	484
	1,797	1,869
 Non-current liabilities		
<u>Secured and guaranteed</u>		
Term loans	7,804	8,172
Lease liabilities	1,027	1,238
 <u>Secured but not guaranteed</u>		
Lease liabilities	1,859	2,109
	10,690	11,519
 Total lease liabilities & borrowings	12,487	13,388

All the Group's borrowings are denominated in RM and interest-bearing.

B10. Derivative financial instruments

As at the 31 December 2022, the Group does not have any derivative financial instruments.

B11. Fair value of financial liabilities

There was no gain or loss arising from fair value changes of financial liabilities for the current quarter under review and year-to-date as the Group did not have any financial liabilities measured at fair value.

B12. Material litigation

As at the date of this report, the Group is not involved in any litigations or arbitrations either as a defendant or plaintiff and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

B13. Dividends Proposed

No dividend has been proposed or declared for payment by the Board of the Company during the current financial quarter and year-to-date under review.

B14. Earnings per share

The basic and diluted earnings per share for the current quarter and financial period is calculated as follows:-

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current year quarter 31.12.2022	Preceding year quarter ⁽¹⁾ 31.12.2021	Current year-to-date 31.12.2022	Preceding year-to-date ⁽¹⁾ 31.12.2021
Profit attributable to owners of the Company (RM'000)	1,978	N/A	6,688	N/A
Weighted average number of ordinary shares in issue ('000)	264,144	N/A	264,144	N/A
Basic earnings per share (sen) ⁽²⁾	0.75	N/A	2.53	N/A
Diluted earnings per share (sen) ⁽³⁾	0.75	N/A	2.53	N/A

Notes:

N/A – Not applicable

- (1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic EPS is calculated based on the profits attributable to owners of the Company divided by the weighted average number of ordinary shares of 264,144,028 Shares in issue as at 31 December 2022.
- (3) The diluted EPS of the Company is equivalent to the basic EPS as the Company does not have any no dilutive instruments as at the end of the financial period.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

B15. Notes to the statement of profit or loss and other comprehensive income

Profit for the period was derived after taking into consideration of the following:-

	<-- Individual Quarter -->		<-- Cumulative Quarter-->	
	Current year quarter 31.12.2022 RM'000	Preceding year quarter ⁽¹⁾ 31.12.2021 RM'000	Current year-to-date 31.12.2022 RM'000	Preceding year-to-date ⁽¹⁾ 31.12.2021 RM'000
After (crediting)/ charging:				
Interest income	(102)	N/A	(185)	N/A
Other income	(4)	N/A	(29)	N/A
Finance costs	89	N/A	201	N/A
Depreciation of property, plant and equipment	673	N/A	1,308	N/A

Notes:

N/A – Not applicable

- (1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

Save as disclosed above, the other disclosure items as required under Note 16 of Appendix 9B of the Listing Requirements are not applicable.

BY ORDER OF THE BOARD
DS SIGMA HOLDINGS BERHAD
24 February 2023