



TCS GROUP HOLDINGS BERHAD

(Registration No. 201901004613 (1313940-W))

(Incorporated in Malaysia)

**Interim Financial Report
For Third Quarter Ended
30 September 2021**



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2021	30.09.2020	30.09.2021	30.09.2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	48,346	67,823	149,199	177,301
Cost of sales		(42,518)	(56,322)	(130,000)	(146,778)
Gross profit		5,828	11,501	19,199	30,523
Other income		88	64	218	127
Administrative expenses		(3,027)	(4,473)	(9,171)	(14,585)
Profit from operations		2,889	7,092	10,246	16,065
Finance income		131	148	390	365
Finance costs		(186)	(240)	(680)	(729)
Profit before tax	B12	2,834	7,000	9,956	15,701
Tax expense	B5	(724)	(1,904)	(2,797)	(4,533)
Profit/Total comprehensive income for the financial period		2,110	5,096	7,159	11,168
Profit/Total comprehensive income for the financial period after taxation attributable to:					
Owners of the Company		2,117	5,097	7,166	11,169
Non-controlling interest		(7)	(1)	(7)	(1)
		2,110	5,096	7,159	11,168



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾ (CONT'D)

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2021	30.09.2020	30.09.2021	30.09.2020
		RM'000	RM'000	RM'000	RM'000
Earnings Per Share					
Basic (sen)	B11	0.56	1.42	1.89	3.10
Diluted (sen)	B11	0.52	N/A	1.68	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- N/A Not Applicable



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited 30.09.2021	Audited 31.12.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,293	25,945
Investment property	2,085	2,119
Deferred tax assets	541	541
Fixed deposits with licensed banks	7,808	11,139
Cash and bank balances	1,894	937
	<u>42,621</u>	<u>40,681</u>
Current assets		
Trade receivables	63,931	59,461
Other receivables	5,107	6,566
Contract assets	26,403	25,279
Fixed deposits with licensed banks	25,824	7,201
Cash and bank balances	9,322	40,904
	<u>130,587</u>	<u>139,411</u>
TOTAL ASSETS	<u>173,208</u>	<u>180,092</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	53,556	46,176
Merger deficit	(24,065)	(24,065)
Retained earnings	55,845	52,279
Equity attributable to owners of the Company	<u>85,336</u>	<u>74,390</u>
Non-controlling interest	652	397
Total equity	<u>85,988</u>	<u>74,787</u>
Non-current liabilities		
Lease liabilities	7,806	5,251
Borrowings	10,342	9,630
	<u>18,148</u>	<u>14,881</u>
Current liabilities		
Trade payables	47,990	55,601
Other payables	7,730	10,057
Contract liabilities	2,825	13,318
Lease liabilities	5,395	5,411
Borrowings	557	1,372
Tax payable	4,575	4,665
	<u>69,072</u>	<u>90,424</u>
Total liabilities	<u>87,220</u>	<u>105,305</u>
TOTAL EQUITY AND LIABILITIES	<u>173,208</u>	<u>180,092</u>
Number of issued shares ('000)	378,000	360,000
Net asset per share attributable to owner of the Company (RM)	<u>0.23</u>	<u>0.21</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	<-----Attributable to owners of the Company----->					
	<-----Non-Distributable----->		Distributable		Non-controlling interest	Total Equity
	Share Capital	Merger Deficit	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2019 (Audited)	26,244	(24,065)	39,707	41,886	-	41,886
Total comprehensive income for the financial period	-	-	16,172	16,172	(3)	16,169
Transaction with owners:						
Issue of shares	20,700	-	-	20,700	-	20,700
Newly incorporated subsidiary	-	-	-	-	400	400
Dividend paid	-	-	(3,600)	(3,600)	-	(3,600)
Shares issuance expenses	(768)	-	-	(768)	-	(768)
Balance as at 31.12.2020 (Audited)	46,176	(24,065)	52,279	74,390	397	74,787

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾ (CONT'D)

	<-----Attributable to owners of the Company----->					
	<-----Non-Distributable----->		Distributable			
	Share Capital	Merger Deficit	Retained Earnings	Total	Non- controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2020 (Audited)	46,176	(24,065)	52,279	74,390	397	74,787
Total comprehensive income for the financial period (Unaudited)	-	-	7,166	7,166	(7)	7,159
Transaction with owners:						
Issue of shares	7,380	-	-	7,380	-	7,380
Newly incorporated subsidiary	-	-	-	-	262	262
Dividend paid	-	-	(3,600)	(3,600)	-	(3,600)
Balance as at 30.09.2021 (Unaudited)	53,556	(24,065)	55,845	85,336	652	85,988

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE <u>30.09.2021</u> RM'000	PRECEDING YEAR TO-DATE <u>30.09.2020⁽¹⁾</u> RM'000
OPERATING ACTIVITIES		
Profit before tax	9,956	15,701
Adjustments for:-		
Depreciation of property, plant and equipment	4,815	4,436
Amortisation of investment property	34	110
Reversal of impairment on other receivables	-	(3)
Interest expense	680	729
Interest income	(390)	(365)
Operating profit before working capital changes	<u>15,095</u>	<u>20,608</u>
Changes in working capital:-		
Receivables	(3,011)	26,138
Contract assets/liabilities	(11,617)	(28,683)
Payables	<u>(9,938)</u>	<u>(12,631)</u>
Cash (used in)/generated from operations	(9,471)	5,432
Interest received	390	365
Interest paid	(680)	(729)
Tax paid	<u>(2,887)</u>	<u>(2,024)</u>
Net cash (used in)/from operating activities	<u>(12,648)</u>	<u>3,044</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,163)	(6,788)
Withdrawal/(Placement) of fixed deposits pledged	3,330	(1,000)
(Placement) of sinking fund pledged	(956)	-
Newly incorporated subsidiary	<u>262</u>	<u>-</u>
Net cash used in investing activities	<u>(6,527)</u>	<u>(7,788)</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)⁽¹⁾

	CURRENT YEAR	PRECEDING YEAR
	TO-DATE	TO-DATE
	30.09.2021	30.09.2020
	RM'000	RM'000
FINANCING ACTIVITIES		
Dividend paid	(3,600)	(3,600)
Drawdown of lease liabilities	6,943	6,057
Repayment of lease liabilities	(4,404)	(3,508)
Drawdown of term loans	189	435
Repayment of term loans	(292)	(141)
Proceed from issuance of share capital, net of share Issuance expenses	7,380	20,100
Repayment to a Director	-	(2)
Net cash from financing activities	6,216	19,341
CASH AND CASH EQUIVALENTS		
Net changes	(12,959)	14,597
Brought forward	48,105	15,020
Carried forward	35,146	29,617
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	33,632	31,574
Cash and bank balances	11,216	12,175
	44,848	43,749
Less: Fixed deposits pledged	(7,808)	(13,409)
Less: Sinking fund pledged	(1,894)	(723)
	35,146	29,617

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.



A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report of TCS Group Holdings Berhad (“TCS” or “Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the preparation of the interim financial report are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2020, except for the following:

MFRSs and/or IC Interpretations (Including The Consequential Amendments) which came into effect for financial periods beginning on or after 1 January 2021.

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to Reference to the Conceptual Framework in MFRS Standards
Amendments to MFRS 16: COVID-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) do not have any material impact on the unaudited consolidated financial statements of the Group upon their initial application.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial year ended 31 December 2020:

Standards issued but not yet effective:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods on or after
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Annual Improvement to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 4* Extension of temporary exemption from applying MFRS 9	1 January 2023
Amendments to MFRS 101 Disclosure of accounting policies	1 January 2023
Amendments to MFRS 108 Definition of accounting estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Significant Accounting Policies (cont'd)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

A4. Seasonal or Cyclical Factors

The Group's performance have not been materially affected by any seasonal or cyclical factors during the current quarter and financial year-to-date.

A5. Items or Incidence of an Unusual Nature

Save as disclosed in Notes A11 and B9, there were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter and financial year-to-date.

A6. Changes in Estimates

There were no material changes in estimates for the current quarter and financial year-to-date.

A7. Debt and Equity Securities

Save as disclosed in Note B6, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares during the current quarter and financial year-to-date.

A8. Dividend Paid

The second interim single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2020, amounting to RM3.60 million was paid on 8 April 2021.

A9. Segmental Reporting

The Group is principally involved in the provision of construction services for buildings, infrastructure, civil and structural works in Malaysia. The Group's segmental revenue for the current quarter and financial year-to-date is as follows:



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental Reporting (cont'd)

Financial quarter ended 30.09.2021	Construction Services	Investment Holding	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue: -				
External revenue	48,346	-	-	48,346
Inter-Segment revenue	1,029	3,800	(4,829)	-
	<u>49,375</u>	<u>3,800</u>	<u>(4,829)</u>	<u>48,346</u>

Segment results⁽¹⁾

Amortisation of investment property				(12)
Depreciation of property, plant and equipment				(1,490)
Interest income				131
Interest expenses				(186)
Unallocated income				88
Unallocated expenses				(44,043)
Tax expense				(724)
Segment profit				<u>2,110</u>

Financial year-to-date ended 30.09.2021	Construction Services	Investment Holding	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue: -				
External revenue	149,199	-	-	149,199
Inter-Segment revenue	5,872	3,800	(9,672)	-
	<u>155,071</u>	<u>3,800</u>	<u>(9,672)</u>	<u>149,199</u>

Segment results⁽¹⁾

Amortisation of Investment property				(34)
Depreciation of property, plant and equipment				(4,815)
Interest income				390
Interest expenses				(680)
Unallocated income				218
Unallocated expenses				(134,322)
Tax expense				(2,797)
Segment profit				<u>7,159</u>



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental Reporting (cont'd)

Financial quarter ended 30.09.2020	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	67,823	-	-	67,823
Inter-Segment revenue	-	6,500	(6,500)	-
	<u>67,823</u>	<u>6,500</u>	<u>(6,500)</u>	<u>67,823</u>
Segment results⁽¹⁾				
Depreciation of property, plant and equipment				(1,563)
Interest income				148
Interest expenses				(240)
Unallocated income				64
Unallocated expenses				(59,232)
Tax expense				(1,904)
Segment profit				<u>5,096</u>

Financial year-to-date ended 30.09.2020	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	177,301	-	-	177,301
Inter-Segment revenue	-	6,500	(6,500)	-
	<u>177,301</u>	<u>6,500</u>	<u>(6,500)</u>	<u>177,301</u>
Segment results⁽¹⁾				
Depreciation of property, plant and equipment				(4,546)
Interest income				365
Interest expenses				(729)
Unallocated income				127
Unallocated expenses				(156,817)
Tax expense				(4,533)
Segment profit				<u>11,168</u>

Note:

- (1) The breakdown of segment results between construction services and investment holding is not available.



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A10. Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment during the current quarter and financial year-to-date.

A11. Material Events Subsequent to the End of the Current Quarter

Save as disclosed in Note B9, there are no material event subsequent to the end of the current quarter and financial year to date that have not been reflected in this interim financial report.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

A13. Contingent Liabilities

Save as disclosed below, there were no other contingent liabilities as at the date of this interim financial report.

	Unaudited 30.09.2021	Audited 31.12.2020
	RM'000	RM'000
Performance bonds and corporate guarantees for construction projects	60,549	47,473
Corporate guarantee given to financial institution for credit facilities granted to companies in which Directors have interests	-	9,821
	_____	_____

A14. Capital Commitments

Save as disclosed below, there were no other material capital commitments incurred or known to be incurred.

	Unaudited 30.09.2021	Audited 31.12.2020
	RM'000	RM'000
Authorised and contracted for:		
Purchase of properties	-	189
Purchase of construction equipment	2,945	998
	_____	_____
	2,945	1,187

A15. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the companies in which Directors have interests	59	70	192	211
Salary reimbursement paid to a company in which Directors have interests	-	-	-	22
Provision of construction work to a company in which Directors have interests	3,019	-	3,019	-
	_____	_____	_____	_____



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of Group Performance

a) Results for current quarter

For the current quarter under review, the Group recorded a revenue of RM48.35 million as compared to RM67.82 million in the previous year corresponding quarter. The decrease of RM19.48 million or 28.72% was largely attributed to the following factors:

- Higher progress billings in previous year corresponding quarter from the completed projects and project that was nearing completion which include Suria Pantai project, Tropicana Urban Homes project, Riana South project, Hermington project and Woodbury project.
- Lower construction progress for our on-going new projects (including Vista Sentul project, Elmina Green Three project, M Arisa project and Tropicana Miyu project) as our construction works were affected by the continuous impact of the Covid-19 pandemic, imposition of MCO 3.0 and Full MCO, which has also caused disruptions in the building materials supply chain.

The Group registered a profit before tax ("PBT") of RM2.01 million for the current quarter under review as compared to RM7.06 million in the corresponding quarter last year. This was chiefly due to rising raw material costs stemming from disruptions in the building materials supply chain in addition to the decline in revenue.

b) Results for financial year to-date

For the nine months period ended 30 September 2021, the Group achieved a revenue of RM149.20 million as compared to RM177.30 million posted in the previous year corresponding period. This was primarily attributed to the completion of previous projects, a lower-than-expected contribution from new projects and continuous impact of the Covid-19 pandemic and imposition of MCO 3.0 and Full MCO.

The Group's PBT stood at RM9.96 million for the period under review as compared to RM15.70 million recorded in the corresponding period. This was mainly due to higher building materials costs as a result of the supply chain disruptions in addition to the decline in revenue.

B2. Comparison with the Immediate Preceding Quarter Result

The Group registered a revenue of RM48.35 million in the current quarter under review as compared to RM40.65 million in the immediate preceding quarter, representing an increase of RM7.70 million or 18.94%. The increase was largely attributed to higher construction progress for our on-going new projects which include Vista Sentul project, Elmina Green Three project, M Arisa project and Tropicana Miyu project.

The Group registered a PBT of RM2.83 million in current quarter under review as compared to RM2.78 million in the immediate preceding quarter. The increase in PBT was in line with the increase in revenue but offset by higher material costs due to the disruptions in the building materials supply chain.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B3. Commentary on Prospects

The business operating landscape continues to be demanding due to the various versions of the movement control orders imposed. As a result, the entire construction industry including TCS, faced not only operational disruptions but also rising raw material costs due to interruptions to the building materials supply chain.

On a brighter note, economic activities have been progressively picking up following the successful implementation of the National Covid-19 Immunisation programme. All of the Group's projects have resumed with full capacity and workforce following full vaccination of our workers. More excitingly, we have also recently commenced work for the J.Satine project, which is the single-largest contract secured by the Group thus far with a contract sum of RM555.0 million. J.Satine project is a mixed-use development and the project is a joint venture between Platinum Victory Group and Jakel Group's property development arm.

Looking ahead, the main focal point for TCS remains on the execution and delivery of all our projects. Currently, the Group's outstanding order book stands at RM1.53 billion, providing TCS earnings visibility for the next three financial years. Besides, the Group continues to be busy working on more tenders for residential and commercial buildings, infrastructure projects, purpose-built buildings such as private hospitals and schools as well as institutional buildings such as government hospitals.

All our sites are currently running in accordance with Government's directives, fully complying with the stringent Standard Operating Procedures ("SOPs") imposed. Besides, we also continue to place utmost emphasis on ensuring best quality, safety and health environment, cost efficiency and timely completion.

Overall, we perceive the challenges ahead of us as short-term headwinds and the prospects of TCS remains intact. With prudent planning and careful execution by the Group, we are confident to navigate through the obstacles ahead. The long-term outlook of the construction industry continues to be positive premised upon the continuation of large-scale projects as well as the gradual recovery of the economy. The Board of Directors expects the Group's financial performance for financial year ending 31 December 2021 to be satisfactory barring any unforeseen circumstances.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current quarter and financial year-to-date.

B5. Tax Expense

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	724	1,904	2,797	4,533
Effective tax rate (%)	25.53	27.20	28.09	28.87
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate for the current quarter and financial year-to-date ended 30 September 2021 is higher than the statutory tax rate of 24% mainly due adjustment for non-deductible expenses.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B6. Status of Corporate Proposals

There are no other corporate proposals announced by the Company that are not completed as at the date of this report, other than disclosed below:

On 9 July 2021, the Company announced to undertake a private placement of up to 20% of the total number of issued shares of TCS ("TCS Share(s)" or "Share(s)") (excluding treasury shares) to third party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Private Placement").

As at the date of this report, the Company has completed two tranches of the Private Placement involving issuance of 30,000,000 new TCS Shares, at an issue price of RM0.41, raising a total proceeds of RM12.30 million. The Private Placement is still ongoing.

B7. Utilisation of Proceeds Raised

a) Initial Public Offering ("IPO")

In conjunction with TCS' listing on the ACE Market of Bursa Securities, the Company had undertaken an IPO of 108,000,000 ordinary shares ("Shares") at an IPO price of RM0.23 per Share comprising public issue of 90,000,000 new Shares ("Public Issue") and offer for sale of 18,000,000 existing Shares. The Company has completed the IPO and listing exercise on 23 July 2020.

The gross proceeds of approximately RM20.70 million from the Public Issue has been utilised in the following manner:

Utilisation of proceeds	Proposed Utilisation	Actual Utilisation	Balance Unutilised	Estimated timeframe for utilisation from the date of listing
	RM'000	RM'000	RM'000	
Purchase of new construction machinery and equipment	13,000	(13,000)	-	Within 36 months
Working capital for construction projects	4,200	(4,200)	-	Within 24 months
Estimated listing expenses	3,500	(3,500)	-	Within 3 months
Total	20,700	(20,700)	-	

The utilisation of proceeds as disclosed above should be read in conjunction with the Company's prospectus in relation to the IPO ("Prospectus").

b) Private Placement

The status of the utilisation arising from the total gross proceeds of RM12.30 million raised from the first and second tranches of the 20% Proposed Private Placement, were as below:

Utilisation of proceeds	Proposed Utilisation	Actual Utilisation	Deviation	Balance Unutilised	Estimated timeframe for utilisation from receipt of placement funds
	RM'000	RM'000	RM'000	RM'000	
Working capital for construction projects	12,230	-	(52)	12,178	Within 24 months
Estimated listing expenses	70	(122)	52	-	Upon receipts of placement funds
Total	12,300	(122)	-	12,178	



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B8. Borrowings

The details of the Group's borrowings are as follows: -

	Unaudited 30.09.2021	Audited 31.12.2020
	RM'000	RM'000
Non-current:		
Borrowings	10,342	9,630
Lease liabilities	7,806	5,251
	<u>18,148</u>	<u>14,881</u>
Current:		
Borrowings	557	1,372
Lease liabilities	5,395	5,411
	<u>5,952</u>	<u>6,783</u>
Total	<u>24,100</u>	<u>21,664</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

Save as disclosed below, there are no other material litigation pending as at the date of this interim financial report.

Adjudication Proceeding

On 29 March 2021, TCS Construction Sdn Bhd ("TCS Construction") commenced statutory adjudication pursuant to the Construction Industry Payment and Adjudication Act 2012 (CIPAA 2012) against MPM Project Management Sdn Bhd ("MPM") for, amongst others, the outstanding sum for work done of approximately RM 7.42 million. Due to the restrictions imposed by the MCO lock down, the adjudication notice was re-served on 17 June 2021. On 29 July 2021, TCS Construction had further filed a request to the Director of the Asian International Arbitration Centre (AIAC) to appoint an adjudicator who would decide on the disputes between the Parties. The adjudicator has been appointed on 23 August 2021.

On 28 August 2021, TCS received a notice from the solicitors of Eakonmech Sdn Bhd ("Eakonmech"), another sub-contractor in KTCC Mall Project, that Eakonmech has filed a Judicial Management application against MPM. As a result, no legal proceedings against MPM ought to continue pending the hearing of the Judicial Management application.

As legal proceedings would also include the adjudication proceedings, the adjudication is put in abeyance at this juncture pending the disposal of the Judicial Management proceeding.

Legal Proceeding

Pursuant to the announcement made on 15 July 2021 and 21 July 2021, TCS Construction and MPM have filed a suit against each other. TCS Construction is claiming for the outstanding sums for the works performed, 1st moiety of retention monies amounting to RM7.42 million, and other damages and losses suffered as a results of, amongst others, MPM and KTCC Mall Sdn Bhd's breaches ("TCS's Suit"). MPM is withholding payments for these works done on the alleged ground that TCS has not fully completed its works. This is contrary to the evidence that Certificate of Completion and Compliance ("CCC") has already been issued for KTCC Mall on 23 January 2020 and KTCC Mall was opened for business on 24 January 2020.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B9. Material Litigation (cont'd)

Legal Proceeding (cont'd)

After TCS had commenced the CIPAA proceeding in March 2021 for the long outstanding payment for work done, MPM commenced a court proceeding against TCS to claim for Liquidated Damages ("LD") of RM57.5 million for the purported delay on the part of TCS Construction in completing the KTCC Mall project ("MPM's Suit"). MPM claims for LD despite the fact that CCC has already been issued for KTCC Mall and the KTCC Mall has already been opened for business since 24 January 2020.

Both suits are still at the preliminary stage. At this juncture, the High Court has stayed the legal proceedings for both TCS's Suit and MPM's Suit, pending the outcome of the Judicial Management proceeding filed by Eakonmech.

B10. Proposed Dividend

No dividend has been declared or recommend for payment by the Company during the current interim financial quarter.

B11. Basic and Diluted Earnings Per Share

The basic/diluted earnings per share ("EPS") for the current quarter and financial year-to-date are computed as follows:

(a) Basic

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to owners of the Company (RM'000)	2,110	5,097	7,159	11,169
Weighted average number of shares ('000)	378,000	360,000	378,000	360,000
Basic EPS (sen) ⁽¹⁾	0.56	1.42	1.89	3.10

(b) Diluted

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to owners of the Company (RM'000)	2,110	5,097	7,159	11,169
Weighted average number of shares ('000)	407,028	N/A	426,377	N/A
Diluted EPS (sen) ⁽²⁾	0.52	N/A	1.68	N/A



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B11. Basic and Diluted Earnings Per Share (cont'd)

Notes:

- (1) The basic earnings per share is computed based on profit attributable to the owners of the Company and a weighted average number of ordinary shares issued during the period under review.
- (2) The diluted earnings per share is computed based on profit attributable to the owners of the Company and a weighted average number of ordinary shares issued that have been adjusted for the dilutive effects of all potential ordinary shares.

N/A Not applicable.

B12. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(131)	(148)	(390)	(365)
Interest expense	186	240	680	729
Reversal of impairment on other receivables	-	-	-	(3)
Amortisation of investment property	12	11	34	110
Depreciation of property, plant and equipment	1,490	1,563	4,815	4,436

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

B13. Derivative Financial Instruments

The Group has not entered into any derivatives as at the date of this interim financial report.

B14. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 30 November 2021.

By order of the Board of Directors
Tan Tong Lang (MAICSA 7045482/ SSM PC No. 201908002253)
Thien Lee Mee (LS 0009760/ SSM PC No. 201908002254)
30 November 2021
Company Secretaries