



TCS GROUP HOLDINGS BERHAD

(Registration No. 201901004613 (1313940-W))

(Incorporated in Malaysia)

**Interim Financial Report
For The First Quarter Ended
31 March 2020**



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
		Unaudited	Unaudited ⁽²⁾	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	62,694	N/A	62,694	N/A
Cost of sales		(51,660)	N/A	(51,660)	N/A
Gross profit		11,034	N/A	11,034	N/A
Other income		39	N/A	39	N/A
Administrative expenses		(4,214)	N/A	(4,214)	N/A
Profit from operations	B12	6,859	N/A	6,859	N/A
Finance income		60	N/A	60	N/A
Finance costs		(253)	N/A	(253)	N/A
Profit before tax		6,666	N/A	6,666	N/A
Tax expense	B5	(1,600)	N/A	(1,600)	N/A
Profit/Total comprehensive income for the financial period		5,066	N/A	5,066	N/A
Profit//Total comprehensive income for the financial period after taxation attributable to:					
Owner of the Company		5,066	N/A	5,066	N/A
		5,066	N/A	5,066	N/A



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
		Unaudited	Unaudited ⁽²⁾	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Earnings Per Share					
Basic/Diluted (sen) ⁽³⁾	B10	1.87 ⁽⁴⁾	N/A	1.87 ⁽⁴⁾	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 Accountants' Report as disclosed in the prospectus of the Company dated 29 June 2020 ("**Prospectus**") and the accompanying explanatory notes attached to this interim financial report.
 - (2) This is the first interim financial report announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative financial period concerned.
 - (3) The diluted earnings per share of the Group for the quarter and financial year-to-date are equivalent to the basic earnings per share as the Group does not have any convertible securities as at the end of the reporting period.
 - (4) Computation on basic earnings per share is based on the Group's weighted average number of ordinary shares during the period under review.
- N/A Not applicable.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	31.03.2020	31.12.2019
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,823	24,157
Investment property	2,152	2,240
Deferred tax assets	211	211
	<u>29,186</u>	<u>26,608</u>
Current assets		
Trade receivables	67,053	83,489
Other receivables	6,306	6,461
Contract assets	19,136	16,660
Fixed deposits with licensed banks	13,155	12,938
Cash and bank balances	22,215	15,214
	<u>127,865</u>	<u>134,762</u>
TOTAL ASSETS	<u>157,051</u>	<u>161,370</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	26,244	26,244
Merger deficit	(24,065)	(24,065)
Retained earnings	44,773	39,707
Total equity	<u>46,952</u>	<u>41,886</u>
Non-current liabilities		
Lease liabilities	6,516	5,101
Borrowings	9,531	9,367
Deferred tax liabilities	248	248
	<u>16,295</u>	<u>14,716</u>
Current liabilities		
Trade payables	45,128	37,477
Other payables	3,324	16,196
Contract liabilities	36,442	43,683
Amount due to a Director	-	2
Lease liabilities	4,627	3,821
Borrowings	329	281
Tax payable	3,954	3,308
	<u>93,804</u>	<u>104,768</u>
Total liabilities	<u>110,099</u>	<u>119,484</u>
TOTAL EQUITY AND LIABILITIES	<u>157,051</u>	<u>161,370</u>
Number of issued shares ('000)	270,000	270,000
Net asset per share attributable to owner of the Company (RM)	<u>0.17</u>	<u>0.16</u>

Note:

(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 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾

	<-----Non-Distributable----->		Distributable	
	Share Capital	Merger Deficit	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2019 (Audited)	26,244	(24,065)	39,707	41,886
Total comprehensive income for the financial period (Unaudited)	-	-	5,066	5,066
Balance as at 31.3.2020 (Unaudited)	<u>26,244</u>	<u>(24,065)</u>	<u>44,773</u>	<u>46,952</u>

Notes:

- (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 Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as no interim financial report was prepared for the comparative financial period concerned.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE 31.03.2020 Unaudited RM'000	PRECEDING YEAR TO-DATE 31.03.2019 Unaudited⁽²⁾ RM'000
OPERATING ACTIVITIES		
Profit before tax	6,666	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	1,367	N/A
Amortisation of investment property	88	N/A
Reversal of impairment on other receivables	(3)	N/A
Interest expense	253	N/A
Interest income	(60)	N/A
Operating profit before working capital changes	<u>8,311</u>	N/A
Changes in working capital:-		
Receivables	16,594	N/A
Contract assets/liabilities	(9,717)	N/A
Payables	<u>(5,221)</u>	N/A
Cash generated from operations	9,967	N/A
Interest received	60	N/A
Interest paid	(253)	N/A
Tax paid	(953)	N/A
Net cash from operating activities	<u>8,821</u>	<u>N/A</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(476)	N/A
Placement of fixed deposits pledged	(217)	N/A
Net cash used in investing activities	<u>(693)</u>	<u>N/A</u>



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

	CURRENT YEAR	PRECEDING YEAR
	TO-DATE	TO-DATE
	31.03.2020	31.03.2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)⁽²⁾
FINANCING ACTIVITIES		
Repayment of lease liabilities	(1,336)	N/A
Drawdown of term loans	302	N/A
Repayment of term loans	(90)	N/A
Repayment to a Director	(2)	N/A
Net cash used in financing activities	(1,126)	N/A
CASH AND CASH EQUIVALENTS		
Net changes	7,002	N/A
Brought forward	15,020	N/A
Carried forward	22,022	N/A
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	13,155	N/A
Cash and bank balances	22,215	N/A
	35,370	N/A
Less: Fixed deposits pledged	(12,625)	N/A
Less: Sinking fund pledged	(723)	N/A
	22,022	N/A

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 Accountant's Report as disclosed in the Prospectus and the accompanying explanatory notes attached to the interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as no interim financial report was prepared for the comparative financial period concerned.
- N/A Not applicable.



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 and Appendix 9B of the Listing Requirements of Bursa Securities.

This is the first interim financial report on the Company’s unaudited condensed consolidated financial results for the first quarter ended 31 March 2020 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying 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.

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 2019.

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 A10 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

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

There was no dividend paid for the current quarter and financial year-to-date.



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

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:

Quarter and financial year-to-date ended 31.03.20	Residential	Commercial	Elimination	Total
Unaudited	RM'000	RM'000	RM'000	RM'000
Revenue: -				
External revenue	61,011	1,683	-	62,694
	61,011	1,683	-	62,694
Segment results⁽¹⁾				
Depreciation of property, plant and equipment				(1,367)
Interest income				60
Interest expenses				(253)
Unallocated income				39
Unallocated expenses				(54,507)
Tax expense				(1,600)
Segment profit				5,066

This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as no interim financial report was prepared for the comparative financial period concerned.

Note:

(1) The breakdown of segment results between residential and commercial is not available.

A10. Material Events Subsequent to the End of the Current Quarter

Save as disclosed in Note B6 and Section 4.1.9, 6.1, 12.3.2(e), 12.3.5, 14(34) and 15.6 of the Prospectus, there are no material event during the current quarter and financial year-to-date.

A11. 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.

A12. Contingent Liabilities

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

	31.03.2020	31.12.2019
	Unaudited	Audited
	RM'000	RM'000
Performance bonds guarantee for construction projects	30,835	30,585
Corporate guarantee given to financial institution for credit facilities granted to companies in which Directors have interests	14,450	14,713



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

A13. Capital Commitments

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

	<u>31.03.2020</u>	<u>31.12.2019</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>RM'000</u>	<u>RM'000</u>
Authorised and contracted for:		
Purchase of properties	415	718

A14. Related Party Transactions

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>31.03.2020</u>	<u>31.03.2019</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
	<u>Unaudited</u>	<u>Unaudited ⁽¹⁾</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Rental expenses paid to the companies in which Directors have interests	70	N/A	70	N/A
Salary reimbursement paid to a company in which Directors have interests	11	N/A	11	N/A

Notes:

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period available as no interim financial report was prepared for the comparative financial period concerned.

N/A Not Applicable.



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of Group Performance

In the current quarter ended 31 March 2020 and financial year-to-date, the Group recorded revenue of RM62.69 million, gross profit of RM11.03 million and profit before tax of RM6.67 million.

The Group's revenue for the current quarter and financial year-to-date is mainly attributed to its residential segment which accounted for RM61.01 million or 97.32% of the total revenue. The revenue attributed to the residential segment mainly consists of revenue recognised from the Hermington Project, Tropicana Urban Homes Project and Suria Pantai Project.

The Group's gross profit for the current quarter and financial year-to-date is mainly attributed to the residential segment mainly consists of gross profit from the Hermington Project, Tropicana Urban Homes Project and Suria Pantai Project.

The Group recognised profit before tax of RM6.67 million after deducting expenses which are mainly attributed to administrative expenses amounting to RM4.21 million, which mainly consists of depreciation, salaries and directors' remuneration.

No comparative figures for the preceding corresponding quarter and period are available as this is the first interim financial report for the first quarter ended 31 March 2020 being announced by the Group in compliance with the Listing Requirements.

B2. Comparison with the Immediate Preceding Year's Quarter Result

There are no comparative figures for the immediate preceding corresponding quarter and period as this is the first interim financial report for the first quarter ended 31 March 2020 being announced by the Group in compliance with the Listing Requirements.

B3. Commentary on Prospects

As disclosed in Section 6.4.1, 6.4.2 and 6.4.3 of the Prospectus, the Group has the following future plans:

- (i) to further grow the Group's building construction activities;
- (ii) to expand the Group's infrastructure construction services; and
- (iii) to purchase machinery and equipment to support the Group's expansion plans.

The Group believes that its prospects in the building construction industry are favourable in view of the following factors, details of which are disclosed in Section 6.4.4 of the Prospectus:

- (i) prospects of the construction industry;
- (ii) the Group's current on-going projects;
- (iii) competitive strengths of the Group;
- (iv) purchase of new machinery and equipment; and
- (v) continuous efforts in expanding the Group's services and capabilities.

Please refer to Section 6.1 of the Prospectus for details of the impact of coronavirus disease 2019 on the Group, its supply chain and its project.

Premised on the above and barring unforeseen circumstances, the Board of Directors expects the Group's financial performance for the current financial year to be satisfactory.



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

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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Unaudited	Unaudited ⁽¹⁾	Unaudited	Unaudited ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	1,600	N/A	1,600	N/A
Effective tax rate (%)	24.00	N/A	24.00	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Note:

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative financial period concerned.

N/A Not applicable.

B6. Status of Corporate Proposals

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company is undertaking an Initial Public Offering ("IPO") of 108,000,000 ordinary shares ("Shares") at an IPO price of RM0.23 per Share comprising:

- (i) public issue of 90,000,000 new Shares ("Issue Shares")("Public Issue") in the following manner:
 - (a) 10,800,000 Issue Shares to the Malaysian public;
 - (b) 7,200,000 Issue Shares to the eligible directors and employees of the Group, and persons who have contributed to the success of the Group;
 - (c) 32,400,000 Issue Shares to institutional and selected investors by way of private placement; and
 - (d) 39,600,000 Issue Shares to identified Bumiputera investors approved by the Ministry of International Trade and Industry by way of private placement; and
- (ii) offer for sale of 18,000,000 existing Shares to institutional and selected investors by way of private placement.

Upon completion of the IPO, the issued share capital of the Company will increase to RM46,944,002 comprising 360,000,000 Shares. The Company's Shares are expected to be listed on the ACE Market of Bursa Securities on 23 July 2020.

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

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

B7. Utilisation of Proceeds Raised from Public Issue

The gross proceeds of approximately RM20.70 million from the Public Issue is intended to be utilised in the following manner:

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

The utilisation of proceeds as disclosed above should be read together with the Prospectus.

B8. Borrowings

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

	31.03.2020 Unaudited RM'000	31.12.2019 Audited RM'000
Non-current:		
Term loans	9,531	9,367
Lease liabilities	6,516	5,101
	16,047	14,468
Current:		
Term loans	329	281
Lease liabilities	4,627	3,821
	4,956	4,102
Total	21,003	18,570

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

Save as disclosed in Section 15.6 of the Prospectus, there are no other material litigation pending as at the date of this interim financial report.

B10. Dividend

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



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

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:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Unaudited	Unaudited ⁽¹⁾	Unaudited	Unaudited ⁽¹⁾
Profit attributable to owner of the Company (RM'000)	5,066	N/A	5,066	N/A
Weighted average number of shares ('000)	270,000	N/A	270,000	N/A
Basic/Diluted EPS (sen) ⁽²⁾	1.87 ⁽³⁾	N/A	1.87 ⁽³⁾	N/A

Note:

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative financial period concerned.
- (2) The diluted earnings per share of the Group for the quarter and financial year-to-date are equivalent to the basic earnings per share as the Group does not have any convertible securities as at the end of the reporting period.
- (3) Computation on basic earnings per share is based on the Group's weighted average number of ordinary shares during the period under review.

N/A Not applicable.

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Unaudited	Unaudited ⁽¹⁾	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Interest income	(60)	N/A	(60)	N/A
Interest expense	253	N/A	253	N/A
Recovery of bad debt written off	(3)	N/A	(3)	N/A
Amortisation of investment property	88	N/A	88	N/A
Depreciation of property, plant and equipment	1,367	N/A	1,367	N/A

Note:

- (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 Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

N/A Not Applicable

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



TCS GROUP HOLDINGS BERHAD
Registration No. 201901004613 (1313940-W)

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

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 16 July 2020.

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)
16 July 2020
Company Secretaries