



TCS GROUP HOLDINGS BERHAD

(Registration No. 201901004613 (1313940-W))
(Incorporated in Malaysia)

**Interim Financial Report
For Second Quarter Ended
30 June 2022**



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	54,645	40,648	107,327	100,853
Cost of sales		<u>(54,991)</u>	<u>(34,904)</u>	<u>(105,349)</u>	<u>(87,482)</u>
Gross (loss)/profit		(346)	5,744	1,978	13,371
Other income		289	57	556	130
Administrative expenses		<u>(3,647)</u>	<u>(2,894)</u>	<u>(5,989)</u>	<u>(6,144)</u>
(Loss)/Profit from operations		(3,704)	2,907	(3,455)	7,357
Finance income		130	120	274	259
Finance costs		<u>(332)</u>	<u>(246)</u>	<u>(621)</u>	<u>(494)</u>
(Loss)/Profit before tax	B12	(3,906)	2,781	(3,802)	7,122
Tax expense	B5	<u>25</u>	<u>(738)</u>	<u>-</u>	<u>(2,073)</u>
Profit/Total Comprehensive income/(expenses) for the financial period		<u>(3,881)</u>	<u>2,043</u>	<u>(3,802)</u>	<u>5,049</u>
Profit/Total Comprehensive income/(expenses) for the financial period after taxation attributable to:					
Owners of the Company		(3,878)	2,050	(3,799)	5,056
Non-controlling interest		<u>(3)</u>	<u>(7)</u>	<u>(3)</u>	<u>(7)</u>
		<u>(3,881)</u>	<u>2,043</u>	<u>(3,802)</u>	<u>5,049</u>



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
		RM'000	RM'000	RM'000	RM'000
Earnings Per Share					
Basic (sen)	B11	(0.99)	0.57	(0.97)	1.40
Diluted (sen)	B11	(1.06)	0.50	(1.03)	1.21

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 2021 and the accompanying explanatory notes attached to this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited 30.06.2022	Audited 31.12.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,037	30,392
Investment property	5,170	3,568
Deferred tax assets	628	628
Fixed deposits with licensed banks	6,652	7,480
Cash and bank balances	1,689	798
	<u>43,176</u>	<u>42,866</u>
Current assets		
Trade receivables	75,076	79,282
Other receivables	5,637	7,042
Tax recoverable	2,178	29
Contract assets	36,148	20,571
Fixed deposits with licensed banks	13,302	26,332
Cash and bank balances	6,766	5,589
	<u>139,107</u>	<u>138,845</u>
TOTAL ASSETS	<u>182,283</u>	<u>181,711</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	58,476	58,476
Merger deficit	(24,065)	(24,065)
Retained earnings	47,367	51,166
Equity attributable to owners of the Company	<u>81,778</u>	<u>85,577</u>
Non-controlling interest	642	645
Total equity	<u>82,420</u>	<u>86,222</u>
Non-current liabilities		
Lease liabilities	7,100	8,105
Borrowings	9,968	10,273
	<u>17,068</u>	<u>18,378</u>
Current liabilities		
Trade payables	59,034	61,014
Other payables	5,789	7,566
Contract liabilities	1,934	-
Lease liabilities	6,245	6,678
Borrowings	6,818	627
Bank overdraft	2,975	-
Tax payable	-	1,226
	<u>82,795</u>	<u>77,111</u>
Total liabilities	<u>99,863</u>	<u>95,489</u>
TOTAL EQUITY AND LIABILITIES	<u>182,283</u>	<u>181,711</u>
Number of issued shares ('000)	390,000	390,000
Net asset per share attributable to owner of the Company (RM)	<u>0.21</u>	<u>0.22</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 2021 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			
	Share Capital	Merger Deficit	Retained Earnings	Total		Non- controlling interest
	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	-	-	2,487	2,487	(15)	2,472
Transaction with owners:						
Issue of shares	12,300	-	-	12,300	-	12,300
Newly incorporated subsidiary	-	-	-	-	263	263
Dividend paid	-	-	(3,600)	(3,600)	-	(3,600)
Balance as at 31.12.2021 (Audited)	58,476	(24,065)	51,166	85,577	645	86,222

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 2021 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		Non-	Total
	Share	Merger	Retained	Total	controlling	Equity
	Capital	Deficit	Earnings		interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2021 (Audited)	58,476	(24,065)	51,166	85,577	645	86,222
Total comprehensive loss for the financial period (Unaudited)	-	-	(3,799)	(3,799)	(3)	(3,802)
Balance as at 30.06.2022 (Unaudited)	<u>58,476</u>	<u>(24,065)</u>	<u>47,367</u>	<u>81,778</u>	<u>642</u>	<u>82,420</u>

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 2021 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE <u>30.06.2022</u> RM'000	PRECEDING YEAR TO-DATE <u>30.06.2021⁽¹⁾</u> RM'000
OPERATING ACTIVITIES		
(Loss)/Profit before tax	(3,802)	7,122
Adjustments for:-		
Depreciation of property, plant and equipment	2,578	3,325
Amortisation of investment property	55	22
Reversal of impairment on other receivables	-	-
Interest expense	621	494
Interest income	(274)	(259)
Operating (loss)/profit before working capital changes	<u>(822)</u>	<u>10,704</u>
Changes in working capital:-		
Receivables	5,610	(7,352)
Contract assets/liabilities	(13,643)	(28)
Payables	<u>(3,757)</u>	<u>(6,321)</u>
Cash used in from operations	(12,612)	(2,997)
Interest received	274	259
Interest paid	(621)	(494)
Tax paid	<u>(3,375)</u>	<u>(2,293)</u>
Net cash used in from operating activities	<u>(16,334)</u>	<u>(5,525)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,880)	(1,470)
Withdrawal of fixed deposits pledged	828	3,594
Placement of sinking fund pledged	(891)	(320)
Newly incorporated subsidiary	-	262
Net cash (used in)/from investing activities	<u>(2,943)</u>	<u>2,066</u>



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

	CURRENT YEAR	PRECEDING YEAR
	TO-DATE	TO-DATE
	30.06.2022	30.06.2021
	RM'000	RM'000
FINANCING ACTIVITIES		
Dividend paid	-	(3,600)
Drawdown of lease liabilities	2,184	-
Repayment of lease liabilities	(3,622)	(3,417)
Drawdown of term loans	15,735	189
Repayment of term loans	(9,848)	(215)
Net cash from/(used in) financing activities	4,449	(7,043)
CASH AND CASH EQUIVALENTS		
Net changes	(14,828)	(10,502)
Brought forward	31,921	48,105
Carried forward	17,093	37,603
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	19,954	27,621
Cash and bank balances	8,455	18,784
Bank overdraft	(2,975)	-
	25,434	46,405
Less: Fixed deposits pledged	(6,652)	(7,544)
Less: Sinking fund pledged	(1,689)	(1,258)
	17,093	37,603

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 2021 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 2021.

A2. Significant Accounting Policies

At the beginning of the current financial year, the Group adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

MFRSs, Amendments to MFRSs effective 1 January 2022:-

Amendments to MFRS 3 [#]	Business combinations: Reference to the conceptual framework
Amendments to MFRS 116 [#]	Property, plant and equipment: Proceeds before intended use
Amendments to MFRS 137	Provisions, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract
Annual improvements to MFRS standards 2018-2020 (MFRS 1*, 9 and 141*)	

MFRS, Amendments to MFRS effective 1 January 2023:-

MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts: Initial application of MFRS 17 and MFRS 9 - comparative information

MFRS, Amendments to MFRS effective 1 January 2023 :-

Amendments to MFRS 4*	Insurance contracts: Extension of the temporary exemption from applying MFRS 9
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to MFRS 101	Presentation of financial statements: Disclosure of accounting policies
Amendments to MFRS 108	Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
Amendments to MFRS 112	Income taxes: Deferred tax related to assets and liabilities arising from a single transaction



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

A2. Significant Accounting Policies (cont'd)

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10 and MFRS 128	Consolidated financial statements and investments in associate and joint ventures - Sale or Contribution of assets between an investor and its associate or joint venture
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* Not applicable to the Group's operations.

Not applicable to Company's operation.

The initial application of the above standards, amendments and interpretations are not expected to have any financial impact to the financial statements of the Group.

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 2021.

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

No dividends were paid by the company in the current quarter and financial year-to-date.

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
30.06.2022**

	Construction Services	Investment Holding	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue: -				
External revenue	54,645	-	-	54,645
Inter-Segment revenue	-	-	-	-
	<u>54,645</u>	<u>-</u>	<u>-</u>	<u>54,645</u>

Segment results⁽¹⁾

Amortisation of investment property				(27)
Depreciation of property, plant and equipment				(1,321)
Interest income				130
Interest expenses				(332)
Unallocated income				289
Unallocated expenses				(57,290)
Tax expense				25
Segment loss				<u>(3,881)</u>

**Financial year-to-date ended
30.06.2022**

	Construction Services	Investment Holding	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue: -				
External revenue	107,327	-	-	107,327
Inter-Segment revenue	6,369	-	(6,369)	-
	<u>113,696</u>	<u>-</u>	<u>(6,369)</u>	<u>107,327</u>

Segment results⁽¹⁾

Amortisation of investment property				(55)
Depreciation of property, plant and equipment				(2,578)
Interest income				274
Interest expenses				(621)
Unallocated income				556
Unallocated expenses				(108,705)
Tax expense				-
Segment loss				<u>(3,802)</u>



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

A9. Segmental Reporting (cont'd)

Financial quarter ended 30.06.2021	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	40,648	-	-	40,648
Inter-Segment revenue	3,487	3,800	(7,287)	-
	44,135	3,800	(7,287)	40,648

Segment results⁽¹⁾

Amortisation of investment property				(11)
Depreciation of property, plant and equipment				(1,699)
Interest income				120
Interest expenses				(246)
Unallocated income				57
Unallocated expenses				(36,088)
Tax expense				(738)
Segment profit				2,043

Financial year-to-date ended 30.06.2021	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	100,853	-	-	100,853
Inter-Segment revenue	4,843	3,800	(8,643)	-
	105,696	3,800	(8,643)	100,853

Segment results⁽¹⁾

Amortisation of investment property				(22)
Depreciation of property, plant and equipment				(3,325)
Interest income				259
Interest expenses				(494)
Unallocated income				130
Unallocated expenses				(90,279)
Tax expense				(2,073)
Segment profit				5,049

Note:

(1) The breakdown of segment results between construction services 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 30.06.2022 RM'000	Audited 31.12.2021 RM'000
Performance bonds and corporate guarantees for construction projects	60,254	60,174

A14. Capital Commitments

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

	Unaudited 30.06.2022 RM'000	Audited 31.12.2021 RM'000
Authorised and contracted for:		
Purchase of construction equipment	187	2,285

A15. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Rental expenses paid to the companies in which Directors have interests	59	62	117	133



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of Group Performance

a) Results for current quarter

The Group's revenue for the current quarter under review rose 34.4% or RM14.00 million to RM54.65 million from RM40.65 million a year ago. The improvement mainly stemmed from:

- Higher progress billing for our on-going projects - J. Satine, Vista Sentul, M Arisa and Tropicana Miyu, and
- Lower contribution from the previous year corresponding quarter due to the various movement control orders put in place then.

Meanwhile, the Group reported a loss before tax ("LBT") of RM3.91 million for the current quarter under review as compared to a profit before tax ("PBT") of RM2.78 million in the preceding year corresponding quarter. This was chiefly attributed to:

- Lower profit margin from several ongoing projects that are still in relatively early stages. Profit margin would usually pick up as construction works progress further.
- Hike in raw material costs arising from disruptions in the building materials supply chain brought upon by the COVID-19 pandemic.

b) Results for financial year to-date

For the current 6-month period ended 30 June 2022, TCS registered a revenue of RM107.33 million. This represented an increase of 6.4% or RM6.48 million from RM100.85 million achieved in the previous year similar period.

On the other hand, the Group's LBT stood at RM3.80 million versus a PBT of RM7.12 million, predominantly owing to the aforementioned factors.

B2. Comparison with the Immediate Preceding Quarter Result

TCS' RM54.65 million revenue in the current quarter under review was an improvement of 3.7% or RM1.97 million from RM52.68 million in the immediate preceding quarter.

Meanwhile, the rising operating cost environment resulted in the Group incurring LBT of RM3.91 million as compared to the PBT of RM0.10 million last quarter.

B3. Commentary on Prospects

Moving forward, we expect the taxing operating climate to sustain underpinned by a myriad of economic issues that include high raw materials prices, labour shortage, high inflation and rising interest rates. The Group has been carefully managing the on-going challenges that are affecting the whole construction sector. On a much brighter note, we are seeing signs of improvement especially on the supply chain side where prices of some materials have either stabilized or moderated, which bode well for the industry.

Additionally, the Government has also given reassurance that mega projects such as the Mass Rapid Transit Line 3 ("MRT3"), East Coast Rail Link ("ECRL") and Pan Borneo Highway will proceed as planned, which is a positive sign as well. Overall, we do see pocket of opportunities that we can capitalize on and our team continues to focus working on tenders for projects such as residential and commercial buildings, infrastructure projects, purpose-built buildings (eg. private hospitals and schools), as well as institutional buildings (eg. government hospitals).



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

B3. Commentary on Prospects (cont'd)

On balance, the Group is optimizing its operations within the constraints of abovementioned challenges in order to navigate through the existing headwinds. Given the team's experience, track record and prudence, coupled with the measures put in place, we are positive to emerge from the existing predicament better and stronger. At the same time, ensuring quality delivery, timely completion, safe and healthy work environment remain our key emphasis across all our projects.

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	(25)	738	-	2,073
Effective tax rate (%)	N/A	26.54	N/A	29.11
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 June 2022 is not applicable due to loss before taxation.

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 total proceeds of RM12.30 million.

On 28 January 2022, the Company announced that it was granted an extension of time of 6 months from 16 January 2022 to 15 July 2022 to complete the Private Placement.

Subsequently, the timeframe to implement the Private Placement had lapsed on 15 July 2022, which marks the completion of the Private Placement.



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

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 Initial Public Offering (“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 is intended to be utilised in the following manner:

Utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated timeframe for utilisation from the date of listing
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% Private Placement, were as below:

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



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

B8. Borrowings

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

	Unaudited 30.06.2022 RM'000	Audited 31.12.2021 RM'000
Non-current:		
Borrowings	9,968	10,273
Lease liabilities	7,100	8,105
	<u>17,068</u>	<u>18,378</u>
Current:		
Borrowings	6,818	627
Lease liabilities	6,245	6,678
	<u>13,063</u>	<u>7,305</u>
Total	<u>30,131</u>	<u>25,683</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 Construction 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 was put in abeyance pending the disposal of the Judicial Management proceeding. On 17 January 2022, the said Judicial Management application by Eakonmech was dismissed by the High Court.

Subsequently, TCS Construction filed a request to the Director of the AIAC to appoint an adjudicator on 24 January 2022 and an adjudicator was appointed on 31 January 2022. TCS Construction filed its Adjudication Claim on 25 February 2022. However, as MPM has been wound up on 28 February 2022, TCS Construction had to apply for leave to proceed with the adjudication proceedings against MPM, which was subsequently granted on 24 May 2022 by the Court.



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

B9. Material Litigation (cont'd)

Adjudication Proceeding (Cont'd)

Pursuant to the Adjudicator's directions dated 20 June 2022, MPM was required to file its Adjudication Response by 7 July 2022. As no Adjudication Response was filed by 7 July 2022, the Adjudicator has notified the parties that the Adjudication Decision will be delivered within 45 working days from 7 July 2022.

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, together with 1st moiety of retention monies amounting to RM7.42 million, and other damages and losses suffered as a result 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 Construction has not fully completed its works. This is contrary to the evidence that the Certificate of Completion and Compliance has already been issued for KTCC Mall on 23 January 2020 and KTCC Mall was opened for business on 24 January 2020.

After TCS Construction had commenced the CIPAA proceeding in March 2021 for the long outstanding payment for work done, MPM commenced a court proceeding against TCS Construction 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 claimed for LD despite the fact that the Certificate of Completion and Compliance has already been issued for KTCC Mall on 23 January 2020 and the KTCC Mall has already been opened for business since 24 January 2020.

As MPM has been wound up on 28 February 2022, TCS Construction has also filed the Proof of Debt for the outstanding payment of RM 10.01 million (inclusive of the 2nd half of retention monies which was due after the expiring of Defects Liability Period on 22 April 2022) with the Selangor Department of Insolvency in Shah Alam on 29 April 2022.

On 24 May 2022, TCS Construction has obtained the leave of court to continue with its suit against MPM and other defendants.

By way of Court Order dated 8 June 2022, Datuk Mohd Afrizan bin Dato Husain ("Liquidator") of Parker Randall Insol PLT has been appointed to replace the Official Receiver as the Liquidator of MPM.

With regards to the MPM's Suit, the Liquidator has on 25 July 2022 withdrawn the claim and all other related applications in the said Suit, with no order as to cost but with liberty to file afresh. TCS Construction has also likewise withdrawn its counterclaim and the related application with no order as to cost but with liberty to file afresh.

The TCS's Suit is currently ongoing at the Shah Alam High Court.



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

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(3,878)	2,050	(3,799)	5,056
Weighted average number of shares ('000)	390,000	360,000	390,000	360,000
Basic EPS (sen) ⁽¹⁾	(0.99)	0.57	(0.97)	1.40

(b) Diluted

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(3,878)	2,050	(3,799)	5,056
Weighted average number of shares ('000)	364,678	408,749	369,291	416,747
Diluted EPS (sen) ⁽²⁾	(1.06)	0.50	(1.03)	1.21

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.



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

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(130)	(120)	(274)	(259)
Interest expense	332	246	621	494
Amortisation of investment property	27	11	55	22
Depreciation of property, plant and equipment	1,321	1,699	2,578	3,325

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 August 2022.

By order of the Board of Directors
Tan Tong Lang (MAICSA 7045482/ SSM PC No. 202208000250)
Thien Lee Mee (LS 0009760/ SSM PC No. 201908002254)
30 August 2022
Company Secretaries