



# **TCS GROUP HOLDINGS BERHAD**

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

**Interim Financial Report  
For Fourth Quarter Ended  
31 December 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup>**

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	84,812	54,848	261,591	204,048
Cost of sales		(79,151)	(54,343)	(250,772)	(184,343)
<b>Gross profit</b>		<b>5,661</b>	<b>505</b>	<b>10,819</b>	<b>19,705</b>
Other income		200	288	921	506
Administrative expenses		(3,846)	(3,329)	(12,669)	(12,500)
<b>Profit/ (Loss) from operations</b>		<b>2,015</b>	<b>(2,536)</b>	<b>(929)</b>	<b>7,711</b>
Finance income		121	157	487	547
Finance costs		(511)	(228)	(1,624)	(908)
Impairment on Financial Assets		-	(4,135)	-	(4,135)
<b>Profit/ (Loss) before tax</b>	B11	<b>1,625</b>	<b>6,742</b>	<b>(2,066)</b>	<b>3,215</b>
Tax expense	B5	(1,294)	2,055	(1,330)	(743)
<b>Profit/Total Comprehensive income/(expenses) for the financial period</b>		<b>331</b>	<b>(4,687)</b>	<b>(3,396)</b>	<b>2,472</b>
<b>Profit/Total Comprehensive income/(expenses) for the financial period after taxation attributable to:</b>					
Owners of the Company		349	4,681	(3,378)	2,487
Non-controlling interest		(18)	(6)	(18)	(15)
		<b>331</b>	<b>(4,687)</b>	<b>(3,396)</b>	<b>2,472</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup> (CONT'D)**

		QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
NOTE		RM'000	RM'000	RM'000	RM'000
<b>Earnings Per Share</b>					
Basic (sen)	B10	0.09	(1.27)	(0.87)	0.67
Diluted (sen)	B10	0.09	(1.23)	(0.87)	0.61

**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<sup>(1)</sup>

	<b>Unaudited 31.12.2022</b>	<b>Audited 31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	24,467	30,392
Investment property	6,205	3,568
Deferred tax assets	859	628
Non-current assets classified as held-for-sale	1,629	-
Fixed deposits with licensed banks	6,993	7,480
Cash and bank balances	2,558	798
	<u>42,711</u>	<u>42,866</u>
<b>Current assets</b>		
Trade receivables	123,766	79,282
Other receivables	5,594	7,042
Tax recoverable	1,028	29
Contract assets	32,783	20,571
Fixed deposits with licensed banks	5,147	26,331
Cash and bank balances	14,392	5,590
	<u>182,710</u>	<u>138,845</u>
<b>TOTAL ASSETS</b>	<u>225,421</u>	<u>181,711</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	58,476	58,476
Merger deficit	(24,065)	(24,065)
Retained earnings	47,788	51,166
Equity attributable to owners of the Company	82,199	85,577
Non-controlling interest	1,102	645
<b>Total equity</b>	<u>83,301</u>	<u>86,222</u>
<b>Non-current liabilities</b>		
Lease liabilities	4,791	8,105
Borrowings	15,967	10,273
	<u>20,758</u>	<u>18,378</u>



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>**

	<b>Unaudited 31.12.2022 RM'000</b>	<b>Audited 31.12.2021 RM'000</b>
<b>Current liabilities</b>		
Trade payables	89,381	61,014
Other payables	9,191	7,566
Lease liabilities	5,199	6,678
Borrowings	6,091	627
Bank overdraft	11,500	-
Tax payable	-	1,226
	<u>121,362</u>	<u>77,111</u>
<b>Total liabilities</b>	<u>142,120</u>	<u>95,489</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>225,421</u>	<u>181,711</u>
 Number of issued shares ('000)	 390,000	 390,000
 <b>Net asset per share attributable to owner of the Company (RM)</b>	 <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<sup>(1)</sup>**

	<-----Attributable to owners of the Company----->					
	<----Non-Distributable---->		Distributable		Non-	
	Share	Merger	Retained	Total	controlling	Total
	Capital	Deficit	Earnings		interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 31.12.2020 (Audited)</b>	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)
<b>Balance as at 31.12.2021 (Audited)</b>	<b>58,476</b>	<b>(24,065)</b>	<b>51,166</b>	<b>85,577</b>	<b>645</b>	<b>86,222</b>

**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<sup>(1)</sup> (CONT'D)**

	<-----Attributable to owners of the Company----->					
	<----Non-Distributable---->		Distributable		Non-	
	Share Capital RM'000	Merger Deficit RM'000	Retained Earnings RM'000	Total RM'000	controlling interest RM'000	Total Equity RM'000
<b>Balance as at 31.12.2021 (Audited)</b>	58,476	(24,065)	51,166	85,577	645	86,222
<b>Transaction with owners:-</b>						
Acquisition of a subsidiary	-	-	-	-	475	475
Total transaction with owners	-	-	-	-	475	475
Total comprehensive loss for the financial period (Unaudited)	-	-	(3,378)	(3,378)	(18)	(3,396)
<b>Balance as at 31.12.2022 (Unaudited)</b>	58,476	(24,065)	47,788	82,199	1,102	83,301

**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<sup>(1)</sup>

	CURRENT YEAR TO-DATE 31.12.2022 RM'000	PRECEDING YEAR TO-DATE 31.12.2021 <sup>(1)</sup> RM'000
<b>OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(2,066)	3,215
Adjustments for:-		
Impairment of financial assets	-	4,135
Depreciation of property, plant and equipment	5,020	6,096
Amortisation of investment property	167	76
Gain on disposal	(9)	(9)
Interest expense	1,624	908
Interest income	(487)	(547)
Impairment of goodwill	15	-
Operating profit before working capital changes	4,264	13,874
Changes in working capital:-		
Receivables	(42,586)	(22,470)
Contract assets/liabilities	(12,211)	(8,610)
Payables	29,984	2,797
Cash used in from operations	(20,549)	(14,409)
Interest received	487	547
Interest paid	(1,624)	(908)
Tax paid	(3,785)	(4,298)
<b>Net cash used in from operating activities</b>	<b>(25,471)</b>	<b>(19,068)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash acquired	(228)	-
Purchase of non-controlling interest	245	-
Purchase of property, plant and equipment	(3,528)	(12,066)
Withdrawal of fixed deposits pledged	489	3,658
Placement of sinking fund pledged	(1,760)	139
Proceed from disposal of PPE	9	9
Newly incorporated subsidiary	-	262
<b>Net cash used in investing activities</b>	<b>(4,773)</b>	<b>(7,998)</b>



## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)<sup>(1)</sup>

	CURRENT YEAR	PRECEDING YEAR
	TO-DATE	TO-DATE
	31.12.2022	31.12.2021 <sup>(1)</sup>
	RM'000	RM'000
<b>FINANCING ACTIVITIES</b>		
Dividend paid	-	(3,600)
Drawdown of lease liabilities	2,184	9,317
Repayment of lease liabilities	(6,977)	(5,353)
Drawdown of term loans	57,927	189
Repayment of term loans	(46,770)	(292)
Proceeds from issuance of share capital, net of share issuance expenses	-	12,300
<b>Net cash from financing activities</b>	<b>6,364</b>	<b>12,561</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(23,880)	(14,505)
Brought forward	31,919	48,105
<b>Carried forward</b>	<b>8,039</b>	<b>33,600</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Fixed deposits with licensed banks	12,140	35,491
Cash and bank balances	16,950	6,387
Bank overdraft	(11,500)	-
	17,590	41,878
Less: Fixed deposits pledged	(6,993)	(7,480)
Less: Sinking fund pledged	(2,558)	(798)
	<b>8,039</b>	<b>33,600</b>

### 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 <sup>#</sup>	Business combinations: Reference to the conceptual framework
Amendments to MFRS 116 <sup>#</sup>	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 B8, 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  
31.12.2022**

	<b>Construction Services RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue: -</b>				
External revenue	84,812	-	-	84,812
Inter-Segment revenue	860	-	(860)	-
	<u>85,672</u>	<u>-</u>	<u>(860)</u>	<u>84,812</u>

#### **Segment results<sup>(1)</sup>**

Amortisation of investment property				(40)
Depreciation of property, plant and equipment				(1,167)
Interest income				121
Interest expenses				(511)
Unallocated income				200
Unallocated expenses				(81,790)
Tax expense				(1,294)
Segment profit				<u>331</u>

**Financial year-to-date ended  
31.12.2022**

	<b>Construction Services RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue: -</b>				
External revenue	261,591	-	-	261,591
Inter-Segment revenue	7,319	-	(7,319)	-
	<u>268,910</u>	<u>-</u>	<u>(7,319)</u>	<u>261,591</u>

#### **Segment results<sup>(1)</sup>**

Amortisation of investment property				(167)
Depreciation of property, plant and equipment				(5,020)
Interest income				487
Interest expenses				(1,624)
Unallocated income				921
Unallocated expenses				(258,254)
Tax expense				(1,330)
Segment loss				<u>(3,396)</u>

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

### A9. Segmental Reporting (cont'd)

<b>Financial quarter ended 31.12.2021</b>	<b>Construction Services RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue: -</b>				
External revenue	54,848	-	-	54,848
Inter-Segment revenue	2,865	-	(2,865)	-
	<u>57,713</u>	<u>-</u>	<u>(2,865)</u>	<u>54,848</u>
<b>Segment results<sup>(1)</sup></b>				
Amortisation of investment property				(19)
Depreciation of property, plant and equipment				(1,302)
Impairment of financial assets				(4,135)
Interest income				157
Interest expenses				(228)
Unallocated income				288
Unallocated expenses				(56,351)
Tax expense				2,055
Segment profit				<u>(4,687)</u>

<b>Financial year-to-date ended 31.12.2021</b>	<b>Construction Services RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue: -</b>				
External revenue	204,048	-	-	204,048
Inter-Segment revenue	8,737	3,800	(12,537)	-
	<u>212,785</u>	<u>3,800</u>	<u>(12,537)</u>	<u>204,048</u>
<b>Segment results<sup>(1)</sup></b>				
Amortisation of investment property				(76)
Depreciation of property, plant and equipment				(6,096)
Impairment of financial assets				(4,135)
Interest income				547
Interest expenses				(908)
Unallocated income				506
Unallocated expenses				(190,671)
Tax expense				(743)
Segment profit				<u>2,472</u>

#### 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 B8, 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**

On 22 August 2022, in a non-related party transaction, the Company entered into a Share Sale Agreement with Shaari Bin Hashim and Asrul Affendy Bin Arshad to acquire 255,000 ordinary shares of Quest Energy Sdn. Bhd. [Registration No. 200201006297 (573960-U)] ("QESB"), representing 51% of the issued and paid-up share capital of QESB for a cash consideration of RM255,000.00.

The above acquisition was completed on 9 September 2022 and QESB became a 51%-owned subsidiary of the Company.

Save for the above, there are no other 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.

	<b>Unaudited 31.12.2022 RM'000</b>	<b>Audited 31.12.2021 RM'000</b>
Performance bonds and corporate guarantees for construction projects	65,034	60,174

### **A14. Capital Commitments**

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

	<b>Unaudited 31.12.2022 RM'000</b>	<b>Audited 31.12.2021 RM'000</b>
<b>Authorised and contracted for:</b>		
Purchase of construction equipment	15	2,285

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

### A15. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Rental expenses paid to the companies in which Directors have interests	59	59	234	250
Provision of construction work to a company in which Directors have interests	-	-	-	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 posted a revenue of RM84.81 million as compared to RM54.85 million a year ago. This was a jump of 54.6% year-on-year ("YoY") or RM29.96 million driven by the following factors:

- Higher progress billing for our on-going projects - J. Satine, Vista Sentul, M Arisa and Tropicana Miyu; and
- Normalised progress on construction activities vis-à-vis the operational disruptions faced in the preceding year corresponding quarter due to restrictions put in place then to combat the COVID-19 pandemic.

Profit after tax ("PAT") for the current quarter under review improved to RM0.33 million versus a loss after tax ("LAT") of RM4.69 million a year ago. The turnaround was mainly attributed to the increase in revenue as well as absence of one-off impairment on financial assets recognized in the previous year, but moderated by elevated building materials cost. In addition, profit margins for several ongoing projects have yet to reach optimal level as they have just progressed beyond the initial phase.

#### b) Results for financial year to-date

For the financial year ended 31 December 2022, TCS delivered a revenue of RM261.59 million compared to RM204.05 million in the previous year. This indicated a YoY increase of 27.4% or RM57.54 million, predominantly attributed to the higher progress billing for our on-going projects.

The Group registered a LAT of RM3.40 million for the period under review against a PAT of RM2.47 million in the previous year corresponding period due to aforementioned factors of high materials cost and sub-optimal profit margins at some ongoing projects.

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

### **B2. Comparison with the Immediate Preceding Quarter Result**

On a quarter-on-quarter ("QoQ") basis, revenue rose 22.1% QoQ or RM15.36 million to RM84.81 million versus RM69.45 million achieved in the immediate preceding quarter. In tandem with the higher top-line, PAT grew by 412.5% QoQ or RM0.25 million to RM0.33 million from RM0.08 million. The top- and bottom-line improvement stemmed from increased progress billing for our on-going projects.

### **B3. Commentary on Prospects**

Moving forward, global uncertainties are expected to persist on the back of various macroeconomic factors including inflationary pressures, rising interest rates, and fluctuations in commodity prices, to name a few. These challenges are affecting the construction industry as a whole and TCS is proactively responding by prioritizing the quality execution and timely delivery of our projects.

On a brighter note, the Group had in November 2022, clinched a RM119.61 million from Eupe PJ South Development Sdn. Bhd. ("EPSDSB"), a wholly-owned subsidiary of Eupe Corporation Berhad ("Eupe"), for the construction and completion of main building works for one block of 34-storey serviced apartments with one block of 12-storey attached car park building in Petaling Jaya, Selangor known as Helix2. This new contract enhanced our order book and give us healthy earnings visibility for the coming financial years.

Overall, the outlook of the construction sector remains challenging. Nevertheless, there are still good opportunities in the market and the Group intends to capitalize on these. We continue to prudently bid for projects in the fields of residential and commercial buildings, infrastructure, and institutional building construction. Barring unforeseen circumstances, the Board expects the performance of TCS in the upcoming financial year to be satisfactory.

### **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**

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current year	-	(1,598)	-	1,200
(Over-)/Under-provision of tax in previous financial year	1,294	(457)	1,330	(457)
	<u>1,294</u>	<u>(2,055)</u>	<u>1,330</u>	<u>743</u>
Effective tax rate (%)	N/A	N/A	N/A	23.10
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 31 December 2021 is not applicable due to loss before taxation.



## **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.

### **B7. Borrowings**

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

	<b>Unaudited 31.12.2022 RM'000</b>	<b>Audited 31.12.2021 RM'000</b>
<b>Non-current:</b>		
Borrowings	15,967	10,273
Lease liabilities	4,791	8,105
	<u>20,758</u>	<u>18,378</u>
<b>Current:</b>		
Borrowings	6,091	627
Lease liabilities	5,199	6,678
	<u>11,290</u>	<u>7,305</u>
<b>Total</b>	<u><u>32,048</u></u>	<u><u>25,683</u></u>

All the borrowings are secured and denominated in Ringgit Malaysia.

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

### **B8. 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 ("TCSCSB") 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, TCSCSB 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, TCSCSB 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, TCSCSB 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. TCSCSB filed its Adjudication Claim on 25 February 2022. However, as MPM has been wound up on 28 February 2022, TCSCSB had to apply for leave to proceed with the adjudication proceedings against MPM, which was subsequently granted on 24 May 2022 by the Court.

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.

On 15 September 2022, the Adjudicator, Ms Karen Ng Gek Suan has released the Adjudication Decision relating to Adjudication Proceeding bearing registration no. AIAC/D/ADJ-3778-2021 dated 13 September 2022 pursuant to Construction Industry Payment & Adjudication Act 2012 in favour of TCSCSB ("Adjudication Decision").

In the Adjudication Decision, MPM has been ordered to pay to TCSCSB in the sum of RM 6,141,557.77 ("Adjudicated Sum"), interests at the rate of 5% per annum on the Adjudicated Sum from 4 July 2020 until the date of full payment, (approximately RM 675,571.35 as at 15 September 2022) and all costs incurred in relation to the adjudication proceedings in the sum of RM 106,289.00.

MPM has been ordered to pay TCSCSB on the above sum within 14 days from the date of the Adjudication Decision dated 13.9.2022.

As MPM had been wound up on 28.2.2022, TCSCSB had on 13.10.2022 applied for leave of court to commence an action to enforce the adjudication decision against MPM, which was subsequently granted on 16.11.2022 by the Court.



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

### B8. Material Litigation (cont'd)

#### Adjudication Proceeding (Cont'd)

TCSCSB's application to enforce the Adjudication Decision against MPM pursuant to Section 28 CIPAA 2012 as if it is a judgment or order of the High Court was allowed on 3 February 2023.

On 21 September 2022, TCSCSB served a notice for direct payment to KTCC Mall Sdn Bhd ("KTCCMSB") to pay the Adjudicated Sum with interest and related adjudication cost on behalf of MPM. The notice for direct payment was issued based on a letter of undertaking dated 19 September 2018 issued by KTCCMSB to TCSCSB that KTCCMSB undertake to settle all outstanding payment on behalf of MPM in the event that MPM defaults in settling the outstanding amount due to TCSCSB within 14 days from the date of receiving the payment request from TCSCSB. Alternatively, the notice for direct payment was also made in accordance with Section 30 of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA 2012").

On 21 October 2022, KTCCMSB has filed an originating summons in Kuala Terengganu High Court ("Terengganu Suit") against TCSCSB applying for the following orders: -

- 1) A declaration that KTCCMSB has no obligations to make payment to TCSCSB on behalf of MPM pursuant to Section 30 CIPAA 2012 and / or the Letter of Undertaking dated 19 September 2018;
- 2) A declaration that TCSCSB's notice to KTCCMSB dated 21 September 2022 issued pursuant to Section 30 of the CIPAA 2012 is defective;
- 3) Costs to be borne by TCSCSB; and
- 4) Any further or other relief the Honourable Court deems fit and / or necessary.

On 28 October 2022, TCSCSB has filed an Originating Summons against KTCCMSB pursuant to Section 30 CIPAA 2012 for direct payment of the Adjudicated Sum pursuant to the Adjudication Decision ("**Section 30 OS**").

On 1 November 2022, TCSCSB has filed a Notice of Application in the Terengganu Suit to transfer the proceedings to Shah Alam High Court, which was allowed by the High Court on the 11 January 2023.

On 16 November 2022, KTCCMSB has filed a Notice of Application to transfer the Section 30 OS to Kuala Terengganu High Court. The application was subsequently withdrawn by KTCCMSB on 7 February 2023, with no order as to costs.

Both the Section 30 OS and Terengganu Suit are currently ongoing at the Shah Alam High Court.



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

### **B8. Material Litigation (cont'd)**

#### Legal Proceeding

Pursuant to the announcement made on 15 July 2021 and 21 July 2021, TCSCSB and MPM have filed a suit against each other. TCSCSB 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 KTCCMSB's breaches ("TCS's Suit"). MPM is withholding payments for these works done on the alleged ground that TCSCSB 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 TCSCSB had commenced the CIPAA proceeding in March 2021 for the long outstanding payment for work done, MPM commenced a court proceeding against TCSCSB to claim for Liquidated Damages ("LD") of RM57.5 million for the purported delay on the part of TCSCSB 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, TCSCSB 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, TCSCSB 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. TCSCSB has also likewise withdrawn its counterclaim and the related application with no order as to cost but with liberty to file afresh.

On 13 October 2022, in TCS's Suit, TCSCSB has filed an application for leave to enter judgment in default against MPM.

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

### **B9. Proposed Dividend**

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

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

### **B10. 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit/(loss) attributable to owners of the Company (RM'000)	349	(4,681)	(3,378)	2,487
Weighted average number of shares ('000)	390,000	369,551	390,000	369,551
Basic EPS (sen) <sup>(1)</sup>	0.09	(1.27)	(0.87)	0.67

#### **(b) Diluted**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit/(loss) attributable to owners of the Company (RM'000)	349	(4,681)	(3,378)	2,487
Weighted average number of shares ('000)	390,000	379,563	390,000	409,261
Diluted EPS (sen) <sup>(2)</sup>	0.09	(1.23)	(0.87)	0.61

#### **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)

### B11. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(121)	(157)	(487)	(547)
Interest expense	511	228	1,624	908
Impairment on financial assets	-	4,135		4,135
Amortisation of investment property	40	19	167	76
Depreciation of property, plant and equipment	1,167	1,302	5,020	6,096

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

### B12. Derivative Financial Instruments

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

### B13. 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 28 February 2023.

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)  
28 February 2023  
Company Secretaries