



# **TCS GROUP HOLDINGS BERHAD**

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

**Interim Financial Report  
For Third Quarter Ended  
30 September 2023**



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	90,145	69,452	260,774	176,779
Cost of sales		<u>(96,888)</u>	<u>(66,379)</u>	<u>(269,395)</u>	<u>(171,622)</u>
<b>Gross (loss) / profit</b>		<b>(6,743)</b>	<b>3,073</b>	<b>(8,621)</b>	<b>5,157</b>
Other income		423	166	1,073	722
Administrative expenses		<u>(2,702)</u>	<u>(2,870)</u>	<u>(8,853)</u>	<u>(8,860)</u>
<b>(Loss)/ Profit from operations</b>		<b>(9,022)</b>	<b>369</b>	<b>(16,401)</b>	<b>(2,981)</b>
Finance income		103	92	332	366
Finance costs		<u>(813)</u>	<u>(386)</u>	<u>(2,020)</u>	<u>(1,113)</u>
<b>(Loss)/Profit before tax</b>	B12	<b>(9,732)</b>	<b>75</b>	<b>(18,089)</b>	<b>(3,728)</b>
Tax expense	B5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(Loss)/ Profit / Total Comprehensive (Expenses)/ Income for the financial period</b>		<b><u>(9,732)</u></b>	<b><u>75</u></b>	<b><u>(18,089)</u></b>	<b><u>(3,728)</u></b>
<b>(Loss)/ Profit / Total Comprehensive (Expenses)/ Income for the financial period after taxation attributable to:</b>					
Owners of the Company		(9,708)	85	(18,065)	(3,718)
Non-controlling interest		<u>(24)</u>	<u>(10)</u>	<u>(24)</u>	<u>(10)</u>
		<b><u>(9,732)</u></b>	<b><u>75</u></b>	<b><u>(18,089)</u></b>	<b><u>(3,728)</u></b>



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

		QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
	NOTE	RM'000	RM'000	RM'000	RM'000
<b>Loss Per Share</b>					
Basic (sen)	B11	(2.26)	0.02	(4.20)	(0.95)
Diluted (sen)	B11	<u>(2.26)</u>	<u>0.02</u>	<u>(4.20)</u>	<u>(0.95)</u>

**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 2022 and the accompanying explanatory notes attached to this interim financial report.



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

	<b>Unaudited 30.09.2023 RM'000</b>	<b>Audited 31.12.2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,137	24,467
Investment property	6,072	6,205
Deferred tax assets	859	859
Fixed deposits with licensed banks	5,949	6,660
Cash and bank balances	3,730	2,558
	<u>44,747</u>	<u>40,749</u>
<b>Current assets</b>		
Trade receivables	119,595	122,882
Other receivables	10,625	5,525
Tax recoverable	1,653	1,036
Contract assets	66,770	37,789
Fixed deposits with licensed banks	3,340	8,396
Cash and bank balances	6,656	8,181
	<u>208,639</u>	<u>183,809</u>
Non-current assets classified as held for sale	-	1,629
<b>TOTAL ASSETS</b>	<u>253,386</u>	<u>226,187</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	66,164	58,476
Merger deficit	(24,065)	(24,065)
Retained earnings	29,723	47,788
Equity attributable to owners of the Company	<u>71,822</u>	<u>82,199</u>
Non-controlling interest	624	1,102
<b>Total equity</b>	<u>72,446</u>	<u>83,301</u>
<b>Non-current liabilities</b>		
Lease liabilities	7,859	4,747
Borrowings	25,870	9,574
	<u>33,729</u>	<u>14,321</u>



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

	<b>Unaudited 30.09.2023 RM'000</b>	<b>Audited 31.12.2022 RM'000</b>
<b>Current liabilities</b>		
Trade payables	130,659	91,716
Other payables	1,776	2,611
Contract Liabilities	-	5,006
Lease liabilities	4,447	5,243
Borrowings	100	23,983
Bank overdraft	10,229	-
Tax payable	-	6
Total current liabilities	<u>147,211</u>	<u>128,565</u>
<b>Total liabilities</b>	<u>180,940</u>	<u>142,886</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>253,386</u>	<u>226,187</u>
Number of issued shares ('000)	429,000	390,000
<b>Net asset per share attributable to owner of the Company (RM)</b>	<u>0.17</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 2022 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-	Total
	Share	Merger	Retained	Total	controlling	Equity
	Capital	Deficit	Earnings		interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 31.12.2022 (Audited)</b>	58,476	(24,065)	51,166	85,577	645	86,222
Transaction with owners:						
Acquisition of a subsidiary	-	-	-	-	230	230
Subscription share of a subsidiary by non-controlling interest	-	-	-	-	245	245
	-	-	-	-	475	475
Total comprehensive income for the financial period	-	-	(3,378)	(3,378)	(18)	(3,396)
<b>Balance as at 31.12.2022 (Audited)</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 2022 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-	Total
	Share	Merger	Retained	Total	controlling	Equity
	Capital	Deficit	Earnings		interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 31.12.2022 (Audited)</b>	58,476	(24,065)	47,788	82,199	1,102	83,301
Total comprehensive loss for the financial period (Unaudited)	-	-	(18,065)	(18,065)	(24)	(18,089)
Transaction with owners:-						
Issue of shares	7,614	-	-	7,614	-	7,614
Disposal of subsidiary	(96)	-	-	(96)	(454)	(550)
Share issuance expenses	170	-	-	170	-	170
Total transaction with owners	7,688	-	-	7,688	(454)	7,234
<b>Balance as at 30.09.2023 (Unaudited)</b>	66,164	(24,065)	29,723	71,822	624	72,446

**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 2022 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 30.09.2023 RM'000	PRECEDING YEAR TO-DATE 30.09.2022 <sup>(1)</sup> RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(18,089)	(3,728)
Adjustments for:-		
Amortisation of investment property	133	127
Depreciation of property, plant and equipment	3,754	3,854
Gain on disposal	(181)	-
Interest expense	2,020	1,113
Interest income	(332)	(366)
Impairment of goodwill	-	15
Loss on disposal of subsidiary	(17)	-
Operating (loss)/ profit before working capital changes	(12,712)	1,015
Changes in working capital:-		
Receivables	(1,812)	(16,214)
Contract assets/liabilities	(33,987)	(8,219)
Payables	38,116	9,539
Cash used in operations	(10,395)	(13,879)
Interest received	26	366
Interest paid	(448)	(1,113)
Tax paid	(623)	(3,745)
<b>Net cash used in operating activities</b>	<b>(11,440)</b>	<b>(18,371)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash acquired	-	(228)
Interest received	27	-
Purchase of property, plant and equipment	(7,474)	(2,897)
Proceed from disposal of PPE	1,860	-
Amount used in disposal of subsidiary	(446)	-
Withdrawal of fixed deposit pledge	711	596
<b>Net cash generated used in investing activities</b>	<b>(5,322)</b>	<b>(2,529)</b>





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

	<b>CURRENT YEAR TO-DATE 30.09.2023 RM'000</b>	<b>PRECEDING YEAR TO-DATE 30.09.2022<sup>(1)</sup> RM'000</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of borrowings	69,207	32,857
Drawdown of lease liabilities	7,036	2,184
Interest paid	(1,572)	-
Interest received	279	-
Placement of sinking fund pledge	(1,172)	(1,164)
Proceeds from issuance of share capital, net of share issuance expenses	7,688	-
Repayment of lease liabilities	(4,720)	(5,322)
Repayment of borrowings	(65,295)	(27,874)
<b>Net cash from financing activities</b>	<b>11,451</b>	<b>681</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(5,311)	(20,219)
Brought forward	5,078	31,921
<b>Carried forward</b>	<b>(233)</b>	<b>11,702</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank overdraft	(10,229)	(3,530)
Cash and bank balances	10,386	6,144
Fixed deposits with licensed banks	9,289	17,934
	9,446	20,548
Less: Fixed deposits pledged	(5,949)	(6,884)
Less: Sinking fund pledged	(3,730)	(1,962)
	<b>(233)</b>	<b>11,702</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 2022 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 issued by Malaysia Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

### 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.

#### A.2.1 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 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
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current and 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

##### Amendments to MFRS effective 1 January 2024:-

Amendments to MFRS 16	Lease liability in sale and leaseback
Amendments to MFRS 101	Presentation of financial statements: Non-current liabilities with covenants

##### Amendments to MFRS – 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

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.



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

### **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 2022.

### **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 30.09.2023	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
<b>Revenue: -</b>				
External revenue	90,145	-	-	90,145
Inter-Segment revenue	842	-	(842)	-
	<u>90,987</u>	<u>-</u>	<u>(842)</u>	<u>90,145</u>
<b>Segment results<sup>(1)</sup></b>				
Amortisation of investment property				(44)
Depreciation of property, plant and equipment				(1,414)
Interest income				103
Interest expenses				(813)
Unallocated income				423
Unallocated expenses				(98,132)
Segment loss				<u>(9,732)</u>

Financial year-to-date ended 30.09.2023	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
<b>Revenue: -</b>				
External revenue	260,774	-	-	260,774
Inter-Segment revenue	900	-	(900)	-
	<u>261,674</u>	<u>-</u>	<u>(900)</u>	<u>260,774</u>
<b>Segment results<sup>(1)</sup></b>				
Amortisation of investment property				(133)
Depreciation of property, plant and equipment				(3,754)
Interest income				332
Interest expenses				(2,020)
Unallocated income				1,073
Unallocated expenses				(274,361)
Tax expense				-
Segment loss				<u>(18,089)</u>

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

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

Financial quarter ended 30.09.2022	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
<b>Revenue: -</b>				
External revenue	69,452	-	-	69,452
Inter-Segment revenue	89	-	(89)	-
	<u>69,541</u>	<u>-</u>	<u>(89)</u>	<u>69,452</u>

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

Amortisation of investment property				(72)
Depreciation of property, plant and equipment				(1,275)
Interest income				92
Interest expenses				(386)
Unallocated income				166
Unallocated expenses				(67,902)
Tax expense				-
Segment profit				<u>75</u>

Financial year-to-date ended 30.09.2022	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
<b>Revenue: -</b>				
External revenue	176,779	-	-	176,779
Inter-Segment revenue	6,458	-	(6,458)	-
	<u>183,237</u>	<u>-</u>	<u>(6,458)</u>	<u>176,779</u>

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

Amortisation of investment property				(127)
Depreciation of property, plant and equipment				(3,854)
Interest income				366
Interest expenses				(1,113)
Unallocated income				722
Unallocated expenses				(176,501)
Tax expense				-
Segment loss				<u>(3,728)</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 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**

On 26 July 2023, in a non-related party transaction, the Company entered into a Share Sale Agreement with Lee Han Woon to dispose 510,000 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 RM489,615.00. The above acquisition was deemed completed on the same day and QESB ceased to be 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 30.09.2023 RM'000</b>	<b>Audited 31.12.2022 RM'000</b>
Performance bonds for construction projects	22,340	22,175
Corporate guarantees for construction projects	42,859	42,859

### **A14. Related Party Transactions**

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.09.2023 RM'000</b>	<b>30.09.2022 RM'000</b>	<b>30.09.2023 RM'000</b>	<b>30.09.2022 RM'000</b>
Rental expenses paid to the companies in which Directors have interests	59	59	176	176



## **B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

### **B1. Review of Group Performance**

#### **a) Results for current quarter**

The Group registered a revenue of RM90.15 million for the current quarter under review. This was an increase of 29.8% year-on-year (“YoY”) from RM69.45 million in the prior year. The growth primarily resulted from:

- Higher progress billings from our on-going projects - J. Satine, Vista Sentul, M Arisa, Tropicana Miyu, IOI Moxy Putrajaya and Helix2 - on the back of more advanced stage of construction.
- Commencement of the construction of a sales gallery in Subang Jaya, Selangor.

However, the top-line improvement was not translated to the bottom-line due to elevated raw material costs caused by supply chain disruptions arising from the aftereffects of the pandemic. For the current quarter under review, the Group posted a net loss of RM9.73 million as compared to a net profit of RM0.08 million in the previous year corresponding quarter.

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

Cumulatively, the Group’s revenue rose 47.5% YoY to RM260.77 million for the 9-month period ended 30 September 2023 from RM176.78 million a year ago. Similarly, this was chiefly attributed to higher progress billings from our on-going projects and commencement of the new project.

Bottom-line performance was affected by the abovementioned factors that led to a net loss of RM18.09 million for the period under review vis-à-vis RM3.73 million in the previous year corresponding period.

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

Sequentially, the Group reported a revenue of RM90.15 million for the quarter under review as compared to RM77.32 million in the immediate preceding quarter. This was a quarter-on-quarter (“QoQ”) rise of 16.6% mainly driven by higher progress billings from on-going projects along with commencement of the new project. Bottom-line, however, remains affected by the aforementioned factor as well as lower profitability from ongoing projects that are still in relatively early stage.

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

Uncertainties in the global economy are expected to sustain going forward, which continue to burden the challenging business operating landscape. Therefore, the headwinds in the construction industry are anticipated to prevail on top of elevated labour and raw material costs.

Against this backdrop, we are upholding our cautious approach. Tackling the ongoing challenges effectively remains our top priority. We are committed to navigating these difficulties while ensuring quality execution and timely delivery of all our projects.

On a more positive note, our team is actively pursuing tenders for new projects in residential and commercial buildings, infrastructure and institutional building construction. This is in anticipation of an increase in project rollouts across both public and private sectors.

Overall, we maintain a prudent stance in response to the taxing environment as we move forward.

## 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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Current year	-	-	-	-
Effective tax rate (%)	-	-	-	-
Statutory tax rate (%)	-	-	-	-

The effective tax rate for the current quarter and financial year-to-date ended 30 June 2023 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 14 July 2023, the Company announced to undertake a private placement of up to 10% of the total number of issued shares of TCS ("TCS Share(s)" or "Share(s)") 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 ("Act") ("Proposed Private Placement").

As at the date of this report, the Company has completed two tranches of the Private Placement involving issuance of 20,000,000 new TCS Shares, at an issue price of RM0.1994 and 19,000,000 new TCS Shares, at an issue price of RM0.1998, raising a total proceeds of RM7.78 million.

### B7. Utilisation of Proceeds Raised

#### Private Placement

The status of the utilisation arising from the total gross proceeds of RM7.78 million raised from the first and second tranches of the 10% 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	7,741	7,613	(128)	-	Within 24 months
Estimated listing expenses	43	171	128	-	Upon receipts of placement funds
<b>Total</b>	<b>7,784</b>	<b>7,784</b>	<b>-</b>	<b>-</b>	



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

### **B8. Borrowings**

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

	<b>Unaudited 30.09.2023 RM'000</b>	<b>Audited 31.12.2022 RM'000</b>
<b>Non-current:</b>		
Borrowings	25,870	4,747
Lease liabilities	7,859	9,574
	<u>33,729</u>	<u>14,321</u>
<b>Current:</b>		
Borrowings	100	23,983
Lease liabilities	4,447	5,243
	<u>4,547</u>	<u>29,226</u>
<b>Total</b>	<u>38,276</u>	<u>43,547</u>

All the borrowings are secured and denominated in Ringgit Malaysia.



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

### **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 ("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.

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.

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

### **B9. Material Litigation (Cont'd)**

#### Adjudication Proceeding (Cont'd)

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)

### B9. 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. Trial has been fixed for 15 July 2024 - 18 July 2024 and 7 October 2024 - 10 October 2024.

## **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**

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
Loss attributable to owners of the Company (RM'000)	(9,708)	85	(18,065)	(3,718)
Weighted average number of shares ('000)	429,000	390,000	429,000	390,000
Basic EPS (sen) <sup>(1)</sup>	(2.26)	0.02	(4.21)	(0.95)

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

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
Loss attributable to owners of the Company (RM'000)	(9,708)	85	(18,065)	(3,718)
Weighted average number of shares ('000)	429,000	390,000	429,000	390,000
Diluted EPS (sen) <sup>(2)</sup>	(2.26)	0.02	(4.21)	(0.95)

#### **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 or Loss and Other Comprehensive Income**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(103)	(92)	(332)	(386)
Interest expenses	813	386	2,020	1,113
Amortisation of investment property	44	72	133	127
Depreciation of property, plant and equipment	1,414	1,275	3,754	3,854

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 2023.

By order of the Board of Directors  
Tan Tong Lang (MAICSA 7045482/ SSM PC No. 202208000250)  
Ang Wee Min (MAICSA 7076022/ SSM PC No. 202208000334)  
30 November 2023  
Company Secretaries