

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	Note	<--- Individual Quarter --->		<--- Cumulative Quarter --->	
		Current year quarter 31.12.2023 RM'000	Preceding year quarter 31.12.2022 RM'000	Current year-to-date 31.12.2023 RM'000	Preceding year-to-date 31.12.2022 RM'000
Revenue	A9	20,216	18,944	42,256	44,334
Cost of sales		(14,703)	(13,232)	(29,319)	(29,440)
Gross profit		5,513	5,712	12,937	14,894
Finance income		471	102	903	185
Other income	B5	27	4	44	29
Selling and distribution expenses		(159)	(167)	(255)	(248)
Administrative expenses		(3,404)	(3,018)	(6,418)	(5,980)
Finance costs		(38)	(89)	(80)	(201)
Profit before taxation	B15	2,410	2,544	7,131	8,679
Tax expense	B6	(580)	(566)	(1,680)	(1,991)
Profit for the financial period		1,830	1,978	5,451	6,688
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial period		1,830	1,978	5,451	6,688
Profit attributable to:					
Owners of the Company		1,830	1,978	5,451	6,688
Non-controlling interests		-	-	-	-
		1,830	1,978	5,451	6,688
Total comprehensive income attributable to:					
Owners of the Company		1,830	1,978	5,451	6,688
Non-controlling interests		-	-	-	-
		1,830	1,978	5,451	6,688
Earnings per ordinary share attributable to owners of the Company:					
- Basic earnings per share (sen) ⁽²⁾	B14	0.38	0.75	1.14	2.53
- Diluted earnings per share (sen) ⁽³⁾	B14	0.38	0.75	1.14	2.53

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Company's Annual Report 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share ("**EPS**") is calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares of 479,250,575 ordinary shares in DS Sigma ("**Share(s)**") in issue as at 31 December 2023.
- (3) The diluted EPS of the Company is equivalent to the basic EPS as the Company does not have any dilutive instruments as at the end of the financial period.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023⁽¹⁾

		(Unaudited) As at 31.12.2023 RM'000	(Audited) As at 30.06.2023 RM'000
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		29,057	29,173
TOTAL NON-CURRENT ASSETS		29,057	29,173
CURRENT ASSETS			
Inventories		1,721	1,737
Trade receivables		14,408	11,762
Other receivables		2,980	1,442
Fixed deposits with a licensed bank		26,000	5,000
Short term investment		14,310	9,122
Cash and bank balances		35,718	66,326
Tax recoverable		-	196
TOTAL CURRENT ASSETS		95,137	95,585
TOTAL ASSETS		124,194	124,758
EQUITY AND LIABILITIES			
EQUITY			
Share capital		77,550	77,550
Merger deficit		(26,462)	(26,462)
Retained earnings		57,605	55,754
TOTAL EQUITY		108,693	106,842
NON-CURRENT LIABILITIES			
Lease liabilities	B9	1,923	2,476
Borrowings	B9	1,583	4,533
Deferred tax liabilities		1,787	1,787
TOTAL NON-CURRENT LIABILITIES		5,293	8,796
CURRENT LIABILITIES			
Trade payables		5,911	5,276
Other payables		1,507	1,758
Lease liabilities	B9	1,103	1,112
Borrowings	B9	412	285
Tax payable		1,275	689
TOTAL CURRENT LIABILITIES		10,208	9,120
TOTAL LIABILITIES		15,501	17,916
TOTAL EQUITY AND LIABILITIES		124,194	124,758
Net assets per share (RM) ⁽²⁾		0.23	0.22

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Company's Annual Report 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the net assets divided by the number of ordinary shares of 480,000,000 Shares in issue.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	<-----Attributable to owners of the parent ----->			<-----Non-distributable----->		
			Distributable			
	Share capital RM'000	Merger deficit RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total Equity RM'000
As at 1 July 2023	77,550	(26,462)	55,754	106,842	-	106,842
Transaction with owners of the Group:						
- Dividends	-	-	(3,600)	(3,600)	-	(3,600)
Total comprehensive income for the financial period	-	-	5,451	5,451	-	5,451
As at 31 December 2023	77,550	(26,462)	57,605	108,693	-	108,693
As at 1 July 2022	2,700	-	44,776	47,476	2,814	50,290
Transaction with owners of the Group:						
- Issuance of ordinary shares pursuant to the acquisition of the subsidiaries	29,162	-	-	29,162	-	29,162
- Acquisition of subsidiaries	(2,700)	(26,462)	2,814	(26,348)	(2,814)	(29,162)
Total comprehensive income for the financial period	-	-	6,688	6,688	-	6,688
As at 31 December 2022	29,162	(26,462)	54,278	56,978	-	56,978

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Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Company's Annual Report 2023 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	Current year-to-date 31.12.2023 RM'000	Preceding year-to-date 31.12.2022 RM'000
Cash Flows From Operating Activities		
Profit before taxation	7,131	8,679
Adjustments for:-		
Depreciation of property, plant and equipment	1,581	1,308
Gain on disposal of property, plant and equipment	-	(17)
Distribution income from short term investment	(44)	*
Finance income	(859)	(185)
Finance cost	80	201
Operating profit before working capital changes	7,889	9,986
Changes in working capital:-		
Inventories	16	553
Receivables	(4,184)	4,770
Payables	384	(4,813)
Cash generated from operations	4,105	10,496
Interest received	859	185
Interest paid	(80)	(201)
Tax paid	(1,143)	(2,212)
Tax refunded	245	-
Net cash generated from operating activities	3,986	8,268
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(1,465)	(2,933)
Proceeds from disposal of property, plant and equipment	-	32
Placement of fixed deposit more than 3 months	(21,000)	(9,000)
Distribution received from short term investment	44	*
Net cash used in investing activities	(22,421)	(11,901)
Cash Flows From Financing Activities		
Repayment of bank borrowings	(2,823)	(378)
Repayment of lease liabilities	(562)	(681)
Dividend paid	(3,600)	-
Net cash used in financing activities	(6,985)	(1,059)
Cash and cash equivalents		
Net changes	(25,420)	(4,692)
At the beginning of the period	75,448	31,021
At the end of the period	50,028	26,329

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	Current year-to-date 31.12.2023 RM'000	Preceding year-to-date 31.12.2022 RM'000
Cash and cash equivalent at the end of the financial period comprised:		
Cash and bank balances	35,718	23,314
Fixed deposits with licensed bank	26,000	9,000
Short term investment	14,310	3,015
	<u>76,028</u>	<u>35,329</u>
Less: Fixed deposit more than 3 months	(26,000)	(9,000)
	<u>50,028</u>	<u>26,329</u>

Note:

* - Negligible

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Company's Annual Report 2023 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial statements of DS Sigma and its subsidiaries ("**Group**") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("**MFRS**") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards ("**MASB**") and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Annual Report 2023 and the accompanying notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Annual Report 2023. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the audited financial statements for the financial year ended 30 June 2023 as disclosed in the Annual Report 2023 except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

Adoption of new and amended standards

During the financial period, the Group has adopted the following amendments for MFRSs issued by MASB that are mandatory for current financial period.

- *MFRS 17 and amendments to MFRS 17 – Insurance contracts
- *Amendments to MFRS 17 – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- 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 112 – Income Taxes – International Tax Reform: Pillar Two model Rules

Adoption of the above standards and interpretations did not have any material impact to the financial statements of the Group.

** Not applicable to the Group's operations*

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

A2. Significant Accounting Policies (cont'd)

Standards issued but not yet effective

At the date of authorisation for issue of this interim financial report, the new and revised standards and amendments, which were in issue but not yet effective and have not been early adopted by the Group are as follow:-

Standards	Effective dates for financial period beginning on and after
*Amendments to MFRS 16	1 January 2024
Amendments to MFRS 101	1 January 2024
MFRS 10 and 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Directors anticipate that the abovementioned standards and amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these standards and amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

** Not applicable to the Group's operations*

A3. Auditors' report of preceding annual audited financial statements

The audited financial statements of the Group for the financial year ended 30 June 2023 was not subject to any qualification.

A4. Seasonal or cyclical factors

The Group's operations are not significantly affected by seasonal or cyclical effects, albeit experiencing higher sales between July and October as our customers increase orders in conjunction with year-end and festive season sales. Generally, the Group's sales at the end of the year in the month of November and December would decrease.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no extraordinary and exceptional items of unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review and year-to-date.

A6. Changes in estimates

There were no material changes in the estimates that have a material effect to the Group during the current quarter under review and year-to-date.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

A7. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A8. Dividends Paid

On 29 August 2023, the Board declared an interim single tier dividend of 0.75 sen per ordinary share totalling RM3.60 million in respect of financial year ended 30 June 2023. The interim single tier dividend was paid on 30 October 2023 to the shareholders whose name appear in the Record of Depositors on 20 October 2023.

The total dividends declared for the financial year ended 30 June 2023 is 0.75 sen per ordinary share.

A9. Segmental information

The segmental information based on the business segments and geographical location are as follows:-

(a) Analysis of revenue by business segments

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current year quarter	Preceding year quarter	Current year-to-date	Preceding year-to-date
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Manufacture of corrugated paper packaging products	16,921	15,732	34,022	35,908
Supply of protective packaging products	3,295	3,212	8,234	8,426
Total	20,216	18,944	42,256	44,334

(b) Analysis of revenue by geographical location

The Group's business is operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

There were no significant events subsequent to the end of the current quarter under review.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

A12. Changes in the composition of the Group

There were no changes to the composition of the Group during the current financial quarter under review.

A13. Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets in the Group since the end of the last reporting period as at 31 December 2023.

A14. Capital commitments

As at 31.12.2023
RM'000

Approved but not contracted for

- Expansion of operational facilities	1,200
- Purchase of new machinery and equipment	12,067
	13,267

Approved and contracted for

- Acquisition of vacant industrial land	10,977
- Purchase of new machinery and equipment	2,886
	13,863

Save as disclosed above, there were no other material capital commitments of the Group as at 31 December 2023.

A15. Related party transactions

Save as disclosed below, there were no other significant related party transactions during the current quarter and year-to-date under review:

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current	Preceding	Current	Preceding
	year quarter	year quarter	year-to-date	year-to-date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Related companies				
Rental of premises	18	18	36	36
Provision of transport services	37	29	86	125
Purchase of goods	-	-	-	32
Related parties				
Rental of premises	123	123	246	246

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B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance – Comparison with previous year's corresponding quarter and financial year-to-date

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current	Preceding	Current	Preceding
	year quarter	year quarter	year-to-date	year-to-date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	20,216	18,944	42,256	44,334
Gross profit	5,513	5,712	12,937	14,894
Profit before tax	2,410	2,544	7,131	8,679
Profit after tax	1,830	1,978	5,451	6,688

The Group recorded revenue of RM20.22 million for the current financial quarter and RM42.26 million for the year-to-date ended 31 December 2023 which represented an increase of RM1.28 million or 6.76% as compared to the recorded revenue of RM18.94 million for the preceding year corresponding quarter and a decrease of RM2.08 million or 4.69% as compared to the year-to-date ended 31 December 2022.

The Group's revenue was principally derived from the manufacturing segment which contributed RM16.92 million or 83.70% of the total revenue for the current financial quarter and RM34.02 million or 80.51% for the year-to-date ended 31 December 2023. This represented an increase in the revenue contribution from the manufacturing segment of 0.79% as compared to the preceding year corresponding quarter and a decrease of 0.59% for the year-to-date ended 31 December 2022 mainly due to the different product mix of the demand from our customers in the electronic product sector. The Group's revenue was mainly driven by the sales of corrugated cartons and paper pallets in the electrical and electronic product sector.

The Group recorded a profit before tax of RM2.41 million for the current financial quarter and RM7.13 million for the year-to-date ended 31 December 2023 which represented a decrease of RM0.13 million or 5.27% as compared to the preceding year corresponding quarter and a decrease of RM1.55 million or 17.84% as compared to the corresponding year-to-date ended 31 December 2022 as a result of the decrease in profit margins for the current financial quarter.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

B2. Comparison with immediate preceding quarter's results

	<----- Quarter Ended ----->		<----- Changes ----->	
	31.12.2023	30.09.2023		
	RM'000	RM'000	RM'000	%
Revenue	20,216	22,040	(1,824)	(8.28)
Profit before tax	2,410	4,721	(2,311)	(48.95)

The Group's revenue for the current financial quarter has decreased by RM1.82 million or 8.28% to RM20.22 million as compared to the immediate preceding quarter mainly due to the lower demand of packaging products in the electrical and electronic product sector.

The Group recorded a profit before tax of RM2.41 million in the current financial quarter, representing a decrease of RM2.31 million or 48.95% as compared to profit before tax of RM4.72 million in the immediate preceding financial quarter ended 30 September 2023 mainly due to lower gross profit margins and higher administrative expenses.

B3. Prospects of the Group

The Group plans to expand its operational facilities and in conjunction with the expansion plan, the Group has entered into a sale and purchase agreement to acquire a parcel of vacant industrial land measuring approximately 4 acres located at UMW High Value Manufacturing Park in Serendah, which will be used to establish a new factory to cater to the demand of a new customer from the solar photovoltaic industry in the nearby vicinity.

Besides this, the Group plans to acquire new machinery in order to automate parts of its production lines as well as introducing new products such as honeycomb board. The Group also plans to acquire 6-colour flexographic printing machine to print more vibrant colour of images on corrugated cartons as compared to existing 3-colour flexographic printing machine.

Furthermore, the Group has set up a packaging design and innovative centre to facilitate the Group's front-end value-added services such as packaging design and space optimisation. The newly set up packaging design and innovation centre is equipped with capabilities to provide packaging testing services and as such, the Group is able to increase its value offering to customers through value engineering their products to create significant value to their supply chain management as well as achieve their sustainability goals. Moving forward, the Group plans to expand its target markets to serve customers in the solar photovoltaic industry and medical devices industry as currently the Group mainly serves customers in the consumer durable electronic goods of the E&E industry.

According to Malaysian Investment Development Authority ("**MIDA**"), Malaysia recorded an impressive RM44.9 billion in approved investments in the manufacturing sector between January and June 2023 with RM10.9 billion from the E&E industry. This is in line with an anticipated 2024 demand recovery as projected by the World Semiconductor Trade Statistics ("**WSTS**") Forecast of Global Semiconductor Sales. Following this, the Group will continue to focus on growing its customer base by catering to its existing customers as well as expanding into new industries.

Based on the above, the Board of Directors ("**Board**") is optimistic of the Group's future prospects and expects the Group's expansion plans to contribute positively to its financial performance in the future.

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B4. Variance of actual profits from forecast profits

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5. Other income

	<---- Individual Quarter ---->		<--- Cumulative Quarter --->	
	Current year quarter 31.12.2023 RM'000	Preceding year quarter 31.12.2022 RM'000	Current year-to-date 31.12.2023 RM'000	Preceding year-to-date 31.12.2022 RM'000
Waste paper	27	4	44	12
Gain on disposal of property, plant and equipment	-	-	-	17
Total	27	4	44	29

B6. Tax expense

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current year quarter 31.12.2023 RM'000	Preceding year quarter 31.12.2022 RM'000	Current year-to-date 31.12.2023 RM'000	Preceding year-to-date 31.12.2022 RM'000
Current tax expense	580	566	1,680	1,991
Effective tax rate (%) ⁽¹⁾	24.07	22.25	23.56	22.94
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Note:

- (1) The Group's effective tax rate for the current year quarter is higher than the statutory income tax rate due mainly to certain expenses incurred which are not deductible for tax purposes whereas the Group's effective tax rate for the preceding year corresponding quarter is lower than the statutory income tax rate mainly due to a subsidiary is being taxed at 17% rate on the first RM600,000.

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B7. Status of corporate proposals

On 29 December 2023, the Company had announced that Dai Suwon Packaging Sdn Bhd, a wholly-owned subsidiary of Company had entered into a sale and purchase agreement with UMW Development Sdn Bhd for the acquisition of a plot of vacant leasehold industrial land measuring approximately 4 acres (located within Precinct 5B, Northern Zone of the UMW High Value Manufacturing Park) for a cash consideration of RM12,196,800.00.

In addition, the Company proposes to undertake a proposed variation and extension of timeframe for the utilisation of proceeds raised from the public issues under the initial public offering of the Company which was completed on 6 January 2023 ("**Proposed Variation**"). As at 31 December 2023, the Proposed Variation is still pending approval from the shareholders of the Company at the forthcoming extraordinary general meeting of the Company.

Save for the acquisition of vacant leasehold industrial land and variation and extension of timeframe for the utilisation of proceeds raised from the public issue under the initial public offering of the Company, the Group does not have any corporate exercises which have been announced and pending completion.

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B8. Utilisation of proceeds

On 29 December 2023, the Company announced its intention to vary and extend the utilisation of proceeds raised from the public issues under the IPO exercise in conjunction with the listing of and quotation of its shares on the ACE Market of Bursa Malaysia Securities Berhad on 6 January 2023. The Company has raised gross proceeds of approximately RM50.15 million from its IPO.

The details of the variation of the IPO proceeds are as set out below:

No.	Purpose	Original use of IPO proceeds RM'000	Actual utilisation as at 31.12.2023 RM'000	Balance of IPO proceeds unutilised RM'000	Proposed variation RM'000	Revised utilisation after the Proposed Variation RM'000	Original timeframe for utilisation (from the listing date)	Revised timeframe for utilisation (from the listing date)
(a)	Expansion of operational facilities	17,200	-	17,200	(16,000)	1,200	Within 24 months	Within 30 months
(b)	Purchase of new machinery and equipment	16,000	1,047	14,953	-	14,953	Within 24 months	Within 30 months
(c)	Establish packaging design and innovation centre	1,140	1,140	-	-	-	Within 24 months	Not applicable
(d)	Repayment of bank borrowings	6,000	6,000	-	-	-	Within 12 months	Not applicable
(e)	Working capital	5,409	5,409	-	-	-	Within 12 months	Not applicable
(f)	Estimated listing expenses	4,400	4,400	-	-	-	Within 3 months	Not applicable
(g)	Acquisition of vacant industrial land	-	-	-	10,000	10,000	-	Within 48 months
(h)	Construction of Serendah Factory	-	-	-	6,000	6,000	-	Within 48 months
	Total	50,149	17,996	32,153	-	32,153		

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 December 2022 and announcement made on Bursa Malaysia Securities Berhad on 29 December 2023. As at 31 December 2023, the Proposed Variation is still pending approval from the shareholders of the Company at the forthcoming extraordinary general meeting of the Company.

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B9. Lease liabilities and borrowings

The Group's lease liabilities and borrowings were as follows:-

	(Unaudited) As at 31.12.2023 RM'000	(Audited) As at 30.06.2023 RM'000
Current liabilities		
<u>Secured and guaranteed</u>		
Term loans	412	285
Lease liabilities	590	609
<u>Secured but not guaranteed</u>		
Lease liabilities	513	503
	<u>1,515</u>	<u>1,397</u>
Non-current liabilities		
<u>Secured and guaranteed</u>		
Term loans	1,583	4,533
Lease liabilities	577	871
<u>Secured but not guaranteed</u>		
Lease liabilities	1,346	1,605
	<u>3,506</u>	<u>7,009</u>
Total lease liabilities & borrowings	<u>5,021</u>	<u>8,406</u>

All the Group's borrowings are denominated in RM and interest-bearing.

B10. Derivative financial instruments

As at the 31 December 2023, the Group does not have any derivative financial instruments.

B11. Fair value of financial liabilities

There was no gain or loss arising from fair value changes of financial liabilities for the current quarter under review and year-to-date as the Group did not have any financial liabilities measured at fair value.

B12. Material litigation

As at the date of this report, the Group is not involved in any litigations or arbitrations either as a defendant or plaintiff and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

B13. Dividends Proposed

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

B14. Earnings per share

The basic and diluted earnings per share for the current quarter and financial period is calculated as follows:-

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Current year quarter 31.12.2023	Preceding year quarter 31.12.2022	Current year-to-date 31.12.2023	Preceding year-to-date 31.12.2022
Profit attributable to owners of the Company (RM'000)	1,830	1,978	5,451	6,688
Weighted average number of ordinary shares in issue ('000)	479,251	264,144	479,251	264,144
Basic earnings per share (sen) ⁽¹⁾	0.38	0.75	1.14	2.53
Diluted earnings per share (sen) ⁽²⁾	0.38	0.75	1.14	2.53

Notes:

- (1) Basic EPS is calculated based on the profits attributable to owners of the Company divided by the weighted average number of ordinary shares of 479,250,575 Shares as at 31 December 2023.
- (2) The diluted EPS of the Company is equivalent to the basic EPS as the Company does not have any dilutive instruments as at the end of the financial period.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

B15. Notes to the statement of profit or loss and other comprehensive income

Profit for the period was derived after taking into consideration of the following:-

	<-- Individual Quarter -->		<-- Cumulative Quarter-->	
	Current	Preceding	Current	Preceding
	year quarter	year quarter	year-to-date	year-to-date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
After (crediting)/ charging:				
Interest income	(471)	(102)	(903)	(185)
Other income	(27)	(4)	(44)	(29)
Finance costs	38	89	80	201
Depreciation of property, plant and equipment	802	673	1,581	1,308

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

BY ORDER OF THE BOARD
DS SIGMA HOLDINGS BERHAD
26 FEBRUARY 2023