



TCS GROUP HOLDINGS BERHAD

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

**Interim Financial Report
For Fourth Quarter Ended
31 December 2023**

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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	114,529	84,812	375,302	261,591
Cost of sales		<u>(123,248)</u>	<u>(79,151)</u>	<u>(392,644)</u>	<u>(250,729)</u>
Gross (loss) / profit		(8,355)	5,661	(16,977)	10,862
Other income		307	200	1,381	921
Administrative expenses		<u>(3,401)</u>	<u>(3,846)</u>	<u>(12,148)</u>	<u>(12,710)</u>
(Loss)/ Profit from operations		(11,813)	2,015	(28,109)	(927)
Finance income		92	121	424	487
Finance costs		(918)	(511)	(2,938)	(1,627)
Impairment on financial assets		<u>(1,073)</u>	<u>-</u>	<u>(1,073)</u>	<u>-</u>
(Loss)/Profit before tax	B12	(13,712)	1,625	(31,696)	(2,067)
Tax expense	B5	<u>(1,051)</u>	<u>(1,294)</u>	<u>(1,158)</u>	<u>(1,330)</u>
(Loss)/ Profit / Total Comprehensive (Expenses)/ Income for the financial period		<u>(14,763)</u>	<u>331</u>	<u>(32,854)</u>	<u>(3,397)</u>
(Loss)/ Profit / Total Comprehensive (Expenses)/ Income for the financial period after taxation attributable to:					
Owners of the Company		(14,749)	349	(32,822)	(3,378)
Non-controlling interest		<u>(14)</u>	<u>(18)</u>	<u>(32)</u>	<u>(19)</u>
		<u>(14,763)</u>	<u>331</u>	<u>(32,854)</u>	<u>(3,397)</u>



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
Loss Per Share					
Basic (sen)	B11	(3.44)	0.09	(7.65)	(0.87)
Diluted (sen)	B11	<u>(3.44)</u>	<u>0.09</u>	<u>(7.65)</u>	<u>(0.87)</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⁽¹⁾

	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,790	24,467
Investment property	6,028	6,205
Deferred tax assets	-	859
Fixed deposits with licensed banks	6,145	6,660
Cash and bank balances	4,004	2,558
	<u>47,967</u>	<u>40,749</u>
Current assets		
Trade receivables	119,747	122,882
Other receivables	8,372	5,525
Tax recoverable	1,471	1,036
Contract assets	64,397	37,789
Fixed deposits with licensed banks	1,180	8,396
Cash and bank balances	3,753	8,181
	<u>198,920</u>	<u>183,809</u>
Non-current assets classified as held for sale	-	1,629
TOTAL ASSETS	<u>246,887</u>	<u>226,187</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	66,164	58,475
Merger deficit	(24,065)	(24,065)
Retained earnings	14,966	47,788
Equity attributable to owners of the Company	<u>57,065</u>	<u>82,198</u>
Non-controlling interest	617	1,102
Total equity	<u>57,682</u>	<u>83,300</u>
Non-current liabilities		
Lease liabilities	11,619	4,747
Borrowings	8,012	9,573
	<u>19,631</u>	<u>14,320</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D) ⁽¹⁾

	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Current liabilities		
Trade payables	102,951	91,717
Other payables	31,245	2,611
Contract Liabilities	-	5,006
Lease liabilities	3,726	5,244
Amount Due to Director	2,000	-
Borrowings	19,814	23,983
Bank overdraft	9,838	-
Tax payable	-	6
Total current liabilities	<u>169,574</u>	<u>128,567</u>
Total liabilities	<u>189,205</u>	<u>142,887</u>
TOTAL EQUITY AND LIABILITIES	<u>246,887</u>	<u>226,187</u>
Number of issued shares ('000)	429,000	390,000
Net asset per share attributable to owner of the Company (RM)	<u>0.13</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⁽¹⁾

	<-----Attributable to owners of the Company----->					
	<----Non-Distributable---->		Distributable		Non-	Total
	Share	Merger	Retained	Total	controlling	Equity
	Capital	Deficit	Earnings		interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2022 (Audited)	58,476	(24,065)	47,788	82,199	1,102	83,301
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)
Balance as at 31.12.2022 (Audited)	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⁽¹⁾ (CONT'D)

	<-----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
Balance as at 31.12.2022 (Audited)	58,476	(24,065)	47,788	82,199	1,102	83,301
Total comprehensive loss for the financial period (Unaudited)	-	-	(32,822)	(32,822)	(32)	(32,854)
Transaction with owners:-						
Issue of shares	7,614	-	-	7,614	-	7,614
Disposal of subsidiary	(96)	-	-	(96)	(453)	(549)
Share issuance expenses	170	-	-	170	-	170
Total transaction with owners	7,688	-	-	7,688	(453)	7,235
Balance as at 31.12.2023 (Unaudited)	66,164	(24,065)	14,966	57,065	617	57,682

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⁽¹⁾

	CURRENT YEAR TO-DATE 31.12.2023 RM'000	PRECEDING YEAR TO-DATE 31.12.2022 ⁽¹⁾ RM'000
OPERATING ACTIVITIES		
Loss before tax	(32,854)	(2,067)
Adjustments for:-		
Amortisation of investment property	177	167
Bad debt written off	-	7
Depreciation of property, plant and equipment	5,368	5,020
Gain on disposal	(276)	(9)
Interest expense	2,938	1,627
Interest income	(424)	(487)
Impairment of financial assets	1,073	-
Impairment of goodwill	-	15
Gain on disposal of subsidiary	(17)	-
Operating (loss)/ profit before working capital changes	(24,015)	4,273
Changes in working capital:-		
Receivables	290	(41,797)
Contract assets/liabilities	(32,687)	(12,211)
Payables	39,877	25,739
Cash used in operations	(16,535)	(23,996)
Interest received	424	15
Interest paid	(2,938)	(138)
Tax refund/ (paid)	418	(3,788)
Net cash used in operating activities	(18,631)	(27,907)
INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	-	(228)
Interest received	-	306
Placement of sinking fund pledge	(1,446)	-
Purchase of property, plant and equipment	(12,741)	(1,344)
Proceeds from disposal of PPE	1,955	9
Amount used in disposal of subsidiary	(446)	-
Withdrawal of fixed deposit pledge	515	-
Net cash used in investing activities	(12,163)	(1,257)



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

	CURRENT YEAR TO-DATE 31.12.2023 RM'000	PRECEDING YEAR TO-DATE 31.12.2022 ⁽¹⁾ RM'000
FINANCING ACTIVITIES		
(Repayment)/ Drawdown of borrowings	(5,149)	11,755
Drawdown of lease liabilities	5,354	-
Interest paid	-	(1,489)
Interest received	-	167
(Placement)/withdrawal of sinking fund pledge	-	(1,760)
Proceeds from issuance of share capital, net of share issuance expenses	7,688	-
Subscription of additional equity interests in subsidiaries by non-controlling interests	-	245
Repayment of lease liabilities	-	(6,820)
Drawdown/ (Repayment) of borrowings	10,918	(597)
Withdrawal of fixed deposits pledge	-	820
Advances from directors	2,000	-
Net cash from financing activities	20,811	2,321
CASH AND CASH EQUIVALENTS		
Net changes	(9,983)	(26,843)
Brought forward	5,078	31,921
Carried forward	(4,905)	5,078
CASH AND CASH EQUIVALENTS		
Bank overdraft	(9,838)	(11,499)
Cash and bank balances	7,757	10,739
Fixed deposits with licensed banks	7,325	15,056
	5,244	14,296
Less: Fixed deposits pledged	(6,145)	(6,660)
Less: Sinking fund pledged	(4,004)	(2,558)
	(4,905)	5,078

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 2023.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements except for:-

Amendments to MFRS 101 - Presentation of financial statements: Disclosure of accounting policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant’ with material’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board has also developed guidance and examples to explain and demonstrate the application of the ‘four step materiality process’ described in MFRS Practice Statement 2.

The amendments have had an impact on the Group’s disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group’s 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.

Amendments to MFRSs effective for financial period beginning on or after 1 January 2024:-

Amendments to MFRS 16	Leases: Lease liability in a sale and leaseback
Amendments to MFRS 101	Presentation of financial statements: Non-current liabilities with covenants
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to MFRS 7* and MFRS 107*	Financial instruments – disclosures and statement of cash flows: Supplier finance arrangements

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

Amendments to MFRSs effective for financial period beginning on or after 1 January 2025:-

Amendments to MFRS 121	The effect of changes in foreign exchange rates: Lack of exchangeability
------------------------	--

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
-------------------------------------	---

* 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.

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 31.12.2023	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	114,529	-	-	114,529
Inter-Segment revenue	884	-	(884)	-
	<u>115,413</u>	<u>-</u>	<u>(884)</u>	<u>114,529</u>

Segment results⁽¹⁾

Amortisation of investment property				(44)
Depreciation of property, plant and equipment				(1,614)
Impairment of financial assets				(1,073)
Interest income				92
Interest expenses				(918)
Unallocated income				307
Unallocated expenses				(124,991)
Tax expense				(1,051)
Segment loss				<u>(14,763)</u>

Financial year-to-date ended 31.12.2023	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	375,302	-	-	375,302
Inter-Segment revenue	1,784	-	(1,784)	-
	<u>377,086</u>	<u>-</u>	<u>(1,784)</u>	<u>375,302</u>

Segment results⁽¹⁾

Amortisation of investment property				(177)
Depreciation of property, plant and equipment				(5,368)
Impairment of financial assets				(1,073)
Interest income				424
Interest expenses				(2,938)
Unallocated income				1,381
Unallocated expenses				(399,247)
Tax expense				(1,158)
Segment loss				<u>(32,854)</u>

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

A9. Segmental Reporting (cont'd)

Financial quarter ended 31.12.2022	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
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⁽¹⁾

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				<u>(1,294)</u>
Segment profit				<u>331</u>

Financial year-to-date ended 31.12.2022	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
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⁽¹⁾

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				(258,255)
Tax expense				<u>(1,330)</u>
Segment loss				<u>(3,397)</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 disposal 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. Financial guarantees

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

	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Performance bonds for construction projects	61,873	66,224

A14. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
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 posted a revenue of RM114.53 million for the quarter under review. This translates to a growth of 35.0% year-on-year (“YoY”) from RM84.81 million a year ago. The increase is due to higher progress billings on the back of more advanced stage of construction from our on-going projects - J. Satine, M Arisa, Tropicana Miyu, IOI Moxy Putrajaya, Helix2 and a sales gallery in Subang Jaya. Vista Sentul project was also completed during the year.

The top-line performance was not reflected at the bottom-line as a result of elevated raw material costs caused by supply chain disruptions arising from the aftereffects of the pandemic. This led to a net loss of RM14.76 million for the quarter under review versus a net profit of RM0.33 million in the prior year.

b) Results for financial year to-date

On a cumulative basis, the Group recorded a 43.5% YoY increase to RM375.30 million for the period under review as compared to RM261.59 million last year. Higher progress billings were the key driver of this improvement.

However, the bottom-line was impacted by the abovementioned factors. For the period ended 31 December 2023, the Group’s net loss is recorded at RM32.85 million as compared to a net loss of RM3.40 million in the previous year.

B2. Comparison with the Immediate Preceding Quarter Result

On a quarterly basis, the Group delivered a revenue of RM114.53 million for the current quarter under review as compared to RM90.15 million in the immediate preceding quarter. This represents a QoQ increase of 27.0% on the back of higher progress billings from on-going projects. Similarly, bottom-line performance continued to be affected by elevated raw material costs.

B3. Commentary on Prospects

Moving forward, the business operating conditions are expected to remain challenging as a result of the persistent global economic uncertainties. This, coupled with elevated labor and raw material costs, will likely prolong headwinds within the construction industry.

We remain focused on ensuring quality execution and timely delivery of all our projects as we maneuver through these headwinds. On a brighter note, our team continues to pursue tenders for new projects in residential and commercial buildings, infrastructure and institutional building construction.

All in all, we will continue to uphold our cautious approach given the demanding landscape.

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.

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

B5. Tax Expense

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current year	-	-	-	-
(Over-)/ Under-provision of tax in previous financial year	192	1,294	299	1,330
Deferred tax	859	-	859	-
	<u>1,051</u>	<u>1,294</u>	<u>1,158</u>	<u>1,330</u>
Effective tax rate (%)	N/A	N/A	N/A	N/A
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 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:

Private Placement

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.

Rights Issue with Warrants

On 26 December 2023, the Company announced to undertake the following:

- (i) a renounceable rights issue of up to 243,600,000 new ordinary shares in TCS ("TCS Shares" or "Shares") ("Rights Shares") at an issue price of RM0.12 per Rights Share on the basis of two Rights Shares for every five existing TCS Shares held by the ordinary shareholders of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, together with up to 146,160,000 free detachable warrants in the Company ("Warrants B") on the basis of three Warrants B for every five Rights Shares subscribed for ("Proposed Rights Issue with Warrants"); and
- (ii) an exemption under Rule 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia to Dato' Ir. Tee Chai Seng and persons acting in concert with him, from the obligation to undertake a mandatory offer for the remaining TCS Shares and Warrants B not already owned by them under the Proposed Rights Issue with Warrants ("Proposed Exemption")

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

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 RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance Unutilised RM'000	Estimated timeframe for utilisation from receipt of placement funds
Working capital for construction projects	7,741	7,613	(128)	-	Within 24 months Upon receipts of placement funds
Estimated listing expenses	43	171	128	-	
Total	7,784	7,784	-	-	

B8. Borrowings

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

	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Non-current:		
Borrowings	8,012	9,573
Lease liabilities	11,619	4,747
	<u>19,631</u>	<u>14,320</u>
Current:		
Borrowings	19,814	23,983
Lease liabilities	3,726	5,244
	<u>23,540</u>	<u>29,227</u>
Total	<u>43,171</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.

Pursuant to the High Court Order dated 12 January 2024 for Section 30 OS ("Section 30 Order"), the High Court has decided that:

- 1) KTCCMSB shall directly pay TCSCSB according to the Adjudication Decision dated 13 September 2022, namely:-
 - (a) Adjudicated amount of RM6,141,557.77;
 - (b) Costs of the adjudication proceedings and the Claimant's costs totalling RM 106,289.00; and
 - (c) Interests at the rate of 5% per annum on the adjudicated amount of RM6,141,557.77 from the date due of payment of the Claimant's Progress Claim No.17 (revision), ie. on 4.7.2020 until the date of full payment.

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

B9. Material Litigation (Cont'd)

Adjudication Proceeding (Cont'd)

2) KTCCMSB shall pay TCSCSB RM10,000.00 for costs, subject to allocator fee.

Pursuant to the High Court Order dated 12 January 2024 for Terengganu Suit, the High Court has dismissed Terengganu Suit, and ordered for KTCCMSB to pay TCSCSB RM10,000.00 for costs, subject to allocator fee.

On 22.1.2024, KTCCMSB has filed a Notice of Appeal against both High Court Orders dated 12.1.2024,

On 23.1.2024, KTCCMSB has filed a Notice of Application in the Section 30 OS suit for stay of execution of the Section 30 Order pending disposal of KTCCMSB's appeal in the Court of Appeal ("Stay of Execution Application").

On 26.1.2024, the High Court has allowed KTCCMSB's application for an interim stay of execution of the Section 30 Order 12.1.2024, pending disposal of KTCCMSB's Stay of Execution Application.

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.

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

B9. Material Litigation (Cont'd)

Legal Proceeding (Cont'd)

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.

B10. Proposed Dividend

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

B11. Basic and Diluted Earnings Per Share

The basic/diluted earnings per share ("EPS") for the current quarter and financial year-to-date are computed as follows:

(a) Basic

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Loss attributable to owners of the Company (RM'000)	(14,749)	349	(32,822)	(3,378)
Weighted average number of shares ('000)	429,000	390,000	429,000	390,000
Basic EPS (sen) ⁽¹⁾	(3.44)	0.09	(7.65)	(0.87)

(b) Diluted

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Loss attributable to owners of the Company (RM'000)	(14,749)	349	(32,822)	(3,378)
Weighted average number of shares ('000)	429,000	390,000	429,000	390,000
Diluted EPS (sen) ⁽²⁾	(3.44)	0.09	(7.65)	(0.87)

Notes:

- (1) The basic earnings per share is computed based on profit/ (loss) 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/ (loss) 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(92)	(121)	(424)	(487)
Interest expenses	918	511	2,938	1,624
Impairment of financial assets	1,073	-	1,073	-
Amortisation of investment property	44	40	177	167
Depreciation of property, plant and equipment	1,614	1,167	5,368	5,020

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 28 February 2024.

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)
28 February 2024
Company Secretaries