



TCS GROUP HOLDINGS BERHAD

(Registration No. 201901004613 (1313940-W))

(Incorporated in Malaysia)

**Interim Financial Report
For Fourth Quarter Ended
31 December 2021**



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	54,848	65,342	204,048	242,643
Cost of sales		(54,343)	(54,099)	(184,343)	(200,877)
Gross profit		505	11,243	19,705	41,766
Other income		288	68	506	195
Administrative expenses		(3,329)	(3,808)	(12,500)	(18,393)
Profit from operations		(2,536)	7,503	7,711	23,568
Finance income		157	177	547	542
Finance costs		(228)	(234)	(908)	(963)
Impairment on Financial Assets		(4,135)	-	(4,135)	-
Profit before tax	B12	(6,742)	7,446	3,215	23,147
Tax expense	B5	2,055	(2,445)	(743)	(6,978)
Profit/Total comprehensive income for the financial year		(4,687)	5,001	2,472	16,169
Profit//Total comprehensive income for the financial year after taxation attributable to:					
Owners of the Company		(4,681)	5,003	2,487	16,172
Non-controlling interest		(6)	(2)	(15)	(3)
		(4,687)	5,001	2,472	16,169



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

	NOTE	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
Earnings Per Share					
Basic (sen)	B11	(1.27)	1.39	0.67	4.49
Diluted (sen)	B11	(1.23)	N/A	0.61	N/A

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 2020 and the accompanying explanatory notes attached to this interim financial report.
- N/A Not Applicable



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited 31.12.2021 RM'000	Audited 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,392	25,945
Investment property	3,568	2,119
Deferred tax assets	628	541
Fixed deposits with licensed banks	7,480	11,139
Cash and bank balances	798	937
	<u>42,866</u>	<u>40,681</u>
Current assets		
Trade receivables	79,281	59,461
Other receivables	5,080	6,566
Contract assets	20,573	25,279
Fixed deposits with licensed banks	28,011	7,201
Cash and bank balances	5,589	40,904
	<u>138,534</u>	<u>139,411</u>
TOTAL ASSETS	<u>181,400</u>	<u>180,092</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	58,476	46,176
Merger deficit	(24,065)	(24,065)
Retained earnings	51,166	52,279
Equity attributable to owners of the Company	<u>85,577</u>	<u>74,390</u>
Non-controlling interest	644	397
Total equity	<u>86,221</u>	<u>74,787</u>
Non-current liabilities		
Lease liabilities	8,105	5,251
Borrowings	10,314	9,630
	<u>18,419</u>	<u>14,881</u>
Current liabilities		
Trade payables	59,316	55,601
Other payables	9,139	10,057
Contract liabilities	2	13,318
Lease liabilities	6,521	5,411
Borrowings	585	1,372
Tax payable	1,197	4,665
	<u>76,760</u>	<u>90,424</u>
Total liabilities	<u>95,179</u>	<u>105,305</u>
TOTAL EQUITY AND LIABILITIES	<u>181,400</u>	<u>180,092</u>
Number of issued shares ('000)	390,000	360,000
Net asset per share attributable to owner of the Company (RM)	<u>0.22</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 2020 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-controlling interest	Total Equity
	Share Capital	Merger Deficit	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2019 (Audited)	26,244	(24,065)	39,707	41,886	-	41,886
Total comprehensive income for the financial year	-	-	16,172	16,172	(3)	16,169
Transaction with owners:						
Issue of shares	20,700	-	-	20,700	-	20,700
Newly incorporated subsidiary	-	-	-	-	400	400
Dividend paid	-	-	(3,600)	(3,600)	-	(3,600)
Shares issuance expenses	(768)	-	-	(768)	-	(768)
Balance as at 31.12.2020 (Audited)	46,176	(24,065)	52,279	74,390	397	74,787

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 2020 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-controlling interest	Total Equity
	Share Capital	Merger Deficit	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31.12.2020 (Audited)	46,176	(24,065)	52,279	74,390	397	74,787
Total comprehensive income for the financial year (Unaudited)	-	-	2,487	2,487	(15)	2,472
Transaction with owners:						
Issue of shares	12,300	-	-	12,300	-	12,300
Newly incorporated subsidiary	-	-	-	-	262	262
Dividend paid	-	-	(3,600)	(3,600)	-	(3,600)
Balance as at 31.12.2021 (Unaudited)	58,476	(24,065)	51,166	85,577	644	86,221

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 2020 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	31.12.2021	31.12.2020⁽¹⁾
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	3,215	23,147
Adjustments for:-		
Impairment of financial assets	4,135	-
Depreciation of property, plant and equipment	6,096	6,004
Amortisation of investment property	76	121
Gain on disposal	(9)	-
Interest expense	908	963
Interest income	(547)	(542)
Operating profit before working capital changes	<u>13,874</u>	<u>29,693</u>
Changes in working capital:-		
Receivables	(22,470)	25,545
Contract assets/liabilities	(8,610)	(38,986)
Payables	<u>2,797</u>	<u>1,937</u>
Cash (used in)/generated from operations	(14,409)	18,189
Interest received	547	542
Interest paid	(908)	(963)
Tax paid	(4,298)	(6,200)
Net cash (used in)/generated from operating activities	<u>(19,068)</u>	<u>11,568</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment ("PPE")	(12,066)	(7,792)
Withdrawal/(Placement) of fixed deposits pledged	3,658	1,271
Withdrawal/(Placement) of sinking fund pledged	139	(214)
Proceeds from disposal of PPE	9	-
Newly incorporated subsidiary	<u>262</u>	<u>400</u>
Net cash (used in)/generated from investing activities	<u>(7,998)</u>	<u>(6335)</u>



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

	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	31.12.2021	31.12.2020
	RM'000	RM'000
FINANCING ACTIVITIES		
Dividend paid	(3,600)	(3,600)
Drawdown of lease liabilities	9,317	6,607
Repayment of lease liabilities	(5,353)	(5,024)
Drawdown of term loans	189	1,529
Repayment of term loans	(292)	(175)
Proceed from issuance of share capital, net of share Issuance expenses	12,300	19,932
Repayment to a Director	-	(2)
Net cash from financing activities	12,561	19,267
CASH AND CASH EQUIVALENTS		
Net changes	(14,505)	24,500
Brought forward	48,105	15,020
Carried forward	33,600	39,520
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	35,491	31,408
Cash and bank balances	6,387	20,187
	41,878	51,595
Less: Fixed deposits pledged	(7,480)	(11,138)
Less: Sinking fund pledged	(798)	(937)
	33,600	39,520

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 2020 and the accompanying explanatory notes attached to the interim financial report.



A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report of TCS Group Holdings Berhad (“TCS” or “Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the preparation of the interim financial report are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2020, except for the following:

MFRSs and/or IC Interpretations (Including The Consequential Amendments) which came into effect for financial periods beginning on or after 1 January 2021.

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to Reference to the Conceptual Framework in MFRS Standards
Amendments to MFRS 16: COVID-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) do not have any material impact on the unaudited consolidated financial statements of the Group upon their initial application.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial year ended 31 December 2020:

Standards issued but not yet effective:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods on or after
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Annual Improvement to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 4* Extension of temporary exemption from applying MFRS 9	1 January 2023
Amendments to MFRS 101 Disclosure of accounting policies	1 January 2023
Amendments to MFRS 108 Definition of accounting estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred



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

A2. Significant Accounting Policies (cont'd)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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 2020.

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

The second interim single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2020, amounting to RM3.60 million was paid on 8 April 2021.

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 31.12.2021	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	54,848	-	-	54,848
Inter-Segment revenue	2,865	-	(2,865)	-
	57,713	-	(2,865)	54,848

Segment results⁽¹⁾

Amortisation of investment property				(19)
Depreciation of property, plant and equipment				(1,302)
Impairment of financial assets				(4,135)
Interest income				157
Interest expenses				(228)
Unallocated income				288
Unallocated expenses				(56,351)
Tax expense				2,055
Segment profit				(4,687)

Financial year-to-date ended 31.12.2021	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	204,048	-	-	204,048
Inter-Segment revenue	8,737	3,800	(12,537)	-
	212,785	3,800	(12,537)	204,048

Segment results⁽¹⁾

Amortisation of Investment property				(76)
Depreciation of property, plant and equipment				(6,096)
Impairment of financial assets				(4,135)
Interest income				547
Interest expenses				(908)
Unallocated income				506
Unallocated expenses				(190,671)
Tax expense				(743)
Segment profit				2,472

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

A9. Segmental Reporting (cont'd)

Financial quarter ended 31.12.2020	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	65,342	-	-	65,342
Inter-Segment revenue	1,824	-	(1,824)	-
	67,166	-	(1,824)	65,342

Segment results⁽¹⁾

Amortisation of Investment property				(11)
Depreciation of property, plant and equipment				(1,567)
Interest income				177
Interest expenses				(234)
Unallocated income				68
Unallocated expenses				(56,329)
Tax expense				(2,445)
Segment profit				5,001

Financial year-to-date ended 31.12.2020	Construction Services RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue: -				
External revenue	242,643	-	-	242,643
Inter-Segment revenue	1,824	6,500	(8,324)	-
	244,467	6,500	(8,324)	242,643

Segment results⁽¹⁾

Amortisation of Investment property				(121)
Depreciation of property, plant and equipment				(6,004)
Interest income				542
Interest expenses				(963)
Unallocated income				195
Unallocated expenses				(213,145)
Tax expense				(6,978)
Segment profit				16,169

Note:

- (1) The breakdown of segment results between construction services and investment holding is not available.



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

A10. Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment during the current quarter and financial year-to-date.

A11. Material Events Subsequent to the End of the Current Quarter

Save as disclosed in Note B9, there are no material event subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this interim financial report.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

A13. Contingent Liabilities

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

	Unaudited 31.12.2021	Audited 31.12.2020
	RM'000	RM'000
Performance bonds and corporate guarantees for construction projects	60,174	47,473
Corporate guarantee given to financial institution for credit facilities granted to companies in which Directors have interests	-	9,821
	-	9,821

A14. Capital Commitments

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

	Unaudited 31.12.2021	Audited 31.12.2020
	RM'000	RM'000
Authorised and contracted for:		
Purchase of properties	-	189
Purchase of construction equipment	2,284	998
	2,284	1,187

A15. Related Party Transactions

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the companies in which Directors have interests	59	71	250	282
Salary reimbursement paid to a company in which Directors have interests	-	10	-	32
Provision of construction work to a company in which Directors have interests	-	-	3,019	-
	-	-	3,019	-



B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of Group Performance

a) Results for current quarter

For the current quarter under review, the Group recorded a revenue of RM54.85 million as compared to RM65.34 million in the preceding year corresponding quarter. The decrease of RM10.49 million or 16.05% was mainly due to the following factors:

- Higher progress billing in previous year corresponding quarter from three completed projects, namely the Hermington project, Suria Pantai Project and Woodbury Project.
- Lower construction progress for our on-going new projects as our construction works were affected by the continuous impact of the Covid-19 pandemic, which has also caused disruptions in the building materials supply chain.

The Group posted a loss before tax (“LBT”) of RM6.74 million in the current quarter under review as compared to a profit before tax (“PBT”) of RM7.45 million in the preceding year corresponding quarter. This was chiefly attributed to the following factors:

- Lower revenue achieved in the current quarter under review.
- Rising building raw material costs stemming from disruptions in the building materials supply chain.
- One-off impairment on financial assets amounting to RM4.14 million in relation to the KTCC Mall project. This exercise was carried out as part of provisioning in accordance with the accounting standards.

b) Results for financial year to-date

For the year ended 31 December 2021, the Group achieved a revenue of RM204.05 million as compared to RM242.64 million in the preceding year. The decline of RM38.59 million or 15.90% was largely due to the following factors:

- Higher progress billing in previous year from completed projects, which included the Suria Pantai Project, Tropicana Urban Homes project, Hermington project, Riana South Project and Woodbury Project.
- Lower-than-expected construction progress of our on-going projects following the continuous impact of the Covid-19 pandemic and the resultant the imposition of MCO3.0 and Full MCO in the financial year under review.

For the current financial year-to-date ended 31 December 2021, the Group registered a PBT of RM3.22 million as compared to RM23.15 million a year ago. The decrease primarily stemmed from the following factors:

- Lower revenue achieved in the current year under review.
- Rising building raw material costs arising from disruptions in the building materials supply chain.
- One-off impairment on financial assets amounting to RM4.14 million in relation to the KTCC Mall project. This exercise was carried out as part of provisioning in accordance with the accounting standards.



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

B2. Comparison with the Immediate Preceding Quarter Result

The Group recorded a revenue of RM54.85 million in the current quarter under review as compared to RM48.35 million in the immediate preceding quarter, which was an increase of RM6.50 million or 13.44%. The increase was mainly due to the higher construction progress for our on-going projects, which included M Arisa project, Vista Sentul project and J.Satine project.

Despite higher revenue, the Group reported a LBT of RM6.74 million versus a PBT of RM2.83 million in the immediate preceding quarter. The loss was predominantly owing to the aforementioned one-off impairment and cost escalation in building materials, as well as revenue adjustment (upon finalization of accounts for 2 completed projects) due to reduction in work scopes and differences in final measurement quantities.

B3. Commentary on Prospects

Moving ahead, the Group expects the taxing business operating conditions to persist in 2022 stemming from the lingering effects of the pandemic. On-going challenges such as supply chain disruptions, rising raw material prices and labour shortage are expected to continue affecting the entire construction industry. TCS has been proactively addressing these issues and the situation is manageable at this juncture. On a brighter note, there are indications that prices of certain materials are either stabilizing or decreasing as the supply chain makes gradual progress towards normalisation. This is certainly a welcome respite that help eases the cost pressure.

The Group also continues to see signs of more jobs being awarded in tandem with the economic recovery. TCS' tender book remains healthy as our team is kept busy working on more tenders. The Group is targeting projects such as residential and commercial buildings, infrastructure projects, purpose-built buildings such as private hospitals and schools, as well as institutional buildings such as government hospitals.

At the same time, another key focal point at TCS is the smooth execution and on-time delivery of all our existing projects. The Group's outstanding orderbook, as at 31 December 2021, amounts to approximately RM1.59 billion, which provides healthy earnings visibility for the next 3 years up to 2024.

For all our projects, TCS continues to place utmost emphasis on ensuring quality delivery, timely completion, safe and healthy work environment and optimal cost efficiency. At present, all the Group's construction sites are operating as usual while fully compliant with the stringent Standard Operating Procedures ("SOPs") imposed.

On balance, the Group is mindful of the on-going challenges and is cautiously optimistic of the outlook in 2022. With prudent management and the backing of our solid balance sheet, TCS is confident to navigate through the obstacles ahead. The Board of Directors expects the Group's financial performance for financial year ending 31 December 2022 to be satisfactory barring any unforeseen circumstances.

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current year	(1,598)	2,445	1,200	6,978
Overprovision in prior financial year	(457)	-	(457)	-
	<u>(2,055)</u>	<u>2,445</u>	<u>743</u>	<u>6,978</u>
Effective tax rate (%)	N/A	32.84	23.10	30.15
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate for the current quarter is not applicable due to loss before taxation. The effective tax rate for the year-to-date ended 31 December 2021 is slightly lower than the statutory tax rate of 24% mainly due to adjustment for overprovision in prior financial year.

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 22 March 2021, the Company has completed the issuance of up to 180,000,000 free warrants ("Warrants") on the basis of one warrant for every two existing ordinary shares in TCS held. The exercise price of the Warrants was fixed at RM0.38 per Warrant.
- On 9 July 2021, the Company announced to undertake a private placement of up to 20% of the total number of issued shares of TCS ("TCS Share(s)" or "Share(s)") (excluding treasury shares) to third party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Private Placement").

As at the date of this report, the Company has completed two tranches of the Private Placement involving issuance of 30,000,000 new TCS Shares, at an issue price of RM0.41, raising a total proceeds of RM12.30 million. The Private Placement is still ongoing.

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

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

B7. Utilisation of Proceeds Raised

a) Initial Public Offering (“IPO”)

In conjunction with TCS’ listing on the ACE Market of Bursa Securities, the Company had undertaken an IPO of 108,000,000 ordinary shares (“Shares”) at an IPO price of RM0.23 per Share comprising public issue of 90,000,000 new Shares (“Public Issue”) and offer for sale of 18,000,000 existing Shares. The Company has completed the IPO and listing exercise on 23 July 2020.

The gross proceeds of approximately RM20.70 million from the Public Issue has been utilised in the following manner:

Utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated timeframe for utilisation from the date of listing
Purchase of new construction machinery and equipment	13,000	(13,000)	-	Within 36 months
Working capital for construction projects	4,200	(4,200)	-	Within 24 months
Estimated listing expenses	3,500	(3,500)	-	Within 3 months
Total	20,700	(20,700)	-	

The utilisation of proceeds as disclosed above should be read in conjunction with the Company’s prospectus in relation to the IPO (“Prospectus”).

b) Private Placement

The status of the utilisation arising from the total gross proceeds of RM12.30 million raised from the first and second tranches of the 20% Private Placement, were as below:

Utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance Unutilised RM'000	Estimated timeframe for utilisation from receipt of placement funds
Working capital for construction projects	12,230	(3,337)	(52)	8,841	Within 24 months
Estimated listing expenses	70	(122)	52	-	Upon receipts of placement funds
Total	12,300	(3,459)	-	8,841	



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

B8. Borrowings

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

	Unaudited 31.12.2021 RM'000	Audited 31.12.2020 RM'000
Non-current:		
Borrowings	10,314	9,630
Lease liabilities	8,105	5,251
	<u>18,419</u>	<u>14,881</u>
Current:		
Borrowings	585	1,372
Lease liabilities	6,521	5,411
	<u>7,106</u>	<u>6,783</u>
Total	<u>25,525</u>	<u>21,664</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

Save as disclosed below, there are no other material litigation pending as at the date of this interim financial report.

Adjudication Proceeding

On 29 March 2021, TCS Construction Sdn Bhd ("TCS Construction") commenced statutory adjudication pursuant to the Construction Industry Payment and Adjudication Act 2012 (CIPAA 2012) against MPM Project Management Sdn Bhd ("MPM") for, amongst others, the outstanding sum for work done of approximately RM 7.42 million. Due to the restrictions imposed by the MCO lock down, the adjudication notice was re-served on 17 June 2021. On 29 July 2021, TCS Construction had further filed a request to the Director of the Asian International Arbitration Centre (AIAC) to appoint an adjudicator who would decide on the disputes between the Parties. The adjudicator has been appointed on 23 August 2021.

On 28 August 2021, TCS 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 is put in abeyance at this juncture pending the disposal of the Judicial Management proceeding. On 17 January 2022, the said Judicial Management application by Eakonmech was dismissed by the High Court.

Subsequently, TCS had filed a request to the Director of the AIAC to appoint an adjudicator on 24 January 2022 and an adjudicator has been appointed on 31 January 2022. The adjudication proceeding is ongoing at the time of this announcement.



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, TCS Construction and MPM have filed a suit against each other. TCS Construction is claiming for the outstanding sums for the works performed, together with 1st moiety of retention monies amounting to RM7.42 million, and other damages and losses suffered as a results of, amongst others, MPM and KTCC Mall Sdn Bhd's breaches ("TCS's Suit"). MPM is withholding payments for these works done on the alleged ground that TCS has not fully completed its works. This is contrary to the evidence that Certificate of Completion and Compliance ("CCC") has already been issued for KTCC Mall on 23 January 2020 and KTCC Mall was opened for business on 24 January 2020.

After TCS had commenced the CIPAA proceeding in March 2021 for the long outstanding payment for work done, MPM commenced a court proceeding against TCS to claim for Liquidated Damages ("LD") of RM57.5 million for the purported delay on the part of TCS Construction in completing the KTCC Mall project ("MPM's Suit"). MPM claims for LD despite the fact that CCC has already been issued for KTCC Mall and the KTCC Mall has already been opened for business since 24 January 2020.

Both suits are still at the pleadings stage and are ongoing at the High Court.

B10. Proposed Dividend

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

B11. Basic and Diluted Earnings Per Share

The earnings/loss per share for the current quarter and financial year-to-date are computed as follows:

(a) Basic

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
(Loss)/Profit attributable to owners of the Company (RM'000)	(4,681)	5,003	2,487	16,172
Weighted average number of shares ('000)	369,551	360,000	369,551	360,000
Basic (loss)/earnings per share (sen) ⁽¹⁾	(1.27)	1.39	0.67	4.49

(b) Diluted

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
(Loss)/ Profit attributable to owners of the Company (RM'000)	(4,681)	5,003	2,487	16,172
Weighted average number of shares ('000)	379,563	N/A	409,261	N/A
Diluted (loss)/earnings per share (sen) ⁽²⁾	(1.23)	N/A	0.61	N/A



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

B11. Basic and Diluted Earnings Per Share (cont'd)

Notes:

- (1) The basic (loss)/earnings per share is computed based on (loss)/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 (loss)/earnings per share is computed based on (loss)/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.
- N/A Not applicable.

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(157)	(177)	(547)	(542)
Interest expense	228	234	908	963
Impairment on financial assets	4,135	-	4,135	-
Reversal of impairment on other receivables	-	-	-	(3)
Amortisation of investment property	19	11	76	121
Depreciation of property, plant and equipment	1,302	1,568	6,096	6,004

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 2022.

By order of the Board of Directors
Tan Tong Lang (MAICSA 7045482/ SSM PC No. 201908002253)
Thien Lee Mee (LS 0009760/ SSM PC No. 201908002254)
30 November 2021
Company Secretaries