



Tuju Setia Berhad

(Registration No. 202001005607 (1361927-V))
(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2022

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The Directors are pleased to announce the unaudited financial results of the Group for the first quarter ended 31 March 2022.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾ For the First Quarter Ended 31 March 2022

	Note	Interim Quarter		Period-To-Date	
		Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000
Revenue		85,208	59,290	85,208	59,290
Cost of sales		(82,900)	(53,058)	(82,900)	(53,058)
Gross profit		2,308	6,232	2,308	6,232
Other income		328	815	328	815
Administrative and other operating expenses		(2,037)	(2,069)	(2,037)	(2,069)
Finance costs		(75)	(92)	(75)	(92)
Profit before tax		524	4,886	524	4,886
Tax expense	B5	(103)	(1,396)	(103)	(1,396)
Profit after tax		421	3,490	421	3,490
Other comprehensive income / (expenses)		-	-	-	-
Profit and total comprehensive Income for the period		421	3,490	421	3,490
<i>Attributable to:</i>					
Equity holders of the Company		421	3,490	421	3,490
Earnings per share					
Basic/Diluted (sen) ⁽²⁾	B11	<u>0.13</u>	<u>1.10</u>	<u>0.13</u>	<u>1.10</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 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic and diluted EPS is calculated based on the Profit after tax ("PAT") divided by the issued share capital of 316,828,700 ordinary shares. There are no dilutive instruments as at the end of the current quarter.

Condensed Consolidated Statement of Financial Position⁽¹⁾
As At 31 March 2022

	Note	Unaudited 31.03.2022 RM'000	Audited 31.12.2021 RM'000
Assets			
Property, plant and equipment		25,950	21,769
Right-of-use assets		22,767	22,638
Total non-current assets		<u>48,717</u>	<u>44,407</u>
Trade and other receivables		104,280	91,554
Contract assets		118,361	99,279
Current tax assets		3,952	4,439
Cash and cash equivalents		51,528	66,831
Total current assets		<u>278,121</u>	<u>262,103</u>
Total assets		<u><u>326,838</u></u>	<u><u>306,510</u></u>
Equity			
Share capital		91,660	91,660
Merger reserve		(36,393)	(36,393)
Retained earnings		51,774	51,353
Total equity		<u><u>107,041</u></u>	<u><u>106,620</u></u>
Liabilities			
Loans and borrowings	B8	22,050	23,739
Lease liabilities		3,710	1,802
Deferred tax liabilities		4,785	5,946
Total non-current liabilities		<u>30,545</u>	<u>31,487</u>
Trade and other payables		159,293	152,622
Loans and borrowings	B8	27,600	13,269
Lease liabilities		2,165	2,375
Contract liabilities		194	137
Total current liabilities		<u>189,252</u>	<u>168,403</u>
Total liabilities		<u>219,797</u>	<u>199,890</u>
Total equity and liabilities		<u><u>326,838</u></u>	<u><u>306,510</u></u>
Number of issued shares ('000)		316,829	316,829
Net asset per share attributable to owners of the Company (RM)		<u>0.34</u>	<u>0.34</u>

Notes:

(1) The basis of preparation of the Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

**Condensed Consolidated Statement of Changes In Equity⁽¹⁾
For the First Quarter Ended 31 March 2022**

	<i>Non-distributable</i>			<i>Distributable</i>	
	Share capital RM'000	Invested equity RM'000	Merger reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 31 December 2020/ 1 January 2021 (Audited)	^	1,500	-	52,660	54,160
Profit and total comprehensive income for the period	-	-	-	8,277	8,277
Effects pursuant to the acquisition of a subsidiary	37,893	(1,500)	(36,393)	-	-
New shares issued by the Company for the Public Issue	56,000	-	-	-	56,000
New shares issuance expenses for the Public Issue	(2,233)	-	-	-	(2,233)
Distribution to the owners					
- FY 2020 Final Dividend to former owner of a subsidiary	-	-	-	(8,000)	(8,000)
- FY 2021 Interim Dividend to owners of the Company	-	-	-	(1,584)	(1,584)
At 31 December 2021 (Audited)	91,660	-	(36,393)	51,353	106,620
Profit and total comprehensive income for the period	-	-	-	421	421
At 31 March 2022 (Unaudited)	91,660	-	(36,393)	51,774	107,041

^denotes RM100

Notes:

(1) The basis of preparation of the Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

Condensed Consolidated Statement of Cash Flows⁽¹⁾
For the First Quarter Ended 31 March 2022

	Period-To-Date	
	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000
Cash flows from operating activities		
Profit before tax	524	4,886
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	568	248
Depreciation of right-of-use assets	930	781
Finance costs	75	92
Finance income	(308)	(140)
Gain on disposal of property, plant and equipment	-	(8)
Gain on disposal of right-of-use assets	-	(573)
Property, plant and equipment written-off	185	-
IPO expenses	-	279
	1,974	5,565
Operating profit before changes in working capital		
Change in trade and other receivables	(12,541)	8,231
Change in trade and other payables	8,255	(7,155)
Change in contract assets	(19,082)	(15,541)
Change in contract liabilities	57	(252)
	(21,337)	(9,152)
Cash used in operations		
Tax paid	(776)	(2,075)
	(22,113)	(11,227)
Net cash used in operating activities		
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,123)	(425)
Interest received from fixed deposits	308	140
Proceeds from disposal of property, plant and equipment	2	11
Proceeds from disposal of right-of-use assets	-	1,150
	(4,813)	876
Net cash from/ (used in) investing activities		

Condensed Consolidated Statement of Cash Flows⁽¹⁾ (cont'd)
For the First Quarter Ended 31 March 2022

	Period-To-Date	
	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000
Cash flows from financing activities		
Change in pledged deposits	444	(2,042)
Dividend paid	(1,584)	-
Proceeds from Invoice Financing/Trust Receipts	11,911	2,469
Interest paid on loans and borrowings	(75)	(92)
(Repayment of)/Proceeds from lease liabilities	640	(1,528)
(Repayment of)/Proceeds from term loans	(1,681)	142
Payment of IPO expenses	-	(372)
Net cash from/ (used in) financing activities	9,655	(1,423)
Net (decrease)/increase in cash and cash equivalents	(17,271)	(11,774)
Cash and cash equivalents at beginning of period	44,288	18,377
Cash and cash equivalents at end of period	27,017	6,603
Cash and cash equivalents comprised:		
Fixed deposits with licensed banks	38,375	15,270
Cash and bank balances	13,153	8,703
	51,528	23,973
Less: Bank overdraft	(2,412)	(2,372)
Pledged deposits	(22,099)	(14,998)
	27,017	6,603

Notes:

(1) The basis of preparation of the Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

A. Notes to the Interim Financial Report

A1. Basis of Preparation

The interim financial report of Tuju Setia Berhad (“Tuju Setia” or “Company”) and its subsidiary (“Tuju Setia Group” or “Group”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting, and Paragraph 9.22 as well as Appendix 9B of the Main Market Listing Requirements of Bursa Securities.

This interim financial report should be read in conjunction with the audited financial statements for financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group in this interim financial report are consistent with those adopted in the in the Group’s audited financial statements for financial year ended 31 December 2021 except for the adoption of following Amendments to MFRSs:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

The application of these Amendments to MFRSs have no significant financial impact on the financial statements of the Group.

A3. Auditors’ Report

The audited financial statements of the Group for the financial year ended 31 December 2021 were not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business operations of the Group during the current quarter under review have not been materially affected by any seasonal or cyclical factors.

A5. Items or Incidence of an Unusual Nature

There were no unusual items or incidence which may or has substantially affect the value of assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

A. Notes to the Interim Financial Report (cont'd)

A6. Changes in Estimates

There were no material changes in estimates that may have a material effect in the current quarter under review.

A7. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

A8. Dividends

The interim single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2021, amounting to RM1.58 million was paid on 20 January 2022.

A9. Segmental Reporting

The Group is solely engaged in the provision of construction services, the only business segment. All the Group's operations are carried out in Malaysia.

A10. Significant Events Subsequent to the End of the Interim Financial Period

There were no material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

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

A12. Fair Value of Financial Instruments

There were no gains or losses arising from fair value changes for all financial assets and liabilities for the current quarter under review.

A. Notes to the Interim Financial Report (cont'd)

A13. Performance bond guarantees

Save as disclosed below, there is no indirect and/or material performance bond guarantee incurred by the Group, which may have a substantial impact on the financial position of the Group as at the end of the current quarter and up to the date of this report:

	Unaudited 31.03.2022 RM'000
Performance bond guarantees by a subsidiary for construction projects	<u>84,165</u>

A14. Capital Commitments

Save as disclosed below, there were no other material capital commitments as at the end of the current quarter:

	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000
Authorised and contracted for:		
Land	2,300	-
Plant and Machinery	<u>22,989</u>	<u>-</u>
Authorised but not contracted for:		
Plant and Machinery	<u>1,000</u>	<u>-</u>

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Group Performance Review

For the current financial quarter, the Group recorded an increase in revenue of RM25.92 million or 43.71% to RM85.21 million as compared to same quarter last year of RM59.29 million. The higher revenue recorded was contributed by new projects secured in Year 2021.

The Group recorded a lower profit before tax of RM0.52 million and profit after tax of RM0.42 million as compared to same quarter last year of RM4.89 million and RM3.49 million, respectively. The escalated building materials and labour costs as well as preliminaries costs had impacted the profitability despite the higher revenue recorded in the current financial quarter.

B2. Comparison with Immediate Preceding Quarter Results

For the current financial quarter, the Group recorded revenue of RM85.21 million as compared to revenue of RM98.46 million in the immediate preceding quarter. The decrease of RM13.25 million or 13.46% was mainly due to the completion of a project in January 2022.

The Group recorded profit before tax of RM0.52 million and profit after tax of RM0.42 million as compared to RM4.32 million and RM3.30 million, respectively in the preceding quarter. The escalated building materials and labour costs as well as preliminaries costs recorded in the current financial quarter had also impacted the profitability as compared to the immediate preceding quarter.

B3. Prospects of the Group

On 1 April 2022, Malaysia has entered into the Transition to Endemic phase for COVID-19. With this move, most of the restrictions were lifted and economic activity is expected to recover. The Group expects to benefit from the recovery with the good mix of tender which we are participating. As at 31 March 2022, the Group has balance unbilled order book of RM1.30 billion which would contribute positively until the financial year ending 31 December 2025.

Notwithstanding the above, the Board of Directors anticipate the financial year ending 2022 to be a challenging year with the escalating cost of building materials and labour as well as operating costs. The Group has implemented various measures to mitigate the impact of the rising costs as well as to ensure the stability of its business operations and financial position.

Barring any unforeseen circumstances, the Group is cautiously optimistic of its performance for the financial year ending 31 December 2022.

B4. Profit Forecast

The Group did not issue any profit forecast or guarantee during the current quarter under review and the financial period to date.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B5. Tax Expense

	Interim Quarter		Period-To-Date	
	Unaudited 31.03.2022 ⁽¹⁾ RM'000	Unaudited 31.03.2021 RM'000	Unaudited 31.03.2022 ⁽¹⁾ RM'000	Unaudited 31.03.2021 RM'000
<u>Current tax expense</u>				
Current period provision	1,264	1,396	1,264	1,396
Under/ (over) provision in prior year	-	-	-	-
	<u>1,264</u>	<u>1,396</u>	<u>1,264</u>	<u>1,396</u>
Deferred tax expense	(1,161)	-	(1,161)	-
	<u>103</u>	<u>1,396</u>	<u>103</u>	<u>1,396</u>
Effective tax rate (%)	19.56	28.57	19.56	28.57
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Notes:

(1) Tax expense is recognised based on management's best estimate.

B6. Status of Corporate Proposals

There are no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B7. Utilisation of Proceeds Raised from Public Issue

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus. The total gross proceeds of RM56.00 million from the Public Issue is intended to be used in the following manner:

Purposes	Initial Allocation	Deviation ⁽¹⁾	Variation ⁽²⁾	Actual Utilisation	Balance Unutilised	Estimated time frame for use (From the Listing date)
	RM'000	RM'000	RM'000	RM'000	RM'000	
Capital expenditure						
- Purchase of construction machinery and equipment, and BIM system software	24,000	-	(4,000)	(9,875)	10,125	Within 24 months
- Purchase of land and construction of storage facilities	8,000	-	-	(320)	7,680	Within 36 months
Working capital	19,000	295	4,000	(23,295)	-	Within 12 months
Estimated IPO expenses	5,000	(295)	-	(4,705)	-	Within 3 months
Total	56,000	-	-	(38,195)	17,805	

Notes:

(1) The actual listing expenses are lower than the estimated amount hence, the excess of RM0.30 million was used for working capital purposes.

(2) The initial allocation of RM4.00 million to purchase on-site batching plants has been re-allocated for working capital.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B8. Borrowings

The details of the borrowings of the Group are as follows:

	Unaudited 31.03.2022 RM'000	Audited 31.12.2021 RM'000
Non-current		
Term loans	22,050	23,739
Current		
Term loans	5,578	5,570
Invoice Financing/Trust Receipts	19,610	7,699
Bank overdraft	2,412	-
	<u>27,600</u>	<u>13,269</u>
Total borrowings	<u>49,650</u>	<u>37,008</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigations

There are no litigation or arbitration which have a material effect on the financial position of the Group. The Board of Directors is not aware of any pending proceedings or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

B10. Dividends Payable

On 21 April 2022, the Board has proposed the declaration and payment of final single-tier interim dividend of 0.50 sen per ordinary share totaling RM1,584,143.50 in respect of the financial year ended 31 December 2021 which is subject to shareholders' approval at the forthcoming annual general meeting on 23 June 2022. If the final dividend is approved, the entitlement to dividend will be based on the record of depositors as at 6 July 2022 whilst the payment date has been fixed on 20 July 2022.

B11. Earnings Per Share

The basic and diluted earnings per share for the current quarter and financial period are computed as follows:

	Interim Quarter		Period-To-Date	
	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000
Profit attributable to owners of the Company	<u>524</u>	<u>3,490</u>	<u>524</u>	<u>3,490</u>
Number of shares in issue ('000) ⁽¹⁾	<u>316,829</u>	<u>316,829</u>	<u>316,829</u>	<u>316,829</u>
Earnings per share				
Basic/Diluted (sen) ⁽¹⁾	<u>0.17</u>	<u>1.10</u>	<u>0.17</u>	<u>1.10</u>

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

Notes:

- (1) Basic and diluted EPS is calculated based on the PAT divided by the issued share capital of 316,828,700 ordinary shares. There are no dilutive instruments as at the end of the current quarter.

B12. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾

Profit before tax is arrived at after charging / (crediting):

	Interim Quarter		Period-To-Date	
	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2021 RM'000
Interest income	(308)	(140)	(308)	(140)
Interest expense	75	92	75	92
IPO expenses	-	279	-	279
Depreciation of property, plant and equipment	568	248	568	248
Depreciation of right-of-use assets	930	781	930	781
Gain on disposal of property, plant and equipment	-	(8)	-	(8)
Gain on disposal of right-of-use assets	-	(573)	-	(573)
Property, plant and equipment written-off	185	-	185	-

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

Notes:

- (1) The basis of preparation of the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

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 of the Directors on 27 May 2022.

By Order of the Board
Company Secretary
27 May 2022