

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

PART A – NOTES TO THE INTERIM FINANCIAL REPORT

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

This condensed consolidated interim financial statements (“Condensed Report”) have been prepared in accordance with MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2019. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2019, except for the adoption of the following MFRS:

Descriptions	Effective for annual periods commencing on or after
Revised Conceptual Framework	1 January 2020
Amendments to MFRS 3 Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments and MFRS 139 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020

[The rest of this page is intentionally left blank]

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

a) Revised Conceptual Framework (cont'd)

The main effects of the adoption of the aforementioned standards and amendments to standards are summarised as below:

The following Standards have been amended to update the references and quotations in these Standards according to the revised Conceptual Framework:

Amendments to:	
MFRS 2	Share-Based Payment
MFRS 3	Business Combinations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 134	Interim Financial Reporting
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 132	Intangible Assets - Web Site Costs

b) Amendments to MFRS 3 Business Combinations - Definition of a Business

Amendments to MFRS 3 'Business Combination' clarify the definition of a business to assist the entity to determine whether a transaction should be accounted for as a business combination or as an asset acquisition where an acquirer does not recognise goodwill in an asset acquisition.

c) Amendments to MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments and MFRS 139 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform

The amendments clarify the disclosure which an entity needs to make for hedging relationships to which it applies the exception as set out in paragraph 6.8.4 – 6.8.12 of MFRS 9 or paragraphs 102D – 102N of MFRS 139.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020**

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

d) Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors'

The amendments clarify the definition of 'Material' and to align the definition used in the revised Conceptual Framework and the standards themselves. The definition of 'material' is refined by including 'obscuring information' to respond to concerns that the effect of including immaterial information should not reduce the understandability of a financial statements.

The adoption of these amendments do not have any material financial impact to the Group.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements for the FYE 31 December 2019 was not subject to any qualification.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

The Coronavirus (Covid-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the Covid-19 outbreak as global pandemic on 11 March 2020.

Following the WHO's declaration, Malaysia Government has on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of Covid-19 outbreak in Malaysia, followed by the enforcement of Recovery MCO from 10 June 2020 until 31 August 2020. The emergence of the Covid-19 outbreak since early 2020 has brought economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group will continuously monitor and to take appropriate and timely measures to minimise any impact of the outbreak that might arises.

A4. SEASONAL OR CYCLICAL FACTORS

The business of the Group was not affected by any significant seasonal or cyclical factors.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

A5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the current quarter results.

A6. SHARE CAPITAL AND SHARE PREMIUM

For the quarter ended 30 June 2020, the Group undertook a private placement of 6,042,000 new ordinary shares at an issuing price of RM0.24 per share. The issued and paid-up share capital of the Company stood at RM68,069,926 as at 30 June 2020.

A7. DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the quarter ended 30 June 2020 save for the following:

Details of treasury shares held

	Number of Treasury Shares
Balance as at 31 March 2020	17,027,400
Repurchased during the quarter ended 30 June 2020	578,900
Balance as at 30 June 2020	<u>17,606,300</u>

A8. DIVIDEND PAID

During the quarter ended 30 June 2020, the Board recommended a final share dividend for the financial year ended 31 December 2019 via a share dividend distribution of treasury shares on the basis of one (1) treasury share for every thirty (30) existing ordinary shares held. The final share dividend has been approved at the Annual General Meeting which was held on 7 July 2020. A total of 16,274,491 number of treasury shares was allotted to the shareholders on 30 July 2020 as share dividend.

[The rest of this page is intentionally left blank]



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020**

A9. OPERATING REVENUE

OPERATING REVENUE BY GEOGRAPHICAL AREA FOR THE QUARTER ENDED

	Malaysia			Others [#]			Total		
	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %
Major segments:									
Continuing Operations:									
EDCCS*	9,272	9,449	(1.9)	-	-	-	9,272	9,449	(1.9)
Properties	9,605	11,044	(13.0)	-	-	-	9,605	11,044	(13.0)
	18,877	20,493	(7.9)	-	-	-	18,877	20,493	(7.9)
Discontinued Operations:									
EDCCS*	-	-	-	780	3,090	(74.8)	780	3,090	(74.8)
Properties	-	-	-	-	-	-	-	-	-
	-	-	-	780	3,090	(74.8)	780	3,090	(74.8)
Total revenue	18,877	20,493	(7.9)	780	3,090	(74.8)	19,657	23,583	(16.6)

OPERATING REVENUE BY GEOGRAPHICAL AREA FOR PERIOD ENDED

	Malaysia			Others [#]			Total		
	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %
Major segments:									
Continuing Operations:									
EDCCS*	21,045	29,874	(29.6)	-	-	-	21,045	29,874	(29.6)
Properties	21,260	31,479	(32.5)	-	-	-	21,260	31,479	(32.5)
	42,305	61,353	(31.0)	-	-	-	42,305	61,353	(31.0)
Discontinued Operations:									
EDCCS*	-	-	-	2,705	6,433	(58.0)	2,705	6,433	(58.0)
Properties	-	-	-	-	-	-	-	-	-
	-	-	-	2,705	6,433	(58.0)	2,705	6,433	(58.0)
Total revenue	42,305	61,353	(31.0)	2,705	6,433	(58.0)	45,010	67,786	(33.6)

*Enterprise Data Collection and Collation System ("EDCCS"s)

#Based on an exchange rate of HKD100 : RM54.826, being the average of closing rates quoted by the Bank Negara Malaysia ("BNM") at the end of each month.

[The rest of this page is intentionally left blank]

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

A10. OTHER INCOME

	Quarter Ended			Period Ended		
	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %
Interest income	11	110	(90.2)	46	246	(81.3)
Gain on disposal of investment held at fair value through profit or loss	367	-	-	367	-	-
Gain on foreign exchange	-	28	(100)	-	28	(100)
Net gain on disposal of an associate	-	-	-	-	997	(100)
Reversal of allowance for expected credit losses on trade receivables	-	1	(100)	-	1	(100)
Gain on disposal of property plant & equipment ("PPE")	81	-	-	81	-	-
Rental income	23	41	(45)	57	70	(18)
Miscellaneous income	84	-	-	84	26	219
Total other income	566	180	214	636	1,369	(54)

A11. OTHER SEGMENTAL INFORMATION

OPERATING SEGMENT BY PRODUCT FOR THE QUARTER ENDED

	EDCCS			Properties			Total		
	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %
Continuing Operations:									
Revenue (note A9)	9,272	9,449	(2)	9,605	11,044	(13)	18,877	20,493	(8)
Other income (note A10)	482	165	191	84	15	460	566	180	213
Direct costs	(11,616)	(9,050)	28	(8,387)	(10,078)	(17)	(20,003)	(19,128)	5
Segmental (loss)/profit before	(1,862)	564	(430)	1,302	981	33	(560)	1,545	(136)
Finance cost	(18)	(11)	71	-	-	-	(18)	(11)	71
Depreciation and amortisation	(84)	(82)	2	(0)	-	-	(84)	(82)	2
Inventories written off/down	(125)	-	-	-	-	-	(125)	-	-
Gain/(loss) on disposal of investment held at fair value through profit or loss	367	-	-	-	-	-	367	-	-
Income tax expenses	-	(256)	(100)	(265)	(249)	6	(265)	(505)	(48)
Segmental net (loss)/profit	(1,722)	215	(901)	1,037	732	42	(685)	947	(172)
Discontinued Operations:									
- Gain from discontinued operations	268	275	(3)	-	-	-	268	275	(3)
Total segmental net (loss)/profit	(1,454)	490	(396.6)	1,037	732	41.6	(417)	1,222	(134.1)

[The rest of this page is intentionally left blank]

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

A11. OTHER SEGMENTAL INFORMATION (CONT'D)

OPERATING SEGMENT BY PRODUCT FOR PERIOD ENDED									
	EDCCS			Properties			Total		
	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %
Continuing Operations:									
Revenue (note A9)	21,045	29,874	(29.6)	21,260	31,479	(32.5)	42,305	61,353	(31.0)
Other income (note A10)	535	1,344	(60.2)	100	25	298.4	636	1,369	(53.6)
Direct cost	(24,494)	(28,001)	(12.5)	(17,967)	(27,011)	(33.5)	(42,461)	(55,012)	(22.8)
Segmental profit/(loss) before	(2,914)	3,217	(190.6)	3,394	4,492	(24.5)	480	7,710	(93.8)
Finance cost	(60)	(28)	115.9	-	(71)	(100.0)	(60)	(99)	(39.9)
Depreciation and amortisation	(188)	(172)	9.3	(0)	-	-	(188)	(172)	9.5
Inventories written off/down	(125)	(99)	25.9	-	-	-	(125)	(99)	25.9
Disposal on PPE	-	-	0.0	-	-	-	-	-	0.0
Share of results of associates	-	50	(100.0)	-	-	-	-	50	(100.0)
Income tax expenses	-	(714)	(100.0)	(749)	(991)	(24.4)	(749)	(1,705)	(56.0)
Segmental net (loss)/profit	(3,287)	2,255	(245.7)	2,644	3,430	(22.9)	(642)	5,685	(111.3)
Discontinued Operations:									
- Gain from discontinued operations	271	611	(55.7)	-	-	0.0	271	611	(55.7)
Total segmental net (loss)/profit	(3,016)	2,866	(205.2)	2,644	3,430	(22.9)	(371)	6,296	(105.9)

Other than the items mentioned above which have been included in the statement of profit or loss and other comprehensive income, there were no other income including investment income, provision for and write off of receivables and inventories, gain or loss on disposal of unquoted investments or properties, impairment of assets and exceptional items for the current quarter and year ended 30 June 2020.

A12. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment ("PPE") have been brought forward without amendment from the financial statement for the year ended 31 December 2019. All PPE, except for land and building, are stated at cost less accumulated depreciation and less any impairment losses. Land and building are shown at fair values, based on valuations by external independent valuers, less subsequent accumulated depreciation on buildings and any accumulated impairment losses.

[The rest of this page is intentionally left blank]

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

A13. SUBSEQUENT EVENTS

Private Placement

In July 2020, the Group embarked on a series of private placement exercises as follows:

<i>Tranche</i>	<i>Number of Placement Shares</i>	<i>Fixed Issue Price</i>	<i>Date of Issue Price Fixing</i>	<i>Date of Completion of Quotation and Listing</i>
6th Tranche	10,000,060	RM0.25	23 July 2020	30 July 2020
5th Tranche	14,299,711	RM0.25	14 July 2020	22 July 2020
4th Tranche	1,000,000	RM0.25	3 July 2020	9 July 2020
3rd Tranche	1,200,000	RM0.25	2 July 2020	9 July 2020
Total	26,499,771			

Other than the above, there were no other material events subsequent to the end of the current quarter under review.

A14. CHANGES IN COMPOSITION OF THE GROUP

On 15 May 2020, the Group had entered into a sale and purchase agreement (“SPA”) with Mr. Liu Si Ca and Ms. Leung Fung Shan to dispose of its 100% equity stake in Grand-Flo (HK) Limited (Company No.: 743969) comprising 5,400,000 shares for a total cash consideration of HK\$6,500,000 (equivalent to approximately RM3,635,593). The SPA has become unconditional following the fulfilment of all the conditions precedent stipulated in the SPA and the Completion Date of the SPA has taken place on 27 May 2020, the same date of receipt of the payment of 1st tranche of Disposal Consideration. Upon completion, Grand-flo (HK) Limited ceased to be a subsidiary of the Group.

[The rest of this page is intentionally left blank]

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

A15. DISCONTINUED OPERATIONS AND GAIN ON DISPOSAL OF SUBSIDIARIES

As disclosed in note A14 above, the disposal of Grand-flo (HK) Limited has been classified as discontinued operations as at 30 June 2020 in accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations whereby the comparative statement of profit or loss has been presented to show the discontinued operations separately from continuing operations.

Net gain attributable to the discontinued operations is as follows:

	Period ended 30 June 2020 RM'000	Period ended 30 June 2019 RM'000
Revenue	2,704	6,433
Cost of sales	(1,301)	(3,668)
Gross profit	1,403	2,765
Other income	6	15
Administrative expenses	(1,486)	(2,060)
Selling & distribution expenses	(35)	(48)
Other operating expenses	-	(2)
Profit from operations	(111)	671
Finance costs	(20)	-
Profit before tax	(131)	671
Income tax expense	8	(60)
Profit for the period	(123)	611
Loss on disposal of foreign subsidiary	(160)	-
Realisation of foreign translation reserve	554	-
Gain from discontinued operations	271	611

A16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets of the Group during the quarter under review.

A17. CAPITAL COMMITMENTS

There were no material commitments as at the end of the current quarter under review.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

A18. RELATED PARTY TRANSACTIONS

There were no related party transactions which would have a material impact on the financial position and the business of the Group during the current quarter under review except for the following:

	Quarter ended 30/06/2020 RM'000	Period ended 30/06/2020 RM'000
Purchases from related parties	29	56

A19. STATUS OF UTILISATION OF PROCEEDS

- a) Grand-Flo had on 18 December 2019 undertook a private placement of 14,500,000 new ordinary shares in Grand-Flo at an issuing price of RM0.26 per share for a total cash consideration of RM3,770,000.
- b) On 5 June 2020, the Group had completed the listing and quotation for the 6,042,000 placement shares at an issuing price of RM0.24 per share for a total cash consideration of RM1,450,080 on the Main Market of Bursa Securities.
- c) On 9 July 2020, the Group had completed the listing and quotation for the 2,200,000 placement shares at an issuing price of RM0.25 per share for a total cash consideration of RM550,000 on the Main Market of Bursa Securities.
- d) On 22 July 2020, the Group allotted and issued 14,299,711 new ordinary shares of RM0.25 per share under the private placement arrangement for a total cash consideration of RM3,574,928.
- e) On 30 July 2020, the Group allotted and issued 10,000,060 new ordinary shares of RM0.25 per share under the private placement arrangement for a total cash consideration of RM2,500,015.

The details of utilisation of proceeds from the said private placement exercises were as follows:

Details of Utilisation	Amount of Proceeds	Amount Utilised	Amount Unutilised
Property Development Activities	11,691,755	11,691,755	-
Expenses related to Professional Fees	153,268	153,268	-
	11,845,023	11,845,023	-

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MAIN MARKET

B1. REVIEW OF OVERALL PERFORMANCE

	Quarter Ended			Period Ended		
	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %
Continuing Operations						
Revenue	18,877	20,493	(7.9)	42,305	61,353	(31.0)
Cost of sales	(15,671)	(14,577)	(7.5)	(34,024)	(45,611)	25.4
Gross profit	3,206	5,916	(45.8)	8,281	15,742	(47.4)
(Loss)/ profit before taxation ("LBT"/"PBT") from Continuing Operations	(420)	1,451	(128.9)	107	7,439	(98.6)
(Loss)/ profit after taxation ("LAT"/"PAT") from Continuing Operations	(685)	946	(172.4)	(642)	5,685	(111.3)
Discontinued Operations						
Gain from discontinued operations, net of tax	268	275	(2.7)	271	611	(55.7)
(Loss)/profit for the quarter/ period	(417)	1,222	(134.1)	(371)	6,296	(105.9)

For the quarter ended 30 June 2020

Group revenue from continuing operations recorded a decrease of 7.9% to RM18.9 million in the current quarter under review compared to RM20.5 million in the preceding corresponding quarter. This was mainly due to lower sales from EDCCS division and lower revenue recognition from Property Development division. This resulted a LBT of RM0.4 million in the current quarter under review instead of a PBT of RM1.5 million in the preceding corresponding quarter.

For the period ended 30 June 2020

Group revenue from continuing operations decreased by 31.0% to RM42.3 million in the current period compared to RM61.4 million in the preceding corresponding period. This was due to lower sales and lower revenue recognition from EDCCS and Property Development divisions respectively. In tandem with the lower revenue, Group PBT was substantially lower at RM0.1 million compared to RM7.4 million in the preceding correspondence period.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

B1. REVIEW OF OVERALL PERFORMANCE (CONT'D)

i) EDCCS

	Quarter Ended			Period Ended		
	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %
EDCCS						
Continuing Operations						
Revenue	9,272	9,449	(1.9)	21,045	29,874	(29.6)
Cost of sales	(8,154)	(5,362)	(52.1)	(17,247)	(20,578)	16.2
Gross profit	1,118	4,087	(72.6)	3,798	9,296	(59.1)
(Loss)/ profit before taxation ("LBT"/"PBT") from Continuing Operations	(1,722)	471	(465.3)	(3,287)	2,969	(210.7)
(Loss)/ profit after taxation ("LAT"/"PAT") from Continuing Operations	(1,722)	215	(901.2)	(3,287)	2,255	(245.7)
Discontinued Operations						
Gain from discontinued operations, net of tax	268	275	(2.7)	271	611	(55.7)
(Loss)/profit for the quarter/ period	(1,454)	490	(396.6)	(3,016)	2,866	(205.2)

For the quarter ended 30 June 2020

The EDCCS division recorded a marginal lower revenue and a substantial higher LBT from continuing operations of RM9.3 million and RM1.7 million respectively in the current quarter under review compared to revenue and PBT of RM9.4 million and RM0.5 million respectively in the preceding corresponding quarter. This was mainly due to the low sales recorded during the Movement Control Order ("MCO") period imposed by the Malaysian government amid Covid-19 pandemic.

For the period ended 30 June 2020

The EDCCS division recorded a lower revenue and a substantial higher LBT from continuing operations of RM21.0 million and RM3.3 million respectively in the current period under review compared to revenue and PBT of RM29.9 million and RM3.0 million respectively in the preceding corresponding period. Similarly, the lower sales was mainly due to the impact of the MCO period.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

B1. REVIEW OF OVERALL PERFORMANCE (CONT'D)

ii) Property Development

PROPERTY	Quarter Ended			Period Ended		
	30/6/2020 RM'000	30/6/2019 RM'000	Changes %	30/6/2020 RM'000	30/6/2019 RM'000	Changes %
Continuing Operations						
Revenue	9,605	11,044	(13.0)	21,260	31,479	(32.5)
Cost of sales	(7,518)	(9,215)	18.4	(16,777)	(25,032)	33.0
Gross profit	2,087	1,829	14.2	4,483	6,446	(30.5)
Profit before taxation ("PBT") from Continuing Operations	1,302	981	32.7	3,394	4,421	(23.2)
Profit after taxation ("PAT") from Continuing Operations	1,037	732	41.5	2,644	3,430	(22.9)
Discontinued Operations						
Gain from discontinued operations, net of tax	-	-	0.0	-	-	0.0
(Loss)/profit for the quarter/ period	1,037	732	41.5	2,644	3,430	(22.9)

For the quarter ended 30 June 2020

The Property Development division recorded a 13.0% lower in revenue to RM9.6 million in the current quarter under review compared to RM11.0 million in the preceding correspondence quarter. This was due to lower sales recognition and slow progress of construction work due to the impact of the MCO period. Despite lower revenue, the Property Division recorded a 32.7% higher in PBT to RM1.3 million in the current quarter under review compared to RM1.0 million PBT in the correspondence quarter. The higher PBT was contributed by higher profit margin in the current on-going projects.

For the period ended 30 June 2020

The Property Development division recorded a 32.5% lower in revenue and a 23.2% lower in PBT to RM21.3 million and RM3.4 million respectively in the current quarter under review compared to revenue of RM31.5 million and PBT of RM 4.4 million in the preceding correspondence period. This was due to lower sales recognition and slow progress of construction work due to the impact of the MCO period.



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020**

B2. MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter Ended		
	30/6/2020 RM'000	31/3/2020 RM'000	Changes %
Group			
Continuing Operations			
Revenue	18,877	23,428	(19.4)
Cost of sales	(15,671)	(18,353)	14.6
Gross profit	3,206	5,075	(36.8)
(Loss)/ profit before taxation ("LBT"/"PBT") from Continuing Operations	(420)	527	(179.7)
(Loss)/ profit after taxation ("LAT"/"PAT") from Continuing Operations	(685)	43	(1700.4)
Discontinued Operations			
Gain from discontinued operations, net of tax	268	3	8672.9
(Loss)/profit for the quarter	(417)	46	(1009.8)

The Group recorded a LBT of 0.4 million from continuing operations in the current quarter under review instead of a PBT of RM0.5 million in the immediate preceding quarter. This was mainly due to significant drop in sales from EDCCS division and lower revenue recognition from Property Development division during the MCO period.

i) **EDCCS**

	Quarter Ended		
	30/6/2020 RM'000	31/3/2020 RM'000	Changes %
EDCCS			
Continuing Operations			
Revenue	9,272	11,773	(21.2)
Cost of sales	(8,154)	(9,093)	10.3
Gross profit	1,118	2,680	(58.3)
Loss before taxation ("LBT") from Continuing Operations	(1,722)	(1,565)	(10.0)
Loss after taxation ("LAT") from Continuing Operations	(1,722)	(1,565)	(10.0)
Discontinued Operations			
Gain from discontinued operations, net of tax	268	3	8672.9
(Loss) for the quarter	(1,454)	(1,562)	(6.9)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

B2. MATERIAL CHANGES IN QUARTERLY RESULTS (CONT'D)

i) EDCCS (cont'd)

In tandem with the lower sales, the EDCCS division recorded a 10.0% higher in LBT to RM1.7 million from continuing operations in the current quarter compared to a LBT RM1.6 million in the immediate preceding quarter. The division sales was affected by the impact of the MCO period.

ii) Property Development

	Quarter Ended		
	30/6/2020 RM'000	31/3/2020 RM'000	Changes %
Property Development			
Continuing Operations			
Revenue	9,605	11,655	(17.6)
Cost of sales	(7,518)	(9,260)	18.8
Gross profit	2,087	2,395	(12.9)
Profit before taxation ("PBT") from Continuing Operations	1,302	2,092	(37.8)
Profit after taxation ("PAT") from Continuing Operations	1,037	1,608	(35.5)
Discontinued Operations			
Gain from discontinued operations, net of tax	-	-	0.0
Profit for the quarter	1,037	1,608	(35.5)

The Property Development division recorded a 37.8% lower in PBT to RM1.3 million in the current quarter under review compared to a PBT of RM2.1 million in the immediate preceding quarter. The lower PBT was due to low sales and slower progress of construction work recorded during the MCO period.

B3. COMMENTARY ON PROSPECTS

Moving forward, the Board is cautiously optimistic that the Property Development division will continue to contribute positively to the Group's top and bottom line especially with the recent acquisition of a residential property development in Sepang and the joint venture of a residential development project in Kampar.

The Board is also in the midst of revising its development plan for its 2.3-acre land in Vortex Business Park (Phase 2B) into a high-rise serviced apartment which is targeted to be launched next year. The upcoming project is expected to further strengthen the Group's Property Development division performance whilst the EDCCS division is anticipated to remain competitive and challenging.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

B4. TAXATION

	Quarter ended 30/06/2020 RM'000	Period ended 30/06/2020 RM'000
Estimated income tax:		
Malaysia income tax	(265)	(749)
Foreign income tax	5	8
	<u>(260)</u>	<u>(742)</u>

The effective tax rate is higher than the statutory tax rate for the quarter under review due to certain expenses which are not deductible for tax purposes. Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the quarter and the year.

B5. STATUS OF CORPORATE PROPOSALS AS AT 15 AUGUST 2020

On 24 February 2020, the Company entered into a land and development purchase agreement with NCT United Development Sdn Bhd for the proposed acquisition of a parcel of freehold land identified as Lot PT 65076, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan held under HSD 51646, which is currently undertaking an ongoing development project known as the Acacia Residences, comprising 428 units of serviced apartments and 50 units of affordable serviced apartments as well as three (3) units of retail lots, for a total cash consideration of RM17.00 million ("Proposed Acquisition"). The Proposed Acquisition has been approved by the non-interested shareholders' at the extraordinary general meeting held on 18 June 2020.

Save from the above Proposed Acquisition and the Private Placement as disclosed in Note A13, there were no corporate proposals announced but not completed as at 15 August 2020, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report.

[The rest of this page is intentionally left blank]

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020****B6. BORROWINGS**

The borrowings of the Company as at 30 June 2020 were as follows:

	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
Secured Short-term (due within 12 months):		
Bankers' acceptance / factoring	-	-
Term loan	95	126
Hire purchase & lease payables	9	19
	<u>104</u>	<u>145</u>
Secured Long-term (due after 12 months):		
Term loan	566	604
Hire purchase & lease payables	20	26
	<u>586</u>	<u>630</u>
Total Borrowings	<u>690</u>	<u>775</u>

There was no unsecured borrowing for the current quarter. All borrowings were denominated in Ringgit Malaysia.

The effective annual interest rates at the reporting date for borrowings are as follows:

	30/06/2020 %	2019 %
Bankers' Acceptance	5.29 – 5.50	5.29 – 5.50
Overdraft	-	-
Term loan	4.22 – 8.26	5.35 – 8.26
Hire purchase & lease payables	<u>2.99 – 6.99</u>	<u>4.66 – 6.99</u>

B7. MATERIAL LITIGATION

The Directors are not aware of any material litigations or claims against the Group and Company as at 15 August 2020, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report.

B8. DIVIDEND

- (a) The Board does not recommend any interim dividend for the quarter ended 30 June 2020 of the financial year ending 31 December 2020.
- (b) For the financial year ended 31 December 2019, the Board recommended a final share dividend via a distribution of treasury shares on the basis of one (1) treasury share for every thirty (30) existing ordinary shares. It has been approved by the shareholders at the Annual General Meeting held on 7 July 2020 and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2020**

B9. EARNINGS PER SHARE

(a) **Basic earnings per share**

The basic earnings per share is calculated based on Group's net profit attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the year as follows:-

Continuing Operations

	Quarter ended 30/06/2020	Period ended 30/06/2020
Net profit attributable to ordinary equity holders of the parent (RM'000)	(684)	(642)
Weighted average number of ordinary shares in issue ('000)	480,030	482,364
Basic earnings per share (sen)	(0.14)	(0.13)

(b) **Diluted earnings per share**

Diluted earnings per share is not applicable as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

[The rest of this page is intentionally left blank]