

**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 31 DECEMBER 2020**

PART A – NOTES TO THE INTERIM FINANCIAL REPORT

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

This condensed consolidated interim financial statements 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 financial 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 financial year ended 31 December 2019.

The significant accounting policies and methods of computation applied in the audited 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

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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 AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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. Through the MCO, most businesses were forced to close down temporarily for the time being, except those categorised as "Essential Services" such as Property Development industry.

Since the commencement of MCO, the Group's business operations were not badly affected as the Property Development business segment were allowed to operate during the MCO, while the EDCCS segment were only partially affected due to the restriction of travelling to its customer premises to carry out the installation or implementation services etc.

A4. SEASONAL OR CYCLICAL FACTORS

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

**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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 31 December 2020, there is no issuance of new ordinary shares. The issued and paid-up share capital of the Company stood at RM74,694,869 as at 31 December 2020.

A7. DEBT AND EQUITY SECURITIES

As at 31 December 2020, the Company had a total of 1,331,809 ordinary shares of its 530,157,482 ordinary shares as treasury shares. Such treasury shares are held at carrying amount of RM309,477 (equivalent to average cost per share of RM0.23) as at the end of the financial year.

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 31 December 2020.

A8. DIVIDEND PAID

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 was approved at the Annual General Meeting which was held on 7 July 2020 and a total of 16,274,491 number of treasury shares was allotted to the shareholders as dividend share.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020**

A9. OPERATING REVENUE

OPERATING REVENUE BY GEOGRAPHICAL AREA FOR THE QUARTER ENDED

	Malaysia		Others [#]		Total	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Major segments:						
Continuing Operations:						
EDCCS*	-	31	-	-	-	31
Property development	35,504	19,669	-	-	35,504	19,669
	35,504	19,700	-	-	35,504	19,700
Discontinued Operations:						
EDCCS*	2,366	12,968	-	1,859	2,366	14,827
Property development	-	-	-	-	-	-
	2,366	12,968	-	1,859	2,366	14,827
Total revenue	37,870	32,668	-	1,859	37,870	34,527

OPERATING REVENUE BY GEOGRAPHICAL AREA FOR THE PERIOD ENDED

	Malaysia		Others [#]		Total	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Major segments:						
Continuing Operations:						
EDCCS*	-	34	-	-	-	34
Property development	76,896	69,382	-	-	76,896	69,382
	76,896	69,416	-	-	76,896	69,416
Discontinued Operations:						
EDCCS*	34,731	53,321	2,705	9,809	37,435	63,131
Property development	-	-	-	-	-	-
	34,731	53,321	2,705	9,809	37,435	63,131
Total revenue	111,627	122,737	2,705	9,809	114,331	132,546

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

[#]Based on an exchange rate of HKD100 : RM54.843, being the average of closing rates quoted by the Bank Negara Malaysia ("BNM") at the end of each month.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020**

A10. OTHER INCOME

	Quarter Ended		Period Ended	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Interest income	(0)	20	17	125
Gain on disposal of investment held at fair value through profit or loss, including foreign exchange gain	-	108	367	108
Net gain on disposal of an associate	-	-	-	997
Reversal of allowance for expected credit losses on trade receivables	-	(1)	-	-
Loss on disposal of property, plant and equipment	78	-	-	-
Rental income	26	35	119	139
Miscellaneous income	158	65	248	72
Total other income	262	227	751	1,442

A11. OTHER SEGMENTAL INFORMATION

OPERATING SEGMENT BY PRODUCT FOR THE QUARTER ENDED

	EDCCS		Property Development		Total	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Continuing Operations:						
Revenue (note A9)	-	31	35,504	19,669	35,504	19,700
Other income (note A10)	106	198	156	30	262	227
Direct costs	(1,137)	(2,120)	(26,827)	(19,685)	(27,964)	(21,806)
Segmental (loss)/profit before	(1,031)	(1,892)	8,833	13	7,802	(1,879)
Finance cost	(3)	(8)	0	(0)	(3)	(8)
Depreciation and amortisation	(18)	(110)	(13)	(0)	(32)	(110)
Share of results of associates	-	7	-	-	-	7
Income tax expenses	241	23	(2,500)	(177)	(2,259)	(153)
Segmental net (loss)/profit	(811)	(1,980)	6,320	(163)	5,509	(2,143)
Discontinued Operations:						
- (Loss) from discontinued operations	(742)	(463)	-	-	(742)	(463)
Total segmental net (loss)/profit	(1,553)	(2,443)	6,320	(163)	4,767	(2,606)

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****A11. OTHER SEGMENTAL INFORMATION (CONT'D)****OPERATING SEGMENT BY PRODUCT FOR PERIOD ENDED**

	EDCCS		Property Development		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing Operations:						
Revenue (note A9)	-	34	76,896	69,382	76,896	69,416
Other income (note A10)	492	1,379	259	63	751	1,442
Direct cost	(4,799)	(4,068)	(60,818)	(63,503)	(65,617)	(67,571)
Segmental profit/(loss) before	(4,307)	(2,655)	16,337	5,941	12,030	3,286
Finance cost	(30)	(43)	-	(72)	(30)	(115)
Depreciation and amortisation	(158)	(211)	(14)	(0)	(172)	(211)
Share of results of associates	-	57	-	-	-	57
Income tax expenses	241	20	(4,227)	(1,483)	(3,986)	(1,463)
Segmental net (loss)/profit	(4,254)	(2,832)	12,097	4,386	7,843	1,554
Discontinued Operations:						
- (Loss)/Profit from discontinued operations	(2,217)	1,872	-	-	(2,217)	1,872
Total segmental net (loss)/profit	(6,471)	(960)	12,097	4,386	5,626	3,426

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 financial period ended 31 December 2020.

A12. SUBSEQUENT EVENTS

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

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****A13. 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 RM3,458,029 net of realised loss on foreign exchange). 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.

On 10 September 2020, the Company entered into a conditional share sale agreement (“SSA”) with Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd for the proposed disposal of 800,000 and 200,000 ordinary shares respectively in Grand-Flo Spritvest Sdn Bhd (“GFS”) for a consideration of RM11,600,000 and RM2,900,000 respectively. Upon the proposed disposal, 80% of the equity interest in GFS will be owned by Radiant Globaltech Berhad and the remaining 20% will be owned by Jejaka 7 Capital Sdn Bhd. The proposed disposal was approved by the non-interested shareholders’ at the extraordinary general meeting held on 20 October 2020 and is deemed completed on 1 November 2020 in accordance with the terms of the SSA. Upon completion, GFS ceased to be a subsidiary of the Group.

On 26 October 2020, the Company had incorporated two (2) new subsidiaries known as Grand-Flo Harmony Sdn. Bhd. and Grand-Flo Noble Sdn. Bhd. with paid-up share capital of RM100 comprising 100 ordinary shares each.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020**

A14. DISPOSAL OF SUBSIDIARIES

As disclosed in Note A13 above, during the financial year ended 31 December 2020, the Group disposed of its 100% equity interest in Grand-Flo (HK) Limited and Grand-Flo Spritvest Sdn. Bhd. ("Disposed Subsidiaries" or "discontinued operations") which represented a significant part of its Enterprise Data Collection and Collation System ("EDCCS") segment. The Disposed Subsidiaries were not a discontinued operation or classified as held for sale as at 31 December 2019 and the comparative consolidated statements of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations. The Management decided to dispose the Disposed Subsidiaries as part of its long-term strategies to focus on property development segment moving forward.

Effects of disposal of GFHK and GFS on the financial position of the Group and the Company were as follows:

	GFHK	Group GFS	Total
	RM'000	RM'000	RM'000
Property, plant and equipment	956	220	1,176
Goodwill on consolidation	-	10,338	10,338
Deferred tax assets	25	-	25
Inventories	267	2,944	3,211
Trade receivables	492	9,404	9,896
Other receivables	567	2,270	2,838
Cash and bank balances	3,808	3,753	7,561
Current tax (liabilities)/assets	(33)	726	693
Lease liabilities	(950)	(26)	(977)
Borrowings	-	(728)	(728)
Contract liabilities	(828)	(627)	(1,455)
Trade payables	(272)	(8,540)	(8,812)
Other payables	(270)	(5,002)	(5,272)
Net assets disposed of	3,761	14,733	18,494
Realisation of foreign currency translation reserve upon disposal of foreign subsidiaries	(537)	-	(537)
	3,225	14,733	17,958
Gain/(loss) on disposal of subsidiaries	233	(233)	(0)
Total consideration	3,458	14,500	17,957
Less: Consideration receivable	-	(3,625)	(3,625)
Consideration received, satisfied in cash	3,458	10,875	14,332
Cash and cash equivalent disposed of	(3,808)	(3,753)	(7,561)
Net cash (outflow)/inflow	(350)	7,122	6,771

**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****A14. DISPOSAL OF SUBSIDIARIES (CONT'D)**

Effects of disposal of GFHK and GFS on the financial position of the Group and the Company were as follows (cont'd):

	Company		Total RM'000
	GFHK RM'000	GFS RM'000	
Proceeds from disposal of subsidiaries:	3,458	14,500	17,958
Less: Cost of investment, net of impairment	(3,714)	(14,860)	(18,574)
Loss on disposal of subsidiaries	<u>(256)</u>	<u>(360)</u>	<u>(616)</u>

Analysis of the results of the discontinued operations are as follows:

	Period ended 31/12/2020	Period ended 31/12/2019
	RM'000	RM'000
Revenue	37,436	63,131
Cost of sales	(29,645)	(44,041)
Gross profit	7,790	19,089
Other income	224	310
Administrative expenses	(8,265)	(14,125)
Selling and distribution expenses	(1,267)	(1,845)
Other operating expenses	(611)	(679)
(Loss)/Profit from operations	(2,128)	2,750
Finance costs	(77)	(82)
(Loss)/Profit before tax	(2,205)	2,668
Income tax expense	(12)	(796)
(Loss)/Profit for the period	(2,217)	1,872
Loss on disposal of foreign subsidiary	(0)	-
(Loss)/Profit from discontinued operations, net of tax	<u>(2,217)</u>	<u>1,872</u>

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****A15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

A16. CAPITAL COMMITMENTS

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

A17. 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 31/12/2020 RM'000	Period ended 31/12/2020 RM'000
Development costs	35,494	61,207
Landowner's entitlement	2,923	11,799
Acquisition of development rights	-	17,000
Purchases	-	59
Rental expenses	29	29
	<hr/> 38,446 <hr/>	<hr/> 90,094 <hr/>

A18. STATUS OF UTILISATION OF PROCEEDS**a) Proceeds from Private Placement**

- i) The Group had on 18 December 2019 undertook a private placement of 14,500,000 new ordinary shares at an issuing price of RM0.26 per share for a total cash consideration of RM3,770,000.
- ii) 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.
- iii) 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.
- iv) 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.
- v) 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.

**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****A18. STATUS OF UTILISATION OF PROCEEDS (cont'd)****a) Proceeds from Private Placement (cont'd)**

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	-

b) Proceeds from Disposal of Grand-Flo Spritvest Sdn Bhd (“GFS”)

On 10 September 2020, the Company entered into a conditional share sale agreement (“SSA”) with Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd for the proposed disposal of 800,000 and 200,000 ordinary shares respectively in Grand-Flo Spritvest Sdn Bhd (“GFS”) for a consideration of RM11,600,000 and RM2,900,000 respectively. Upon the proposed disposal, 80% of the equity interest in GFS will be owned by Radiant Globaltech Berhad and the remaining 20% will be owned by Jejaka 7 Capital Sdn Bhd.

In addition, prior to the date of the SSA, Grand-Flo Group extended vendor’s advances to GFS amounting to a net amount of RM2,445,927.

As at 31 December 2020, the Company has received a total consideration of RM8,700,000 and RM2,175,000 from Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd respectively.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****A18. STATUS OF UTILISATION OF PROCEEDS (CONT'D)****b) Proceeds from Disposal of Grand-Flo Spritvest Sdn Bhd (“GFS”) (cont’d)**

The Disposal Consideration and the settlement of the Vendor’s Advances to be received pursuant to the Proposed Disposals were utilised in the following manner:

Details of Utilisation	Amount of Proceeds	Amount Utilised	Amount Unutilised
Property development activities	3,525,000	3,525,000	-
Partial payment for the acquisition of the Acacia Residences project	6,900,000	6,900,000	-
Working capital	450,000	450,000	-
	10,875,000	10,875,000	-

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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		
	31/12/2020 RM'000	31/12/2019 RM'000	Changes %	31/12/2020 RM'000	31/12/2019 RM'000	Changes %
Continuing Operations						
Revenue	35,504	19,700	80.2	76,896	69,416	10.8
Cost of sales	(24,559)	(17,334)	(41.7)	(56,071)	(57,699)	2.8
Gross profit	10,944	2,366	362.6	20,825	11,717	77.7
Profit/(loss) before taxation ("PBT")/("LBT") from Continuing Operations	7,768	(1,990)	490.4	11,829	3,017	292.1
Income tax expense	(2,259)	(153)	1372.2	(3,986)	(1,463)	172.4
Profit/(loss) after taxation ("PAT")/("LAT") from Continuing Operations	5,509	(2,143)	357.1	7,843	1,554	404.7
Discontinued Operations						
(Loss)/Profit from discontinued operations, net of tax	(742)	(463)	60.3	(2,217)	1,872	(218.4)
Profit/(loss) for the quarter/ period	4,767	(2,606)	282.9	5,626	3,426	64.2

For the quarter ended 31 December 2020

Group revenue from continuing operations recorded a significant increase by 80.2% to RM35.5 million in the current quarter under review as compared to RM19.7 million in the similar quarter last financial year. This was contributed mainly by higher revenue recognition in the current quarter by the Property Development division as sales and construction work progress begins to pick up after the lifting of Movement Control Order ("MCO") in June 2020. Overall, profitability has improved significantly from a LBT of RM2.0 million in Q4 2019 to PBT of RM7.8 million in Q4 2020.

For the period ended 31 December 2020

Group revenue from continuing operations increased by 10.8% to RM77.0 million in the current period compared to RM69.4 million in the similar period last financial year. This was driven mainly by pick up in sales and construction work progress in the Property Development division towards Q4 of the financial year. As a result, PBT has increased significantly by more than 100% to RM11.8 million as compared to RM3.0 million recorded in FY2019.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****B1. REVIEW OF OVERALL PERFORMANCE (CONT'D)****i) EDCCS**

	Quarter Ended			Period Ended		
	31/12/2020 RM'000	31/12/2019 RM'000	Changes %	31/12/2020 RM'000	31/12/2019 RM'000	Changes %
EDCCS						
Continuing Operations						
Revenue	-	31	(100.0)	-	34	(100.0)
Cost of sales	-	(1)	100.0	-	(1)	100.0
Gross profit	-	30	(100.0)	-	34	(100.0)
(Loss) before taxation ("LBT") from Continuing Operations	(1,052)	(2,003)	(47.5)	(4,495)	(2,852)	57.6
Income tax expense	241	23	938.3	241	20	1080.5
(Loss) after taxation ("LAT") from Continuing Operations	(811)	(1,980)	(59.0)	(4,254)	(2,832)	50.2
Discontinued Operations						
(Loss)/profit from discontinued operations, net of tax	(742)	(463)	60.3	(2,217)	1,872	(218.4)
(Loss) for the quarter/ period	(1,553)	(2,443)	(36.4)	(6,471)	(960)	574.0

For the quarter ended 31 December 2020Continuing operations

The continuing operations posted a lower LBT of RM1.0 million in Q4 2020 as compared to RM2.0 million in Q4 2019 due mainly to lower administrative expenses incurred in the current quarter.

Discontinued operations

The loss from discontinued operations of RM0.7 million in the current quarter is contributed mainly by GFS. The disposals of GFHK and GFS were deemed completed on 27 May 2020 and 1 November 2020 respectively.

For the period ended 31 December 2020Continuing operations

The continuing operations recorded a higher LBT of RM4.4 million for the period ended 31 December 2020 as compared to RM2.9 million for the period ended 31 December 2019 due mainly to higher administrative expenses. On the other hand, in the similar period last year, the continuing operations recorded a RM1.0 million one-off gain on disposal of its associated company in Thailand.

Discontinued operations

In the current period ended 31 December 2020, the discontinued operations recorded a loss on discontinued operations of RM2.2 million compared to a profit of RM1.9 million in the similar period last financial year due mainly to lower sales following the implementation of MCO. In addition, the discontinued operations also faced thinner gross profit margin as witnessed by a drop of gross profit margin from 27% in prior period to 19% in the current period.

**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****B1. REVIEW OF OVERALL PERFORMANCE (CONT'D)****ii) Property Development**

	Quarter Ended			Period Ended		
	31/12/2020 RM'000	31/12/2019 RM'000	Changes %	31/12/2020 RM'000	31/12/2019 RM'000	Changes %
PROPERTY DEVELOPMENT						
<i>Continuing Operations</i>						
Revenue	35,504	19,669	80.5	76,896	69,382	10.8
Cost of sales	(24,559)	(17,333)	(41.7)	(56,071)	(57,698)	2.8
Gross profit	10,944	2,336	368.6	20,825	11,683	78.2
Profit before taxation ("PBT") from Continuing Operations	8,820	13	>10000	16,323	5,869	178.1
Income tax expense	(2,500)	(177)	1315.1	(4,227)	(1,483)	185.0
Profit/(loss) after taxation ("PAT")/("LAT") from Continuing Operations	6,320	(163)	3965.8	12,097	4,386	175.8
<i>Discontinued Operations</i>						
Loss from discontinued operations, net of tax	-	-	0.0	-	-	0.0
Profit/(loss) for the quarter/ period	6,320	(163)	3965.8	12,097	4,386	175.8

For the quarter ended 31 December 2020

The Property Development division posted a significant increase in revenue by 80.5% from RM20.0 million in Q4 2019 to RM35.5 million in Q4 2020. This was due mainly to higher sales recorded particularly from Mahkota Kampar and Acacia Residences. In addition, the construction work progress of Mahkota Kampar project has picked up tremendously in the current quarter.

In tandem with higher revenue in Q4 2020, the division's PBT closed at RM8.8 million, more than 100% higher than the PBT of RM13k recorded in Q4 2019.

For the period ended 31 December 2020

The Property Development division recorded a 10.8% increase in revenue to RM77.0 million as compared to RM69.4 million in the similar period last year. As a result, PBT has improved significantly by more than 100% to RM16.3 million from RM5.9 million following the contribution by the new development projects, i.e. Mahkota Kampar and Acacia Residences.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020**

B2. MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter Ended		
	31/12/2020 RM'000	30/9/2020 RM'000	Changes %
Group			
Continuing Operations			
Revenue	35,504	20,132	76.4
Cost of sales	(24,559)	(14,734)	(66.7)
Gross profit	10,944	5,398	102.7
Profit before taxation ("PBT") from Continuing Operations	7,768	2,737	183.8
Income tax expense	(2,259)	2,737	(182.5)
Profit after taxation ("PAT") from Continuing Operations	5,509	1,760	213.0
Discontinued Operations			
(Loss) from discontinued operations, net of tax	(742)	(529)	40.2
Profit for the quarter	4,767	1,231	287.4

The Group recorded a PBT of RM7.8 million from continuing operations in the current quarter as compared to RM2.7 million in the immediate preceding quarter. This was mainly driven by higher revenue recognition by the property development division.

i) **EDCCS**

	Quarter Ended		
	31/12/2020 RM'000	30/9/2020 RM'000	Changes %
EDCCS			
Continuing Operations			
Revenue	-	-	0.0
Cost of sales	-	-	0.0
Gross profit	-	-	0.0
(Loss) before taxation ("LBT") from Continuing Operations	(1,052)	(1,372)	23.3
Income tax expense	241	-	0.0
(Loss) after taxation ("LAT") from Continuing Operations	(811)	(1,372)	40.9
Discontinued Operations			
(Loss) from discontinued operations, net of tax	(742)	(529)	40.2
(Loss) for the quarter	(1,553)	(1,902)	(18.3)

**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****B2. MATERIAL CHANGES IN QUARTERLY RESULTS (CONT'D)****i) EDCCS (cont'd)**Continuing operations

LBT has improved by 23.3% to RM1.0 million from RM1.4 million as a result of lower administrative expenses incurred during the quarter.

Discontinued operations

The loss before tax from discontinued operations of RM0.7 million is contributed mainly by GFS. The disposals of GFHK and GFS were deemed completed on 27 May 2020 and 1 November 2020 respectively.

ii) Property Development

	Quarter Ended		
	31/12/2020 RM'000	30/9/2020 RM'000	Changes %
Property Development			
Continuing Operations			
Revenue	35,504	20,132	76.4
Cost of sales	(24,559)	(14,734)	(66.7)
Gross profit	10,944	5,398	102.7
Profit before taxation ("PBT") from Continuing Operations	8,820	4,110	114.6
Income tax expense	(2,500)	(977)	155.8
Profit after taxation ("PAT") from Continuing Operations	6,320	3,132	101.8
Discontinued Operations			
Loss from discontinued operations, net of tax	-	-	0.0
Profit for the quarter	6,320	3,132	101.8

For the quarter under review, PBT increased significantly by 114.6% to RM8.8 million as compared to the immediate preceding quarter of RM4.1 million. This was in tandem with higher sales and higher construction work progress achieved following the lifting of MCO in June 2020.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****B3. COMMENTARY ON PROSPECTS**

The Covid-19 pandemic will inadvertently have short-term to mid-term impact on the Group and the economy as a whole. However, via continuous sales and marketing efforts and launching strategy which focuses on meeting the demand of underserved markets, the Group managed to achieve encouraging results for its Mahkota Kampar project for the financial year. The Group remains cautiously optimistic of the market and will continuously endeavour to scale up its property development segment via launching of new projects and/ or acquisition/ entering into joint ventures of viable projects and landbanks for future development.

B4. TAXATION

Tax expense based on results for the continuing operations:-

	Quarter ended 31/12/2020 RM'000	Period ended 31/12/2020 RM'000
Current:		
Malaysia income tax	(2,259)	(3,986)
	<u>(2,259)</u>	<u>(3,986)</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 2 MARCH 2021

On 10 September 2020, the Company entered into a conditional share sale agreement ("SSA") with Radiant Globaltech Berhad and Jejaka 7 Capital Sdn Bhd for the proposed disposal of 800,000 and 200,000 ordinary shares respectively in Grand-Flo Spritvest Sdn Bhd ("GFS") for a consideration of RM11,600,000 and RM2,900,000 respectively. Upon the proposed disposal, 80% of the equity interest in GFS will be owned by Radiant Globaltech Berhad and the remaining 20% will be owned by Jejaka 7 Capital Sdn Bhd.

The proposed disposal has been approved by the non-interested shareholders' at the extraordinary general meeting held on 20 October 2020 and is deemed completed on 1 November 2020 in accordance with the terms of the SSA.

Save from the above proposed disposal and the Private Placement as disclosed in Note A18, there were no corporate proposals announced but not completed as at 2 March 2021, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report.

**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020****B6. BORROWINGS**

The borrowings of the Group as at 31 December 2020 were as follows:

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
Secured Short-term (due within 12 months):		
Bankers' acceptance / factoring	-	1,675
Term loan	-	92
Hire purchase & lease payables	-	-
	<u>-</u>	<u>1,767</u>
Secured Long-term (due after 12 months):		
Term loan	-	594
Hire purchase & lease payables	-	-
	<u>-</u>	<u>594</u>
Total Borrowings	<u>-</u>	<u>2,362</u>

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

B7. MATERIAL LITIGATION

The Directors are not aware of any material litigations or claims against the Group and Company as at 2 March 2021, 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 31 December 2020 of the financial year ended 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 accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2020.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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:-

	Quarter ended 31/12/2020	Period ended 31/12/2020
Net profit attributable to ordinary equity holders of the parent (RM'000)		
- Continuing operations	5,509	7,843
- Discontinued operations	(742)	(2,217)
	<u>4,767</u>	<u>5,626</u>
Weighted average number of ordinary shares in issue ('000)	528,826	503,208
Basic earnings per share (sen)		
- Continuing operations	1.04	1.56
- Discontinued operations	(0.14)	(0.44)
	<u>0.90</u>	<u>1.12</u>

(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.

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