

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 31 MARCH 2021**

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 2020. 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 2020.

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 2020, except for the adoption of the following MFRS:

Descriptions	Effective for annual periods commencing on or after
Amendment to MFRS 16 <ul style="list-style-type: none"> • Covid-19 Related Rent Concessions 	1 June 2020
Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16 <ul style="list-style-type: none"> • Interest Rate Benchmark Reform – Phase 2 	1 January 2021
Amendments to MFRS 3 <ul style="list-style-type: none"> • Reference to Conceptual Framework 	1 January 2022
Amendments to MFRS 116 <ul style="list-style-type: none"> • Property, Plant and Equipment – Proceeds before Intended Use 	1 January 2022
Amendments to MFRS 137 <ul style="list-style-type: none"> • Onerous Contracts – Cost of Fulfilling a Contract 	1 January 2022
Annual Improvements to MFRSs 2018-2020	1 January 2022
MFRS 17 and amendments to MFRS 17 <ul style="list-style-type: none"> • Insurance contracts 	1 January 2023
Amendments to MFRS 101 <ul style="list-style-type: none"> • Classification of Liabilities as Current or Non-Current • Materiality of accounting policy information and disclosures 	1 January 2023
Amendments to MFRS 10 and MFRS 128 <ul style="list-style-type: none"> • Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 	Effective date to be announced

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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Amendments to MFRS 108 • Definition of Material	1 January 2023
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements for the FYE 31 December 2020 was not subject to any qualification.

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

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, the 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. Throughout the MCO, most businesses were not allowed to operate, except those categorised as “Essential Services”. Since the commencement of MCO, the Group’s business operations were not badly affected as the property development industry was categorised as “Essential Services” and was allowed to operate during Conditional MCO (“CMCO”) and Recovery MCO (“RMCO”).

On 11 January 2021, the Malaysia Government has announced MCO 2.0 commencing from 13 January 2021 to 18 February 2021. On 16 February 2021, the MCO, CMCO and RMCO were extended until 4 March 2021 and subsequently until 06 June 2021 in respective states. The management does not expect significant impact to the Group’s business operations.

A4. SEASONAL OR CYCLICAL FACTORS

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

A5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

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For the quarter ended 31 March 2021, the Group undertook new private placements of 73,223,364 new ordinary shares at an issuing price of RM0.40 per share as disclosed in note A14. The issued and paid-up share capital of the Company stood at RM103,984,215 as at 31 March 2021.

A7. DEBT AND EQUITY SECURITIES

As at 31 March 2021, the Company had a total of 1,331,809 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 period.

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations, and resale of treasury shares for the quarter ended 31 March 2021.

A8. DIVIDEND PAID

There was no dividend paid in the current quarter under review.

A9. SUBSEQUENT EVENTS

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

A10. CHANGES IN COMPOSITION OF THE GROUP

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

A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A12. CAPITAL COMMITMENTS

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

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Nature of relationships of the Group with the interested related parties:-

- a) Dato Sri Yap Ngan Choy and Dato Yap Fook Choy are deemed interested in NCT Properties Sdn Bhd by virtue of their shareholdings in NCT Venture Corporation Sdn Bhd pursuant to Section 8(4) of the Act.

The related party transaction between the Group and the interested parties are as follow:-

	Quarter and Period Ended 31.03.2021 RM'000
<u>Rental expenses</u>	
NCT Properties Sdn bhd	<u>22</u>
	<u>22</u>

A14. STATUS OF UTILISATION OF PROCEEDS**a) Proceeds from Private Placement**

- i) The Group had on 24 March 2021 undertook a private placement of 73,223,364 new ordinary shares at an issuing price of RM0.40 per share for a total cash consideration of RM29,289,346.
- ii) The details of utilization of proceeds from the said private placement exercises were as follows:

Details of Utilisation	Amount of Proceeds	Amount Utilised	Amount Unutilised
	RM'000	RM'000	RM'000
Property Development Activities	23,260	14,961	8,299
General Working Capital	3,530	1,804	1,726
Estimated expenses for the Proposals	2,500	225	2,275
Total	<u>29,290</u>	<u>16,990</u>	<u>12,300</u>

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The segmental analysis for the financial period ended 31 March 2021 was as follows.

	Investment Holding & Others RM'000	Property Development RM'000	Total RM'000
Segment Profit /(Loss)	<u>(1,420)</u>	<u>1,881</u>	<u>461</u>
Included in the measure of segment profit are:-			
Revenue from external customers	-	15,476	15,476
Finance costs	(116)	-	(116)
Depreciation	<u>(6)</u>	<u>(5)</u>	<u>(11)</u>
Not included on the measure of segment profit but provided to the Management :-			
Tax expenses	<u>(9)</u>	<u>(374)</u>	<u>(383)</u>
Segment assets	<u>161,538</u>	<u>199,172</u>	<u>360,710</u>
Segments liabilities	<u>22,016</u>	<u>158,968</u>	<u>180,984</u>

Reconciliation of reportable segment revenues, profit and loss, assets and other material items.

	Total RM'000
Total revenue for reportable segments	15,476
Elimiation of inter-segment revenue	-
Consolidated total	<u>15,476</u>
Total profit or loss for reportable segment	461
Elimiation of inter-segment profits	-
Consolidated profit before tax	<u>461</u>
Total reportable segments assets	360,710
Elimiation of inter-segment transactions or balances	(158,580)
Consolidated total	<u>202,130</u>
Total reportable segments liabilities	180,984
Elimiation of inter-segment transaction or balance	(119,915)
Consolidated total	<u>61,069</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2021****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 PERFORMANCE**

	Quarter and Period Ended		Changes	
	31.03.2021	31.03.2020	RM'000	%
Revenue	RM'000	RM'000	RM'000	%
Property Development	15,476	11,655	3,821	0.33
Investment Holding & Others	-	13,698	(13,698)	(1.00)
	15,476	25,353		
Profit /(Loss) before tax				
Property Development	1,881	2,092	(211)	(0.10)
Investment Holding & Others	(1,420)	(1,564)	144	(0.09)
	461	528		

Performance of the first quarter against the same quarter in the preceding year (Q1 FY2021 vs Q1 FY2020)

(a) Property Development

The Group recorded an increase of 33% in revenue from RM 11.66 million to RM 15.47 million in the current quarter compared to the preceding year's corresponding quarter. The increase was mainly attributable to the property development projects at the Mahkota @ Kampar and the Acacia Residences @ Sepang.

In contrast, profit before tax showed a decrease of 10% which amounting to RM 211k in comparison to the preceding year's corresponding quarter. The decrease was due to the increase in marketing and commission expenses incurred in order to encourage sales performance.

(b) Other Operations

Following the disposal of Enterprise Data Collection and Collation System division in last financial year, Other Operations division has no revenue but mainly consist of staff cost and other operating costs at the corporate office.

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	Individual Quarter		Changes	
	31.03.2021	31.12.2020	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	15,476	35,504	(20,028)	-56%
Gross Profit	2,755	10,944	(8,189)	-75%
Profit before tax	461	7,768	(7,307)	-94%
Profit / (loss) after tax:-				
- from continuing operations	78	5,509	(5,431)	-99%
- from discontinued operations	-	(742)	742	-100%
Profit for the period	78	4,767	(4,689)	-98%
Profit / (loss) attributable to:-				
- from continuing operations	78	5,509	(5,431)	-99%
- from discontinued operations	-	(742)	742	-100%

During the quarter under review, revenue was solely generated from the Property Development division. The current quarter Profit before Tax was lower compared to the immediate preceding quarter as the existing projects have reached its tail-end.

B3. COMMENTARY ON PROSPECTS

The Covid-19 pandemic has affected Malaysia and the rest of the world economically and socially for more than a year now. On 21 February 2021, Malaysia witnessed the arrival of its first batch of vaccine and has since rolled out nationwide vaccination programme by stages. This is in accordance with the National Covid-19 Immunisation Programme in a bid to immunise 70% to 80% of the population in order to achieve herd immunity.

As such, the Group is cautiously optimistic of the market and will continuously endeavour to grow its Property Development division via launching of new projects and strategic acquisition of viable projects and land banks for future development.

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Not applicable.

B5. FINANCIAL ESTIMATE, FORECAST OR PROJECTION

No profit forecast has been issued by the Group previously in any public document.

B6. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The profit before tax has been arrived at after charging / (crediting):-

	Quarter and Period Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
After charging / (crediting) :		
Amortisation of other investment	-	77
Depreciation of property, plant and equipment	11	109
Director's remuneration	301	531
Employee benefit expenses	544	770
Gain on investment held at fair value	-	127
Interest expenses	116	54
Unrealised loss on foreign exchange	-	14
Interest income	-	(42)
Rental income	(35)	(35)
Miscellaneous income	(14)	(4)

There is no exception item for the current financial quarter under review.

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Tax expense based on results for the continuing operations:-

	Quarter and Period Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Current tax expenses	383	482
Deferred taxation	-	-
	383	482

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 and deferred tax assets not recognized in certain subsidiaries.

B8. STATUS OF CORPORATE PROPOSALS AS AT 27 MAY 2021

The following corporate proposals announced by the Company has not been completed as at 27 May 2021, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report :-

On 2 March 2021, the Company has announced the following proposals:-

Proposed Acquisitions

The Group has entered into the following agreements to acquire the identified property assets located at Genting Highlands, Pahang:-

- i) a conditional land and development purchase agreement with Galeri Tropika Sdn Bhd (“GTSB” or the “Vendor”) for the proposed acquisition of a parcel of freehold land identified as Lot No. 42985 held under Title No. Geran 45455, Mukim and District of Bentong, Pahang Darul Makmur, of which the Vendor is currently undertaking an ongoing mixed development project known as the ‘Grand Ion Majestic’, comprising 1,885 units of serviced apartments, 24 units of commercial retail lots and 6 units of office lots together with 45 accessory parcels, for a purchase consideration of RM210,000,000 (“Proposed GIM Acquisition”); and
- ii) a conditional sale and purchase agreement with GTSB for the proposed acquisition of 100 units of serviced apartments and 15 units of commercial retail lots (together with 43 accessory parcels) in a completed mixed development project known as the ‘Grand Ion Delemen’ constructed on all that parcel of freehold land identified as Lot No. 26430 held under Title No. Geran 45563, Mukim and District of Bentong, Pahang Darul Makmur for an aggregate purchase consideration of RM212,888,000 (“Proposed GID Acquisition”).

The Proposed GIM Acquisition and the Proposed GID Acquisition are collectively referred to as the “**Proposed Genting Acquisitions**”.

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Up to 150,000,000 new Grand-Flo Shares, upon obtaining shareholders' approval at an extraordinary general meeting to be convened and after the completion of the Proposed Genting Acquisitions.

Proposed Change of Company Name

Proposed change of name of the Company from Grand-Flo Berhad to NCT Alliance Berhad.

B9. BORROWINGS

The borrowings of the Group as at 31 March 2021 were as follows:

	31.03.2021	31.12.2020
	RM'000	RM'000
Term Loan:		
Non Current	13,500	-
Current	4,500	-
Total borrowings	18,000	-

All borrowings were unsecured borrowings and denominated in Ringgit Malaysia.

B10. MATERIAL LITIGATION

The Directors are not aware of any material litigations or claims against the Group and the Company as at 27 May 2021, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report.

B11. DIVIDEND

The Board of Directors does not recommend any interim dividend for the current quarter ended 31 March 2021.

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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 and Period Ended	
	31.03.2021	31.03.2020
Net profit attributable to ordinary equity holders of the parent (RM'000)	78	46
Weighted average number of ordinary shares in issue ('000)	531,426	484,723
Basic earnings per share (sen)	0.01	0.01

(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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