

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



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A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (Cont.)

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year-to-date ended 30 June 2021.

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.

A6. DEBT AND EQUITY SECURITIES

Save for the following, there was no issuance, cancellation, resale or repayment of debts and equity during the current financial period under review.

Repurchase of shares

During the quarter under review, the Company has repurchased 2,204,000 of its ordinary shares from the open market at RM 0.5743 per shares.

As at 30 June 2021, the Company held a total of 3,535,809 or RM 1,575,146 treasury shares at an average price of RM0.44.

Redeemable Convertible Unsecured Loan stock ("RCULS")

On 21 June 2021, 375,000,000 new RCULS with total nominal value of RM120,000,000 on the basis of 1 RCULS for 1 new ordinary share were issued pursuant to Subscription Agreement dated 11 June 2021 between the Company and YBG Yap Consolidated Sdn Bhd.



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A7. DIVIDEND PAID

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

A8. SUBSEQUENT EVENTS

On 26 July 2021, the Company had fixed the issue price for 69,599,100 Placement Shares at RM0.53 per share, being the first tranche of the Private Placement. On 30 July 2021, the Company had allotted and issued 66,442,000 Placement Shares at RM0.53 per share amounting to RM35,214,260, of which the listing and quotation of the Placement Shares has been completed on 3 August 2021.

On 29 July 2021, 81,000,000 Redeemable Convertible Unsecured Loan Stock amounting to RM25,920,000 were converted into 81,000,000 new ordinary shares at RM0.32 per share.

A9. CHANGES IN COMPOSITION OF THE GROUP

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

A10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A11. CAPITAL COMMITMENTS

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

A12. RELATED PARTY TRANSACTIONS

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 Ended 30.06.2021 RM'000	Period Ended 30.06.2021 RM'000
NCT Properties Sdn Bhd	- Rental expenses	21	43
		<u>21</u>	<u>43</u>



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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A13. 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	19,209	4,051
General Working Capital	3,530	2,403	1,127
Estimated expenses for the Proposals	2,500	2,500	-
Total	29,290	24,112	5,178

A14. SEGMENTAL INFORMATION

The segmental analysis for the financial period ended 30 June 2021 was as follows.

	Investment Holding & Others RM'000	Property Development RM'000	Total RM'000
Segment Profit /(Loss)	(5,083)	18,980	13,897
Included in the measure of segment profit are:-			
Revenue from external customers	-	64,709	64,709
Finance costs	(520)	(2,891)	(3,411)
Depreciation	(14)	(9)	(23)
Not included on the measure of segment profit but provided to the Management :-			
Tax expenses	(20)	(4,320)	(4,340)
Segment assets	485,240	709,073	1,194,313
Segments liabilities	249,916	656,491	906,407



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PART A – NOTES TO THE INTERIM FINANCIAL REPORT

A14. SEGMENTAL INFORMATION (CONT'D)

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

	Total RM'000
Total revenue for reportable segments	64,709
Elimiation of inter-segment revenue	-
Consolidated total	<u>64,709</u>
Total profit or loss for reportable segment	13,897
Elimiation of inter-segment profits	-
Consolidated profit before tax	<u>13,897</u>
Total reportable segments assets	1,194,313
Elimination of inter-segment transactions or balances	<u>(494,246)</u>
Consolidated total	<u>700,067</u>
Total reportable segments liabilities	906,407
Elimination of inter-segment transaction or balance	<u>(455,577)</u>
Consolidated total	<u>450,830</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE PERIOD ENDED 30 JUNE 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 Ended		Changes		Period Ended		Changes	
	30.06.2021	30.06.2020			30.06.2021	30.06.2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
Property Development	49,233	9,605	39,628	413	64,709	21,260	43,449	204
Investment Holding & Others	-	9,272	(9,272)	(100)	-	21,045	(21,045)	(100)
	49,233	18,877			64,709	42,305		
Profit /(Loss) before tax								
Property Development	17,099	1,302	15,797	1,213	18,980	3,394	15,586	459
Investment Holding & Others	(3,663)	(1,722)	(1,941)	113	(5,083)	(3,287)	(1,796)	55
	13,436	(420)			13,897	107		

Performance for the quarter ended 30 June 2021

(a) Property Development

Revenue for the current quarter ended 30 June 2021 came in significantly higher by more than fourfold to RM49.23 million compared to RM9.6 million reported in the preceding corresponding quarter ended 30 June 2020. The steep increase in revenue was substantially contributed by the recent completed Genting acquisitions, namely Grand Ion Majestic and Grand Ion Delemen.

In tandem with higher revenue, Property Development segment's profit before tax came in even better, surged more than thirteenfold to RM17.1 million compared to RM1.3 million reported in the preceding correspondence quarter ended 30 June 2020.

Grand Ion Majestic and Grand Ion Delemen, which with better margin contributed the most.

(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 administrative costs.

Performance for the period ended 30 June 2021

(a) Property Development

In the tandem with the commendable performance of the 2nd Quarter of FY2021, the performance of the cumulative 6-month period of FY2021 was equally good.

Revenue rose by more than 200% to RM64.71 million compared to RM21.26 million reported in the preceding year's corresponding period whereas profit before tax surged by almost tenfold to RM15.59 million compared to a loss before tax of RM0.4 million reported in the preceding year's corresponding period.



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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MAIN MARKET (CONT'D)

B1. REVIEW OF PERFORMANCE (Cont.)

Performance for the period ended 30 June 2021 (Cont.)

(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 administrative costs.

B2. MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION OF CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

Compared to the immediate precedent quarter, profit before tax increased significantly to RM13.44 million compared to RM461,000 reported in the immediate preceding quarter. The commendable performance was largely contributed by the recent completed Genting acquisitions.

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.

Grand Ion Majestic and Grand Ion Delemen being our largest projects currently are expected continue to contribute to the Group's earnings.

B4. STATEMENT OF THE BOARD OF DIRECTORS' OPINION ON ACHIEVABILITY OF FINANCIAL ESTIMATE, FORECAST, PROJECTION AND INTERNAL TARGETS PREVIOUSLY ANNOUNCED

Not applicable.

B5. FINANCIAL ESTIMATE, FORECAST OR PROJECTION

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



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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MAIN MARKET (CONT'D)

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 Ended		Period Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
After charging / (crediting) :				
Amortisation of other investment	-	-	-	77
Depreciation of property, plant and equipment	12	79	23	188
Gain on disposal of property, plant and equipment	-	(81)	-	(81)
Gain on investment held at fair value	-	(367)	-	(367)
Interest expenses	3,295	18	3,411	60
Unrealised loss on foreign exchange	-	-	-	14
Interest income	(19)	(11)	(19)	(46)

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

B7. TAXATION

Tax expense based on results for the continuing operations:-

	Quarter Ended		Period Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expenses	3,957	265	4,340	749
Deferred taxation	-	-	-	-
	3,957	265	4,340	749

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.

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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MAIN MARKET (CONT'D)

B8. STATUS OF CORPORATE PROPOSALS AS AT 7 SEPTEMBER 2021

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 (“LDPA”) 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 (“SPA”) 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 Proposed GID Acquisition are collectively referred to as the “Proposed Genting Acquisitions”, which were approved at the Company’s extraordinary general meeting held on 11 June 2021. The Proposed Genting Acquisitions have been completed on 21 June 2021 in accordance with the terms and conditions of the LDPA and SPA respectively.

Proposed Private Placement

Proposed Private Placement of up to 150,000,000 new NCT Alliance’s shares at an issue price to be determined later upon obtaining shareholders’ approval at an extraordinary general meeting to be convened and after the completion of the Proposed Genting Acquisition.

The Proposed Private Placement was approved at the Company’s extraordinary general meeting held on 11 June 2021. On 26 July 2021, the Company had fixed the issue price for 69,599,100 Placement Shares at RM0.53 per share, being the first tranche of the Private Placement. On 30 July 2021, the Company had allotted and issued 66,442,000 Placement Shares at RM0.53 per share amounting to RM35,214,260, of which the listing and quotation of the Placement Shares has been completed on 3 August 2021.

Proposed Change of Company Name

The name of the Company has been changed from Grand-Flo Berhad to NCT Alliance Berhad with effect from 6 July 2021 and the Company’s shares were listed under the new stock name “NCT” with effect from 12 July 2021.

Save from the above corporate proposals disclosed, there were no corporate proposals announced but not completed as at 7 September 2021, being the latest practicable date which is not earlier than seven (7) days from the date of issuance of this interim financial report.



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PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MAIN MARKET (CONT'D)

B9. BORROWINGS

The borrowings of the Group as at 30 June 2021 were as follows:

	30.06.2021	31.12.2020
	RM'000	RM'000
Term Loan:		
Non Current	142,000	-
Current	6,000	-
Total borrowings	148,000	-

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 7 September 2021, being the latest practicable date which is not earlier than seven (7) days from the date of issuance of this interim financial report.

B11. DIVIDEND

The Board of Directors does not recommend any interim dividend for the current quarter ended 30 June 2021.

B12. 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		Period Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net profit attributable to ordinary equity holders of the parent (RM'000)	9,479	(685)	9,557	(642)
Weighted average number of ordinary shares in issue ('000)	531,764	480,030	549,969	482,364
Basic earnings per share (sen)	1.78	(0.14)	1.74	(0.13)



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**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA SECURITIES FOR THE MAIN MARKET (CONT'D)**

B12. EARNINGS PER SHARE (CONT'D)

(b) **Diluted earnings per share**

Dilutive earnings per share has been calculated by dividing the profit attributable to owners of the company for the period by weighted average number of shares that would have been issued upon full conversion of the RCULS on the basis of one (1) ordinary share for every RCULS held.

	Quarter Ended		Period Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net profit attributable to ordinary equity holders of the parent (RM'000)	9,479	(685)	9,557	(642)
Weighted average number of ordinary shares in issue ('000)	531,764	480,030	549,969	482,364
Effect of dilution: Redeemable Convertible Unsecured Loan Stocks ('000)	375,000	-	375,000	-
Adjusted weighted average number of ordinary shares in issue ('000)	906,764	480,030	924,969	482,364
Diluted earnings per share (sen)	1.05	(0.14)	1.03	(0.13)

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