

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter 30.09.2022 RM'000	Previous year corresponding quarter 30.09.2021 RM'000	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
Revenue	17,491	3,454	28,697	20,873
Cost of sales	(12,537)	(3,367)	(22,626)	(18,752)
Gross profit	4,954	87	6,071	2,121
Other operating income	250	72	1,732	426
Operating expenses	(2,015)	(3,975)	(6,983)	(7,765)
Profit/(Loss) from operations	3,189	(3,816)	820	(5,218)
Finance costs	(4,683)	(4,785)	(13,571)	(13,580)
Share of results of associate	-	(2,284)	-	(2,394)
Loss before tax (Note 25)	(1,494)	(10,885)	(12,751)	(21,192)
Tax expenses (Note 19)	(5)	1,551	2	1,892
Loss for the period	(1,499)	(9,334)	(12,749)	(19,300)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	(1,499)	(9,334)	(12,749)	(19,300)
Loss and total comprehensive loss attributable to :				
Owners of the Parent	(1,499)	(9,334)	(12,749)	(19,300)
LOSS PER SHARE (Note 30)				
Basic (sen)	(0.16)	(1.05)	(1.38)	(2.16)
Diluted (sen)	(0.16)	(1.05)	(1.38)	(2.16)

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	As at 30.09.2022 RM'000	Audited as at 31.12.2021 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,036	1,322
Available-for-sale investment	90	90
Investment in associate	-	-
Investment properties	95	95
Inventory properties – Land held	69,463	122,355
Deferred tax assets	21,556	21,556
	<u>92,240</u>	<u>145,418</u>
CURRENT ASSETS		
Inventory properties - Development properties	1,225,455	1,162,603
Inventories	47,448	65,318
Trade and other receivables	134,734	126,944
Contract assets	14,495	21,918
Prepayments	787	898
Tax recoverable	6,325	5,620
Cash and bank balances	26,276	41,460
	<u>1,455,520</u>	<u>1,424,761</u>
TOTAL ASSETS	1,547,760	1,570,179
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	766,884	766,884
Reserves	(2,600)	10,149
Shareholders' equity	<u>764,284</u>	<u>777,033</u>
NON-CURRENT LIABILITIES		
Long term borrowings	-	18,058
Trade and other payables	290,279	251,711
Deferred tax liabilities	96,580	96,597
	<u>386,859</u>	<u>366,366</u>
CURRENT LIABILITIES		
Short term borrowings	135,099	151,293
Trade and other payables	221,103	239,658
Contract liabilities	25,390	19,440
Provisions	4,809	5,409
Tax payable	10,216	10,980
	<u>396,617</u>	<u>426,780</u>
TOTAL LIABILITIES	783,476	793,146
TOTAL EQUITY AND LIABILITIES	1,547,760	1,570,179
Net assets per share (RM)	0.83	0.84

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Share capital RM'000	Retained profits/ (Accumulated losses) RM'000	Total equity RM'000
Opening balance at 1 January 2022	766,884	10,149	777,033
Total comprehensive loss for the period	-	(12,749)	(12,749)
Closing balance at 30 September 2022	766,884	(2,600)	764,284
Opening balance at 1 January 2021	726,946	38,078	765,024
Issuance of ordinary shares	40,195	-	40,195
Total comprehensive loss for the period	-	(19,300)	(19,300)
Closing balance at 30 September 2021	767,141	18,778	785,970

The above condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
 FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
Operating activities		
Loss before tax	(12,751)	(21,192)
Adjustment for :		
Depreciation	281	289
Written off property, plant and equipment	11	-
Provision for liquidated ascertained damages	-	2,193
Transaction cost on borrowings	-	298
Interest income	(583)	(295)
Share of results of associate	-	2,394
Interest expenses	13,571	13,580
Operating profit/(loss) before changes in working capital	529	(2,733)
Change in trade and other receivables	(271)	31,672
Change in trade and other payables	(14,714)	(30,492)
Change in inventories	17,870	3,704
Change in development properties	(6,224)	(24,452)
Cash flows used in operating activities	(2,810)	(22,301)
Interest paid	(2,453)	(2,087)
Taxes paid	(690)	(2,165)
Net cash used in operating activities	(5,953)	(26,553)
Investing activities		
Purchase of property, plant and equipment	(7)	(4)
Interest received	583	295
Proceeds from issuance of ordinary shares	-	40,195
Net cash from investing activities	576	40,486

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
 FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (CONT'D)

	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
Financing Activities		
Advances from related company	27,450	-
Withdrawal of pledged deposits	3,999	-
Repayment of borrowings	(34,210)	(15,125)
Repayment of obligations under finance leases	(42)	(108)
Net cash used in financing activities	(2,803)	(15,233)
Net decrease in cash and cash equivalents	(8,180)	(1,300)
Cash and cash equivalents at beginning of period	12,785	(4,357)
Cash and cash equivalents at the end of period	4,605	(5,657)
Cash and cash equivalents comprise:		
Cash and bank balances	9,475	2,134
Deposits with licensed banks	16,801	38,183
	<u>26,276</u>	<u>40,317</u>
Less: Deposits with licensed banks pledged for banking facilities	(16,286)	(37,512)
Less : Bank overdraft	(5,385)	(8,462)
	<u>4,605</u>	<u>(5,657)</u>

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements (“Condensed Report”) are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and has also been prepared on a historical basis.

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

2. CHANGES IN ACCOUNTING POLICIES

2.1 Changes in accounting policies arising from adoption of Standards, Amendments and IC interpretations

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021 except for the adoption of the following new amendments to MFRSs:

Annual Improvements to MFRS Standards 2018-2020

Amendments to References to the Conceptual Framework in MFRS 3 Business Combinations

Amendments to MFRS 16 : Covid-19 – Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 116 : Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 : Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the abovementioned new and amendments to MFRS do not have material impact on the financial statements of the Group upon their initial application.

2.2 Standards, amendments and interpretations issued but not yet effective

The following are new standards, amendments and interpretations that have been issued by MASB but have not been early adopted by the Group:

Amendments to MFRS 101 : Classification of Liabilities as Current or Non- Current and Disclosure of Accounting Policies

Amendments to MFRS 108 : Definition of Accounting Estimates

Amendments to MFRS 112 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRS 17 Insurance Contracts

Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture



NOTES TO THE 3RD QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.2 Standards, amendments and interpretations issued but not yet effective (cont'd)

The Group will adopt the above new standards, amendments and interpretations when they become effective in the respective financial periods. These new and amendments to MFRS and IC are not expected to have any material impact to the financial statements of the Group upon their initial application.

2.3 Significant accounting judgement and estimates

(a) Revenue recognition on sale of development properties

For the sale of residential development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The Group recognises property development revenue and expenses in the statements of comprehensive income on the basis upon performance of services. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgment in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

Significant judgment is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.3 Significant accounting judgement and estimates (cont'd)

(b) Revenue recognition on construction contract

The Group recognises revenue from construction activities in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date over the estimated total contract costs.

Significant judgment is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract. In making the judgement, the Group evaluates based on past experience, internal budgeting and by relying on the work of specialists.

Where the outcome of a construction contract cannot be reliably measured, revenue is recognised to the extent of costs incurred that it is probable will be recovered.

(c) Provision for liquidated ascertained damages (“LAD”)

The Group has on-going construction projects and property development that have not been completed by the contractual deadline.

For the construction projects, the management has estimated LAD of RM7.7 million based on the revised project schedule and the terms of the contract projects. The Group has arrived at this estimation based on its prior experience with similar contracts.

For the property development projects, the management has estimated LAD of RM8.3 million based on the revised project schedule and has arrived at this estimation based on its prior experience with similar property development projects.

The management considers that these amounts will not be significantly affected by a reasonably possible change in the assumptions applied in deriving the estimated LAD.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

3. AUDITORS' REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2021

The auditors' report on the financial statements of the Company and of the Group for the financial year ended 31 December 2021 was not subject to any qualification.

4. SEASONAL OR CYCLICAL FACTORS

The Group's business operations are not seasonal but cyclical in nature, which is dependent on the economic conditions in Malaysia.

5. 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 quarter and financial period under review because of their nature, size, or incidence.

6. CHANGES IN ESTIMATES

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

7. DEBT AND EQUITY SECURITIES

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period to-date under review.

8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT

The primary objective of the Group's capital management is to ensure that it maintains a good credit rating and healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in line with changes in economic conditions. In order to maintain the optimal capital structure, the Group may, from time to time, adjust dividend payments to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT (Cont'd)

The gearing ratios as at 30 September 2022 and 31 December 2021, which are within the Group's objectives for capital management, are as follows:-

	30.09.2022	31.12.2021
	RM'000	RM'000
Borrowings	135,099	169,351
Trade and other payables	511,382	491,369
Less: Cash and bank balances	<u>(26,276)</u>	<u>(41,460)</u>
Net debt	<u>620,205</u>	<u>619,260</u>
Equity	<u>764,284</u>	<u>777,033</u>
Total capital	<u>764,284</u>	<u>777,033</u>
Capital and net debt	1,384,489	1,396,293
Gearing ratio	44.80%	44.35%

The increase in gearing ratio from 44.35% to 44.80% is mainly due to increase in payables and reduction in cash and bank balances during the period under review.

The details of the drawdown and the repayment of bank borrowings in the current quarter and to-date are as follows:

	Current year quarter 30.09.2022 RM'000	9 months cumulative to date 30.09.2022 RM'000
a) Repayment of bank borrowings	(11,871)	(31,134)
b) Repayment of obligations under finance leases	-	(42)
c) Change in bank overdraft	(100)	(3,076)

9. DIVIDENDS

No dividends were recommended, declared or paid during the financial period ended 30 September 2022.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

10. VALUATION OF INVESTMENT PROPERTIES

An independent valuation for investment properties was carried out by Raine & Horne during the previous financial year ended 31 December 2021 and the net fair value arose from the valuation amounted to RM5,000 was recognised in the statements of profit or loss for previous financial year ended 31 December 2021.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There are no material events subsequent to the end of the current quarter that have not been reflected in the quarterly financial statements.

12. GROUP COMPOSITION

There are no material changes in the composition of the Group during the financial quarter under review.

13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Except for as disclosed in Note 24(a) and as disclosed below, the Group has no other contingent liabilities :

	30.09.2022	31.12.2021
	RM'000	RM'000
Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries		
- Current exposure	35,153	69,309
Performance bond issued by subsidiaries involved in construction activities	25,150	37,606

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

14. OPERATING SEGMENTS

The following tables provide an analysis of the Group's revenue, results, assets and liabilities by business segments:-

As at 30 September 2022 RM'000	Property Development	Construction	Elimination	Consolidated
Revenue				
Revenue	28,389	732	(424)	28,697
Other income	1,475	256	-	1,731
Unallocated other income	-	-	-	1
	29,864	988	(424)	30,429
RESULT				
Segment results	3,575	(1,471)	(66)	2,038
Unallocated corporate expenses				(1,218)
Share of result of associate				-
Finance costs				(13,571)
Loss before tax				(12,751)

As at 30 September 2021 RM'000	Property Development	Construction	Elimination	Consolidated
Revenue				
Revenue	16,736	4,137	-	20,873
Other income	423	3	-	426
	17,159	4,140	-	21,299
RESULT				
Segment results	(2,241)	(1,667)	(157)	(4,065)
Unallocated corporate expenses				(1,153)
Share of result of associate				(2,394)
Finance costs				(13,580)
Loss before tax				(21,192)

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

14. OPERATING SEGMENTS (cont'd)

ASSETS AND LIABILITIES

As at 30 September 2022 RM'000	Property Development	Construction	Elimination	Consolidated
<u>ASSETS</u>				
Segment assets	1,468,412	307,806	(573,232)	1,202,986
Investment in associate Investment properties				- 95
Available-for-sale investments				90
Unallocated corporate assets				344,589
Consolidated total assets				1,547,760
<u>LIABILITIES</u>				
Segment liabilities	(629,793)	(621,947)	571,671	(680,069)
Unallocated corporate liabilities				(103,407)
Consolidated total liabilities				(783,476)

As at 30 September 2021 RM'000	Property Development	Construction	Elimination	Consolidated
<u>ASSETS</u>				
Segment assets	1,452,433	299,021	(550,967)	1,200,487
Investment in associate Investment properties				- 90
Available-for-sale investments				90
Unallocated corporate assets				346,153
Consolidated total assets				1,546,820
<u>LIABILITIES</u>				
Segment liabilities	(624,593)	(583,452)	550,393	(657,652)
Unallocated corporate liabilities				(103,249)
Consolidated total liabilities				(760,901)

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

15. RELATED PARTY TRANSACTIONS

Significant related party transactions are as follows:

	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Construction related services to a company of which certain directors of the Company have interest	4,663	2,162	8,536	27,111
Rental and maintenance related services from a company of which certain directors of the Company have interest	18	9	1,466	448

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

16. REVIEW OF PERFORMANCE

(i) Financial review for current quarter and financial period to-date

	3 months quarter ended		Changes		9 months cumulative to-date		Changes	
	30.09.2022 (RM'000)	30.09.2021 (RM'000)	Amount (RM'000)	%	30.09.2022 (RM'000)	30.09.2021 (RM'000)	Amount (RM'000)	%
Revenue								
Property development	17,564	524	17,040	3,251.91	28,389	16,736	11,653	69.63
Constructions	(73)	2,930	(3,003)	(102.49)	308	4,137	(3,829)	(92.55)
	17,491	3,454	14,037	406.40	28,697	20,873	7,824	37.48
Profit/(Loss) before tax								
Property development	3,255	(4,005)	7,260	181.27	1,488	(5,719)	7,207	126.02
Constructions	(4,242)	(4,278)	36	0.84	(12,954)	(11,857)	(1,097)	(9.25)
Others	(507)	(2,602)	2,095	80.51	(1,285)	(3,616)	2,331	64.46
	(1,494)	(10,885)	9,391	86.27	(12,751)	(21,192)	8,441	39.83

- a) Performance review for current quarter against the same quarter in the preceding year (Q3 2022 vs Q3 2021)

For the current quarter under review, the Group recorded revenue of RM17.49 million which was RM14.04 million higher as compared to the quarter ended 30 September 2021 of RM3.45 million. Consequently, the Group recorded a lower loss before tax of RM1.49 million for the quarter ended 30 September 2022 as compared to a loss before tax of RM10.89 million for the quarter ended 30 September 2021. The higher revenue and lower loss before tax for current quarter was mainly derived from the improved sales achieved for its completed development, double storey terrace houses at Danga Sutera.

The performance from each business segment is set out below:

Property Development

Revenue for the current quarter of RM17.56 million has increased by RM17.04 million as compared to the quarter ended 30 September 2021 of RM524,000. A profit before tax of RM3.26 million was recorded in current quarter as compared to loss before tax of RM4.01 million in the same quarter in the preceding year mainly due to higher sales achievement for Danga Sutera project.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

16. REVIEW OF PERFORMANCE (cont'd)

- (i) Financial review for current quarter and financial period to-date (cont'd)
- a) Performance review for current quarter against the same quarter in the preceding year (Q3 2022 vs Q3 2021) (cont'd)

Construction

The construction sector registered negative revenue of RM73,000 for the current quarter ended 30 September 2022 as compared to revenue of RM2.93 million for the same quarter in the preceding year. Despite lower revenue recorded in the current quarter, a lower loss before tax of RM4.24 million was recorded in the current quarter as compared to the loss before tax of RM4.28 million in the preceding year corresponding quarter ended 30 September 2021 due to additional provision for LAD recorded in 2021. The negative revenue recorded was due to revision in budgeted costs in construction project arose from the finalisation of sub-contractors' work.

Others

The other sector recorded a loss before tax of RM507,000 for current quarter ended 30 September 2022 as compared to RM2.60 million for the same quarter in the preceding year, The losses incurred in prior year was mainly contributed by the recognition for share of loss in associate.

- b) Performance review for financial year to–date (9M FY 2022 vs 9M FY 2021)

The Group's revenue of RM28.70 million for the financial period ended 30 September 2022 has increased by RM7.82 million as compared to the preceding year corresponding period ended 30 September 2021 of RM20.87 million. With the improved revenue, the Group recorded a lower loss before tax of RM12.75 million for the financial period ended 30 September 2022 as compared to a loss before tax of RM21.19 million for the financial period ended 30 September 2021. The improved performance reflected in the property development segment was boosted by the sale of double storey terrace houses for Danga Sutera project.

The performance from each business segment is set out below:

Property Development

Revenue for the 9-month period ended 30 September 2022 has increased by RM11.65 million to RM28.39 million as compared to the preceding year corresponding period ended 30 September 2021 of RM16.74 million, resulting a profit before tax of RM1.49 million recorded for 9-month period ended 30 September 2022. This is mainly contributed by the improved sales of double storey terrace houses for Danga Sutera project.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

16. REVIEW OF PERFORMANCE (cont'd)

- (i) Financial review for current quarter and financial period to-date (cont'd)
- b) Performance review for financial year to-date (9M FY 2022 vs 9M FY 2021) (cont'd)

Construction

Revenue of RM308,000 was recorded for the 9-month period ended 30 September 2022, a decrease of RM3.83 million as compared to the preceding year corresponding period of RM4.14 million. With the lower revenue, the Group recorded a higher loss before tax of RM12.95 million in 9-month period ended 30 September 2022 as compared to the preceding period ended 30 September 2021 of RM11.86 million due to lower level of work achieved and higher operating costs incurred such as administrative expenses and finance costs during this 9-month period ended 30 September 2022.

Others

Lower loss before tax for 9-month period ended 30 September 2022 has improved by RM2.33 million to RM1.29 million as compared to loss before tax of RM3.62 million for 9-month period ended 30 September 2021. Loss before tax for the 9-month period ended 30 September 2021 was due to the recognition of share of loss of the investment in associate in 2021. As the investment in associate had been fully impaired in financial year ended 2021 and hence there is no further recognition for share of loss in associate in the current financial period.

- (ii) Financial review for current quarter compared with immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes	
	30.09.2022 (RM'000)	30.06.2022 (RM'000)	Amount (RM'000)	%
Revenue				
Property development	17,564	5,926	11,638	196.39
Constructions	(73)	710	(783)	(110.28)
	17,491	6,636	10,855	163.58
Profit/(Loss) before tax				
Property development	3,255	(647)	3,902	603.09
Constructions	(4,242)	(4,932)	690	13.99
Others	(507)	(484)	(23)	(4.75)
	(1,494)	(6,063)	4,569	75.36

For the current quarter under review, the Group recorded a higher revenue of RM17.49 million and a lower loss before tax of RM1.49 million respectively, as compared to the immediate preceding quarter's revenue and loss before tax of RM6.64 million and RM6.06 million.

The higher revenue and lower loss before tax recorded in the current quarter was due to better performance contributed from the property development sector as a result of the improved sales in double storey terrace houses for Danga Sutera project.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

17. PROSPECTS

The Malaysia economy is gradually returning to normal, but the pandemic's effects continue to linger. Although we are moving into the endemic phase of the prolonged COVID-19 pandemic, the business landscape is facing new challenges with the onset of global inflation due to Russia's invasion of Ukraine, which has led to a surge in commodity prices. The increase in raw prices and commodity prices has led to a surge in inflation, including the rising building and construction costs.

The property sector is among the worst-hit industry that has been affected by the prevailing market uncertainty, compounded by concerns on affordability, rising inflation, strict financing guidelines and other macroeconomic challenges. Under the aforesaid circumstances, the Group expects the performance for this financial year to remain challenging.

Notwithstanding the above, the Group is of the opinion that the transition towards the endemic phase of COVID-19 will help the property sector to recover in FY2023. With our strategic initiatives, the Group will continue to monitor the market situation and is optimistic about the prospects of its upcoming new property development launch given its strategic location, attractive pricing, with good products and features.

18. PROFIT FORECAST

The Group has not provided any profit forecast in a public document.

19. TAXATION

	Quarter ended		9 months cumulative to date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Income tax	(14)	(1,551)	(14)	(1,551)
Deferred tax	9	-	16	(341)
	(5)	(1,551)	2	(1,892)

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

19. TAXATION (cont'd)

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable loss for the period.

	Current quarter 30.09.2022 RM'000	9 months cumulative to date 30.09.2022 RM'000
Major components of tax expenses:		
Loss before tax	(1,494)	(12,751)
Taxation at the Malaysian statutory tax rate of 24%	(359)	(3,060)
Adjustments:		
- Income not subject to tax	(1)	(3)
- Under provision tax for prior year	(14)	(14)
- Non - deductible expenses	369	3,079
	(5)	2
Effective tax rate	0.33%	0.016%

20. UNQUOTED INVESTMENTS AND PROPERTIES

There were no purchases or sales of unquoted investments and properties for the current quarter and financial period-to-date.

21. QUOTED INVESTMENTS

There were no purchases or sales of quoted securities for the current quarter and financial period-to-date.

There were no investments in quoted securities as at the end of the current quarter.

22. STATUS OF CORPORATE PROPOSALS

There are no other corporate proposals announced but not completed as of the reporting date except for as disclosed below:

(a) Proposed Disposal and Settlement with Knusford Berhad

The Shareholders had on 16 November 2022 approved the Proposed Disposal and Settlement during the Extraordinary General Meeting.

As at the date of this report, the conditions precedent of the Proposed Disposal and Settlement have been fulfilled and the agreements have become unconditional. The completion of the agreement is pending for execution and delivery of the transfer documents.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

23. BORROWINGS AND DEBT EQUITIES

Details of the Group's borrowings (all denominated in Malaysian currency) as at 30 September 2022 are as follows:

	Current RM'000	Non current RM'000	Total RM'000
Secured			
Bridging loans – Note 1	29,714	-	29,714
Revolving credit – Note 2	100,000	-	100,000
Bank overdraft	5,385	-	5,385
Total	135,099	-	135,099

Note 1 : Bridging loans are for the development properties. The loans were repaid through redemption and cash.

Note 2 : Revolving credit facility is for working capital.

24. MATERIAL LITIGATION

(A) Johor Bahru High Court Summons No. JA-22NCVC-149-11/2020

On 17 November 2020, the Company and its subsidiary, Tebrau Bay Constructions Sdn Bhd (“Defendants”) received a Writ of Summons and Statement of Claim filed by Tenaga Nasional Berhad (“TNB” or “the Plaintiff”) claiming RM76.56 million, various injunctions, economic loss, other damages, interests and costs to be assessed by the High Court for the alleged damages on the Johor Bahru – Singapore TNB cable link. In the claim, TNB alleged that reclamation works undertaken by the Group had trespassed on the right of way (“ROW”) of the TNB’s submarine cables.

The Group has appointed a counsel to defend the claim and made an application to strike out the plaintiff’s suit. The Group’s defence, amongst others, is that at all material times, the reclamation works were carried out by independent contractors outside of the Plaintiff’s ROW, in accordance with plans approved by the Johor Bahru City Council.

Further, the Plaintiffs have not provided any evidence of the nature, cause and specifics of the alleged damage to the submarine cables.

The Court had on 10 November 2022, dismissed the Defendants’ two (2) Rejoinder applications with costs of RM2,000 each (“Decision”). Following from the above, in the event the Defendants wish to appeal against the said Decision, the Defendants are allowed to do so within 30 days by 12 December 2022.

Accordingly, the Company disclosed the details of the Claim as a contingent liability.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

24. MATERIAL LITIGATION (cont'd)

(A) Johor Bahru High Court Summons No. JA-21NCvC-13/03/2022

On 29 March 2022, Tebrau Bay Sdn Bhd (“TBSB”) was served with a Writ of Summon and Statement of Claim from Inland Revenue Board of Malaysia (“IRB”), in respect of unpaid income taxes to RM10.83 million plus 5% per annum on the alleged claims, costs and other reliefs as the Honourable Court deems fit and proper to grant.

The suit is not expected to have any signification operational or financial impact to the Group as the said amount has already been fully provided in the prior financial statements for the financial year ended 31 December 2021 except for any additional costs or interests granted (if any).

The Company wishes to inform that following the Notice of Appeal dated 12 October 2022 filled by TBSB, the Court has fixed the matter for case management via e-Review on 10 January 2023.

25. LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	Quarter ended		9 months cumulative to date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation	92	95	281	289
Interest income	(196)	(94)	(583)	(295)
Interest expenses	4,683	4,785	13,571	13,580
Provision for LAD	-	2,193	-	2,193
Share of results of associate	-	2,284	-	2,394
Other income	(54)	23	(1,149)	(131)

Other than as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Malaysia Listing Requirement are not applicable.

26. CAPITAL COMMITMENTS

There are no material capital commitments as at the date of this report.

27. EVENTS AFTER REPORTING PERIOD

There are no material events subsequent to the end of the current quarter.

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

28. DERIVATIVES

- a. There are no outstanding derivatives (including financial instruments designated as hedging instruments) for the quarter ended 30 September 2022; and
- b. The Group has not entered into any type of derivatives in the previous financial period under review.

29. DIVIDEND PAYABLE

No dividend has been declared for the financial period ended 30 September 2022 (30 September 2021: RM Nil).

30. LOSS PER SHARE

The basic and diluted loss per share has been calculated by dividing the Group's loss for the period attributable to owners of the Company by weighted average number of shares in issue. The weighted number of shares in issue is calculated as follows:

	Quarter ended		9 months cumulative to date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Loss for the period attributable to owners of the Company (RM'000)	(1,499)	(9,334)	(12,749)	(19,300)
Number of shares at beginning of the period ('000)	921,128	837,389	921,128	837,389
Effects of shares issued pursuant to :				
- Private placement	-	55,826	-	55,826
Weighted average number of ordinary shares for earnings per share	<u>921,128</u>	<u>893,215</u>	<u>921,128</u>	<u>893,215</u>
Basic loss per share (sen)	<u>(0.16)</u>	<u>(1.05)</u>	<u>(1.38)</u>	<u>(2.16)</u>
Diluted loss per share (sen)	<u>(0.16)</u>	<u>(1.05)</u>	<u>(1.38)</u>	<u>(2.16)</u>

NOTES TO THE 3RD QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2022

31. STATUS OF JOINT VENTURE PROJECT

Following is the status of the existing joint venture projects as at 30 September 2022 :

	Paradise Realty Sdn. Bhd.	Greenland Tebrau Sdn. Bhd. (Lot 1A)
<u>Development Status</u>		
Total land area	20.324 acres	11.013 acres
% land under development	100%	100%
% of development completed	49.96%	-
% of development not yet completed	50.04%	100%

32. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 November 2022.