

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2023

|  | INDIVIDUAL QUARTER                      |   | CUMULATIVE QUARTER                        |   |
|--|---|---|---|---|
|  | Current quarter<br>31.03.2023<br>RM'000 | Previous year<br>corresponding<br>quarter<br>31.03.2022<br>RM'000 | 3 months<br>ended<br>31.03.2023<br>RM'000 | 3 months<br>ended<br>31.03.2022<br>RM'000 |
| Revenue  | 17,419                                  | 4,570   | 17,419                                    | 4,570                                     |
| Cost of sales  | (12,778)                                | (4,107)   | (12,778)                                  | (4,107)                                   |
| Gross profit   | 4,641                                   | 460   | 4,641                                     | 460                                       |
| Other operating income                                 | 190                                     | 244   | 190                                       | 244                                       |
| Operating expenses                                     | (2,210)                                 | (1,500)   | (2,210)                                   | (1,500)                                   |
| Profit/(loss) from operations                          | 2,621                                   | (796)   | 2,621                                     | (796)                                     |
| Finance costs  | (4,745)                                 | (4,398)   | (4,745)                                   | (4,398)                                   |
| Loss before tax (Note 25)                              | (2,124)                                 | (5,194)   | (2,124)                                   | (5,194)                                   |
| Tax expenses (Note 19)                                 | 2                                       | 5   | 2   | 5   |
| Loss for the period                                    | (2,122)                                 | (5,189)   | (2,122)                                   | (5,189)                                   |
| Other comprehensive income,<br>net of tax              | -                                       | -   | -   | -   |
| Total comprehensive loss for the<br>period             | (2,122)                                 | (5,189)   | (2,122)                                   | (5,189)                                   |
| Loss and total comprehensive<br>loss attributable to : |   |   |   |   |
| Owners of the Parent                                   | (2,122)                                 | (5,189)   | (2,122)                                   | (5,189)                                   |
| <b>LOSS PER SHARE (Note 30)</b>                        |   |   |   |   |
| Basic (sen)  | (0.23)                                  | (0.56)  | (0.23)                                    | (0.56)                                    |
| Diluted (sen)  | (0.23)                                  | (0.56)  | (0.23)                                    | (0.56)                                    |

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION AS AT 31 MARCH 2023

|   | <b>As at<br/>31.03.2023<br/>RM'000</b> | <b>Audited<br/>as at<br/>31.12.2022<br/>RM'000</b> |
|---|--|--|
| <b>NON-CURRENT ASSETS</b>                                 |  |  |
| Property, plant and equipment                             | 871                                    | 952  |
| Other investments   | 90                                     | 90   |
| Investment properties                                     | 95                                     | 95   |
| Inventory properties – land held for property development | 69,463                                 | 69,463   |
| Deferred tax assets                                       | 13,076                                 | 13,076   |
|   | <u>83,595</u>                          | <u>83,676</u>                                      |
| <b>CURRENT ASSETS</b>                                     |  |  |
| Inventory properties – property development costs         | 1,153,610                              | 1,148,506  |
| Inventories   | 29,258                                 | 37,804   |
| Trade and other receivables                               | 131,137                                | 139,501  |
| Contract assets   | 19,549                                 | 19,572   |
| Prepayments   | 1,009                                  | 788  |
| Tax recoverable   | 6,315                                  | 6,196  |
| Cash and bank balances                                    | 24,538                                 | 24,456   |
|   | <u>1,365,416</u>                       | <u>1,376,823</u>                                   |
| <b>TOTAL ASSETS</b>                                       | <b>1,449,011</b>                       | <b>1,460,499</b>                                   |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>        |  |  |
| Share capital   | 766,884                                | 766,884  |
| Reserves  | (24,177)                               | (22,055)   |
| Shareholders' equity                                      | <u>742,707</u>                         | <u>744,829</u>                                     |
| <b>NON-CURRENT LIABILITIES</b>                            |  |  |
| Other payables  | 309,901                                | 307,030  |
| Deferred tax liabilities                                  | 96,574                                 | 96,576   |
|   | <u>406,475</u>                         | <u>403,606</u>                                     |
| <b>CURRENT LIABILITIES</b>                                |  |  |
| Short term borrowings                                     | 111,271                                | 123,948  |
| Redeemable preference shares                              | 10,500                                 | 10,499   |
| Trade and other payables                                  | 161,326                                | 161,183  |
| Contract liabilities                                      | 573                                    | 573  |
| Provisions  | 5,260                                  | 4,963  |
| Tax payable   | 10,899                                 | 10,899   |
|   | <u>299,829</u>                         | <u>312,065</u>                                     |
| <b>TOTAL LIABILITIES</b>                                  | <b>706,304</b>                         | <b>715,671</b>                                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       | <b>1,449,011</b>                       | <b>1,460,499</b>                                   |
| Net assets per share (RM)                                 | 0.81                                   | 0.81   |

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2023

|  | <b>Share<br/>capital<br/>RM'000</b> | <b>(Accumulated<br/>losses)/<br/>Retained profits<br/>RM'000</b> | <b>Total<br/>equity<br/>RM'000</b> |
|--|-------------------------------------|--|------------------------------------|
| <b>Opening balance at 1 January 2023</b> | 766,884                             | (22,055)   | 744,829                            |
| Total comprehensive loss for the period  | -                                   | (2,122)  | (2,122)                            |
| <b>Closing balance at 31 March 2023</b>  | 766,884                             | (24,177)   | 742,707                            |
| <b>Opening balance at 1 January 2022</b> | 766,884                             | 10,149   | 777,033                            |
| Total comprehensive loss for the period  | -                                   | (5,189)  | (5,189)                            |
| <b>Closing balance at 31 March 2022</b>  | 766,884                             | 4,960  | 771,844                            |

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
 FOR THE PERIOD ENDED 31 MARCH 2023

|   | <b>3 months ended<br/>31.03.2023<br/>RM'000</b> | <b>3 months ended<br/>31.03.2022<br/>RM'000</b> |
|---|---|---|
| <b>Operating activities</b>                               |   |   |
| Loss before tax   | (2,124)   | (5,194)   |
| Adjustment for :  |   |   |
| Depreciation  | 87  | 95  |
| Interest expenses   | 4,745   | 4,398   |
| Interest income   | (74)  | (134)   |
| Operating profit/(loss) before changes in working capital | 2,634   | (835)   |
| Change in trade and other receivables                     | 8,142   | (563)   |
| Change in trade and other payables                        | 112   | 1,507   |
| Change in inventories                                     | 8,546   | 1,767   |
| Change in development properties                          | (5,104)   | (9,494)   |
| <b>Cash flows from/(used in) operating activities</b>     | <b>14,330</b>                                   | <b>(7,618)</b>                                  |
| Interest paid   | (615)   | (933)   |
| Taxes paid  | (120)   | (40)  |
| <b>Net cash from/(used in) operating activities</b>       | <b>13,595</b>                                   | <b>(8,591)</b>                                  |
| <b>Investing activities</b>                               |   |   |
| Purchase of property, plant and equipment                 | (5)   | -   |
| Interest received   | 74  | 134   |
| Addition of short-term investments                        | 34  | -   |
| <b>Net cash from investing activities</b>                 | <b>103</b>                                      | <b>134</b>                                      |

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
 FOR THE PERIOD ENDED 31 MARCH 2023 (CONT'D)

|   | <b>3 months ended<br/>31.03.2023<br/>RM'000</b> | <b>3 months ended<br/>31.03.2022<br/>RM'000</b> |
|---|---|---|
| <b>Financing Activities</b>                                       |   |   |
| Advances from/(repayment to) related company                      | (1,000)   | 8,650   |
| Withdrawal of pledged deposits                                    | -   | 3,699   |
| Repayment of borrowings   | (14,392)  | (8,107)   |
| Repayment of obligations under finance leases                     | -   | (24)  |
| <b>Net cash (used in)/from financing activities</b>               | <b>(15,392)</b>                                 | <b>4,218</b>                                    |
| <br>  |   |   |
| Net decrease in cash and cash equivalents                         | (1,694)   | (4,239)   |
| Cash and cash equivalents at beginning of period                  | 1,967   | 12,785  |
| <b>Cash and cash equivalents at the end of period</b>             | <b>273</b>                                      | <b>8,546</b>                                    |
| <br>  |   |   |
| Cash and cash equivalents comprise:                               |   |   |
| Cash and bank balances  | 8,821   | 2,677   |
| Deposits with licensed banks                                      | 15,717  | 34,547  |
|   | <u>24,538</u>                                   | <u>37,224</u>                                   |
| Less: Deposits with licensed banks pledged for banking facilities | (15,585)  | (20,214)  |
| Less: Short term investments                                      | (588)   | -   |
| Less : Bank overdraft   | (8,092)   | (8,464)   |
|   | <u><b>273</b></u>                               | <u><b>8,546</b></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 2022 and the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

**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 2022. 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 2022.

**2. CHANGES IN ACCOUNTING POLICIES**

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

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 except for the adoption of the following new and amendments to MFRSs:

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: 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

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

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants



NOTES TO THE 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

**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 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 and Cost Recognition of Property Development Activities**

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the applicable laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.



NOTES TO THE 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

**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 RM8.09 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 RM9.39 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 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

**3. AUDITORS' REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The auditors' report on the financial statements of the Company and of the Group for the financial year ended 31 December 2022 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 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

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

The gearing ratios as at 31 March 2023 and 31 December 2022, which are within the Group's objectives for capital management, are as follows:-

|                              | <b>31.03.2023</b> | <b>31.12.2022</b> |
|------------------------------|-------------------|-------------------|
|                              | <b>RM'000</b>     | <b>RM'000</b>     |
| Borrowings                   | 111,271           | 123,948           |
| Redeemable preference shares | 10,500            | 10,499            |
| Trade and other payables     | 471,227           | 468,213           |
| Less: Cash and bank balances | <u>(24,538)</u>   | <u>(24,456)</u>   |
| Net debt                     | <u>568,460</u>    | <u>578,204</u>    |
| Equity                       | <u>742,707</u>    | <u>744,828</u>    |
| Total capital                | <u>742,707</u>    | <u>744,828</u>    |
| <b>Capital and net debt</b>  | <b>1,311,167</b>  | <b>1,323,032</b>  |
| <b>Gearing ratio</b>         | <b>43.36%</b>     | <b>43.70%</b>     |

The decrease in gearing ratio from 43.70% to 43.36% is mainly due to decrease in borrowings 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:

|                                 | <b>Current year quarter<br/>31.03.2023<br/>RM'000</b> | <b>3 months<br/>cumulative to date<br/>31.03.2023<br/>RM'000</b> |
|---------------------------------|---|--|
| a) Repayment of bank borrowings | (14,393)  | (14,393)   |
| b) Change in bank overdraft     | 1,717   | 1,717  |

**9. DIVDENDS**

No dividends were recommended, declared or paid during the financial period ended 31 March 2023.

NOTES TO THE 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 31 MARCH 2023

**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 2022 and there was no fair value changes arose from the valuation to be recognised in the statements of profit or loss for the previous financial year ended 31 December 2022.

**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 :

|  | <b>31.03.2023</b> | <b>31.12.2022</b> |
|--|-------------------|-------------------|
|  | <b>RM'000</b>     | <b>RM'000</b>     |
| Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries |                   |                   |
| - Current exposure   | 11,271            | 23,998            |
| Performance bond issued by subsidiaries involved in construction activities                                | 25,150            | 25,150            |

NOTES TO THE 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

**14. OPERATING SEGMENTS**

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

| <b>As at<br/>31 March 2023<br/>RM'000</b> | Property<br>Development | Construction | Elimination | Consolidated   |
|---|-------------------------|--------------|-------------|----------------|
| <b>Revenue</b>                            |                         |              |             |                |
| Revenue                                   | 17,419                  | -            | -           | 17,419         |
| Other income                              | 162                     | 27           | -           | 189            |
| Unallocated other income                  | -                       | -            | 1           | 1              |
|   | 17,581                  | 27           | 1           | 17,609         |
| <b>RESULT</b>                             |                         |              |             |                |
| Segment results                           | 3,168                   | (246)        | (8)         | 2,914          |
| Unallocated corporate expenses            |                         |              |             | (293)          |
| Finance costs                             |                         |              |             | (4,745)        |
| <b>Loss before tax</b>                    |                         |              |             | <b>(2,124)</b> |

| <b>As at<br/>31 March 2022<br/>RM'000</b> | Property<br>Development | Construction | Elimination | Consolidated   |
|---|-------------------------|--------------|-------------|----------------|
| <b>Revenue</b>                            |                         |              |             |                |
| Revenue                                   | 4,899                   | (329)        | -           | 4,570          |
| Other income                              | 209                     | 35           | -           | 244            |
| Unallocated other income                  | -                       | -            | -           | -              |
|   | 5,108                   | (294)        | -           | 4,814          |
| <b>RESULT</b>                             |                         |              |             |                |
| Segment results                           | (346)                   | (172)        | (19)        | (537)          |
| Unallocated corporate expenses            |                         |              |             | (259)          |
| Finance costs                             |                         |              |             | (4,398)        |
| <b>Loss before tax</b>                    |                         |              |             | <b>(5,194)</b> |

NOTES TO THE 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

14. OPERATING SEGMENTS (cont'd)

**ASSETS AND LIABILITIES**

| As at<br>31 March 2023<br>RM'000          | Property<br>Development | Construction | Elimination | Consolidated     |
|---|-------------------------|--------------|-------------|------------------|
| <b><u>ASSETS</u></b>                      |                         |              |             |                  |
| Segment assets                            | 1,333,587               | 298,607      | (526,961)   | 1,105,233        |
| Investment in associate                   |                         |              |             | -                |
| Investment properties                     |                         |              |             | 95               |
| Available-for-sale<br>investments         |                         |              |             | 90               |
| Unallocated corporate<br>assets           |                         |              |             | 343,593          |
| <b>Consolidated<br/>total assets</b>      |                         |              |             | <b>1,449,011</b> |
| <b><u>LIABILITIES</u></b>                 |                         |              |             |                  |
| Segment liabilities                       | (436,449)               | (608,693)    | 442,617     | (602,525)        |
| Unallocated corporate<br>liabilities      |                         |              |             | (103,779)        |
| <b>Consolidated<br/>total liabilities</b> |                         |              |             | <b>(706,304)</b> |

| As at<br>31 March 2022<br>RM'000          | Property<br>Development | Construction | Elimination | Consolidated     |
|---|-------------------------|--------------|-------------|------------------|
| <b><u>ASSETS</u></b>                      |                         |              |             |                  |
| Segment assets                            | 1,478,305               | 305,101      | (561,832)   | 1,221,574        |
| Investment in associate                   |                         |              |             | -                |
| Investment properties                     |                         |              |             | 95               |
| Available-for-sale<br>investments         |                         |              |             | 90               |
| Unallocated corporate<br>assets           |                         |              |             | 345,547          |
| <b>Consolidated<br/>total assets</b>      |                         |              |             | <b>1,567,306</b> |
| <b><u>LIABILITIES</u></b>                 |                         |              |             |                  |
| Segment liabilities                       | (648,747)               | (605,602)    | 562,294     | (692,055)        |
| Unallocated corporate<br>liabilities      |                         |              |             | (103,407)        |
| <b>Consolidated<br/>total liabilities</b> |                         |              |             | <b>(795,462)</b> |

NOTES TO THE 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

**15. RELATED PARTY TRANSACTIONS**

Significant related party transactions are as follows:

|  | 3 months ended |            | 3 months ended |            |
|--|----------------|------------|----------------|------------|
|  | 31.03.2023     | 31.03.2022 | 31.03.2023     | 31.03.2022 |
|  | RM'000         | RM'000     | RM'000         | RM'000     |
| Construction related services to a company of which certain directors of the Company have interest             | 1,596          | 2,643      | 1,596          | 2,643      |
| Rental and maintenance related services from a company of which certain directors of the Company have interest | 9              | 1,423      | 9              | 1,423      |

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.

**16. REVIEW OF PERFORMANCE**

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

|                               | 3 months quarter ended |                        | Changes            |        |
|-------------------------------|------------------------|------------------------|--------------------|--------|
|                               | 31.03.2023<br>(RM'000) | 31.03.2022<br>(RM'000) | Amount<br>(RM'000) | %      |
| <b>Revenue</b>                |                        |                        |                    |        |
| Property development          | 17,419                 | 4,899                  | 12,520             | 255.56 |
| Constructions                 | -                      | (329)                  | 329                | 100.00 |
|                               | <b>17,419</b>          | <b>4,570</b>           | 12,849             | 281.16 |
| Profit/(loss) from operations | 2,621                  | (796)                  | 3,417              | 429.27 |
| Finance costs                 | (4,745)                | (4,398)                | (347)              | (7.89) |
| <b>Loss before tax</b>        | <b>(2,124)</b>         | <b>(5,194)</b>         | 3,070              | 59.11  |

NOTES TO THE 1<sup>ST</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2023

**16. REVIEW OF PERFORMANCE (cont'd)**

- (i) Financial review for current quarter and financial period to-date
  - a) Performance review for current quarter against the same quarter in the preceding year (Q1 2023 vs Q1 2022)

For the current quarter under review, the Group recorded revenue of RM17.42 million which has improved by RM12.85 million as compared to the quarter ended 31 March 2022 of RM4.57 million. With the improved revenue, a lower loss before tax of RM2.12 million for the quarter ended 31 March 2023 was recorded as compared to RM5.19 million for the quarter ended 31 March 2022.

The higher revenue for the current quarter was mainly driven by the property development segment, whereby higher work progress was achieved and there were improved property unit sales. Loss before tax during the current quarter was mainly due to finance costs incurred.

The performance from each business segment is set out below:

**Property Development**

Revenue for the current quarter of RM17.42 million has increased by RM12.52 million as compared to the quarter ended 31 March 2022 of RM4.90 million. The higher revenue for current quarter was mainly derived from the sales achieved for its completed development of double storey terrace houses at Danga Sutera.

**Construction**

For the current quarter ended 31 March 2023, there is no revenue recognised under construction sector as compared to negative revenue of RM329,000 for the same quarter in the preceding year. No revenue was recognised for the current quarter as the previous construction projects were already at finalisation stage and the new construction project is at initial tender-awarding stage to potential sub-contractors.

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**16. REVIEW OF PERFORMANCE (cont'd)**

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

|                               | Current quarter        | Immediate preceding quarter | Changes            |         |
|-------------------------------|------------------------|-----------------------------|--------------------|---------|
|                               | 31.03.2023<br>(RM'000) | 31.12.2022<br>(RM'000)      | Amount<br>(RM'000) | %       |
| <b>Revenue</b>                |                        |                             |                    |         |
| Property development          | 17,419                 | 66,194                      | (48,775)           | (73.68) |
| Constructions                 | -                      | (2,532)                     | 2,532              | 100.00  |
|                               | <b>17,419</b>          | <b>63,662</b>               | (46,243)           | (72.64) |
| Profit/(loss) from operations | 2,621                  | (1,954)                     | 4,575              | 234.14  |
| Finance costs                 | (4,745)                | (8,911)                     | 4,166              | 46.75   |
| <b>Loss before tax</b>        | <b>(2,124)</b>         | <b>(10,865)</b>             | 8,741              | 80.45   |

For the current quarter under review, the Group recorded a lower revenue of RM17.42 million and loss before tax of RM2.12 million respectively, as compared to the immediate preceding quarter's revenue and loss before tax of RM63.66 million and RM10.87 million.

The higher revenue recorded in the immediate preceding quarter was due to the one-off disposal of freehold vacant land while the revenue recorded in current quarter was mainly contributed by the sales in double storey terrace houses for Danga Sutera project.

Despite lower revenue, the Group has recorded a lower loss before tax for the current quarter as there were lesser amount of finance costs and operating expenses incurred in the current quarter as compared to immediate preceding quarter.



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**17. PROSPECTS**

Based on revised Malaysia Budget 2023, the Malaysian economy was projected with a Gross Domestic Product (“GDP”) growth rate of 4.5%. The property market, though growing at a slower rate, consumer interest in purchasing properties is expected to show upward trend after the challenges of the last two years. Recent positive developments, which include the following:

- streamlined approval processes for foreign labour;
- increase in taxes for property purchases and additional buyer’s stamp duty imposed on foreigner buying property in Singapore; and
- reopening of China’s borders are also contributing to the improvements in the overall market sentiment and consumer spending.

Going forward, the Group planning to reinforce its sales pipelines by focusing on landed residences and affordably priced commercial products in strategic and good locations. The Group will continue to monitor the market situation and is optimistic about the prospects of its upcoming new property development launches given its strategic location and attractive pricing coupled with good product features.

Nevertheless, the Group is of the opinion that there are still uncertainties and challenges looming over this financial year for the property sector which may include rising of interest rate and geopolitical uncertainties.

**18. PROFIT FORECAST**

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

**19. TAXATION**

|              | Quarter ended |            | 3 months cumulative to date |            |
|--------------|---------------|------------|-----------------------------|------------|
|              | 31.03.2023    | 31.03.2022 | 31.03.2023                  | 31.03.2022 |
|              | RM’000        | RM’000     | RM’000                      | RM’000     |
| Income tax   | -             | -          | -                           | -          |
| Deferred tax | 2             | 5          | 2                           | 5          |
|              | <u>2</u>      | <u>5</u>   | <u>2</u>                    | <u>5</u>   |

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**19. TAXATION (cont'd)**

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

|   | <b>Current<br/>quarter<br/>31.03.2023<br/>RM'000</b> | <b>3 months<br/>cumulative to date<br/>31.03.2023<br/>RM'000</b> |
|---|--|--|
| Major components of tax expenses:                   |  |  |
| Loss before tax                                     | (2,122)  | (2,122)  |
| Taxation at the Malaysian statutory tax rate of 24% | (509)  | (509)  |
| Adjustments:  |  |  |
| - Non - deductible expenses                         | 509  | 509  |
| - Utilisation of deferred tax assets                | 2  | 2  |
|   | <u>2</u>   | <u>2</u>   |
| Effective tax rate                                  | 0.11%  | 0.11%  |

**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.

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**23. BORROWINGS AND DEBT EQUITIES**

Details of the Group's borrowings (all denominated in Malaysian currency) as at 31 March 2023 are as follows:

| <b>Secured</b>            | <b>Current<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---------------------------|---------------------------|-------------------------|
| Bridging loans – Note 1   | 3,179                     | 3,179                   |
| Revolving credit – Note 2 | 100,000                   | 100,000                 |
| Bank overdraft            | 8,092                     | 8,092                   |
| Total                     | 111,271                   | 111,271                 |

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 ("First Defendant") and its subsidiary, Tebrau Bay Constructions Sdn Bhd ("Second Defendant") 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. Another subsidiary, Tebrau Bay Sdn Bhd was included in the suit as a Third Defendant on 5 December 2021.

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 hearing of Defendants' striking out applications has been scheduled on 14 June 2023 and the directions in respect of the discovery and interrogatories applications by the First and Second Defendant will be dealt with at the same date during the Defendants' striking out applications' hearing.

Accordingly, the details of the claim shall be part of contingent liability disclosure.

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**24. MATERIAL LITIGATION (cont'd)**

**(B) 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 except for any additional costs or interests granted (if any).

Following the Case Management on 24 May 2023, the Court has fixed a further Case Management on 1 August 2023 to update the Court on the status of the Grounds of Judgment of the Federal Court Case which the Company is relying on.

**25. LOSS BEFORE TAX**

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

|                   | Quarter ended        |                      | 3 months<br>cumulative to date |                      |
|-------------------|----------------------|----------------------|--------------------------------|----------------------|
|                   | 31.03.2023<br>RM'000 | 31.03.2022<br>RM'000 | 31.03.2023<br>RM'000           | 31.03.2022<br>RM'000 |
| Depreciation      | 87                   | 95                   | 87                             | 95                   |
| Interest income   | (74)                 | (134)                | (74)                           | (134)                |
| Interest expenses | 4,745                | 4,398                | 4,745                          | 4,398                |
| Other income      | (116)                | (111)                | (116)                          | (111)                |

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.

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**28. DERIVATIVES**

- a. There are no outstanding derivatives (including financial instruments designated as hedging instruments) for the quarter ended 31 March 2023; 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 31 March 2023 (31 December 2022: 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:

|  | <b>Quarter ended</b> |                   | <b>3 months<br/>cumulative to date</b> |                   |
|--|----------------------|-------------------|--|-------------------|
|  | <b>31.03.2023</b>    | <b>31.03.2022</b> | <b>31.03.2023</b>                      | <b>31.03.2022</b> |
| Loss for the period attributable to owners of the Company (RM'000) | (2,122)              | (5,189)           | (2,122)                                | (5,189)           |
| Weighted average number of ordinary shares for earnings per share  | 921,128              | 921,128           | 921,128                                | 921,128           |
| Basic loss per share (sen)   | <u>(0.23)</u>        | <u>(0.56)</u>     | <u>(0.23)</u>                          | <u>(0.56)</u>     |
| Diluted loss per share (sen)                                       | <u>(0.23)</u>        | <u>(0.56)</u>     | <u>(0.23)</u>                          | <u>(0.56)</u>     |

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**31. STATUS OF JOINT VENTURE PROJECT**

Following is the status of the existing joint venture projects as at 31 March 2023 :

|                                    | <b>Paradise Realty<br/>Sdn. Bhd.</b> | <b>Greenland Tebrau<br/>Sdn. Bhd. (Lot 1A)</b> |
|------------------------------------|--------------------------------------|--|
| <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 30 May 2023.