Part A – Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (MFRS) 134 "Interim Financial Reporting"

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Listing Requirements.

The interim financial report has been prepared on a condensed basis and as such it should be read in conjunction with the audited annual financial statements for the financial year ended 31 May 2020.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MRFS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108*, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments: Recognition and Measurement and* MFRS 7, *Financial Instruments: Disclosures –Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standards, interpretations and amendments:-

- from the annual period beginning on 1 June 2020 for the amendments that are effective for annual periods beginning on or after 1 January 2020 and 1 June 2020;
- from the annual period beginning on 1 June 2022 for the accounting standard that is effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 141 which is not applicable to the Group and the Company; and
- from the annual period beginning on 1 June 2023 for the accounting standard and amendment that are effective for annual periods beginning on or after 1 January 2023 except for MFRS 17 which is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations and amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

A2. Auditors' Report On Preceding Annual Financial Statements

The audit report in respect of the financial statements of the Group for the preceding year was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

The Group's results were not materially affected by any major seasonal or cyclical factors in the current quarter.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review.

A5. Changes in Estimates

There were no material changes in estimates during the quarter under review.

A6. Issuance and Repayment of Debt and Equity Securities

There were no new debts and equity security issued during the current quarter.

A7. Dividends Paid

No dividends were paid during the quarter under review.

A8. Operating segments

	Manufacturing RM'000	Trading RM'000	Integrated hotel Operations and Property investment RM'000	Current Quarter Ended 30.11.2020 Total RM'000
Segment profit/(loss)	(598)	867	(392)	(123)
Included in the measure of Segment profit are: - Revenue from External customers	9,841	98,455	712	109,008
Depreciation and amortisation	253	32	370	655

Reconciliation of reportable segment profit: -

	Current Quarter ended 30.11.2020 RM'000
Profit	
Total profit/(loss) for reportable segments	(123)
Unallocated expenses	(142)
Unallocated income	132
Interest expenses	(7)
Interest income	12
Consolidated profit/(loss) before tax	(128)
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A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous financial year.

A10. Capital Commitments

Authorised capital expenditure for property, plant and equipment not provided for in the financial statements were as follows:-

	As at 30 November 2020 RM'000	As at 31 May 2020 RM'000
Property, plant and equipment		
- contracted	1,334	719
- not contracted	417	2,276
Total	1,751	2,995
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A11. Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current reporting period until the date of this report, which are expected to have a material operational or financial impact on the Group.

A12. Changes in the Composition of the Group

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

A13. Changes in Contingent Liabilities Or Contingent Assets

	As at 30 November 2020 RM'000	As at 31 May 2020 RM'000
Bank guarantees in favour of third parties for utilities	659	659
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Part B – Explanatory Notes Pursuant to Paragraph 9.22 of the Bursa Malaysia Securities Exchange Listing Requirements

B1. Review Of Performance

	Individual quarter		Cumulative quarter	
	30.11.2020 RM'000	**30.11.2019 RM'000**	**30.11.2020 RM'000**	**30.11.2019 RM'000**
Revenue				
Manufacturing	9,841	6,853	15,881	16,434
Trading	98,455	51,127	150,818	98,301
Integrated hotel operations and property investment	712	1,594	1,358	3,305
	109,008	59,574	168,057	118,040
Segment profit/(loss)				
Manufacturing	(598)	(497)	(1,248)	(1,023)
Trading	867	308	1,379	552
Integrated hotel operations and property investment	(392)	58	(759)	172
	(123)	(131)	(628)	(299)
Profit/(loss) before tax				
Unallocated expenses	(142)	(185)	(295)	(303)
Unallocated income	132	27	264	53
Interest expenses	(7)	(5)	(12)	(8)
Interest income	12	39	27	77
	(128)	(255)	(644)	(480)

Quarterly Performance Review

Revenue of the Group for the second financial quarter ended 30 November 2020 increased to RM109.01 million from RM59.57 million reported in the preceding corresponding financial quarter mainly due to higher volume on fuel oil.

In tandem with the higher fuel oil volume, cost of sales of the Group for the current quarter increased to RM107.51 million from RM58.31 million in the preceding corresponding quarter.

The impact of Covid-19 pandemic on the travel and tourism industry in Malaysia and globally has materially disrupted the Group's integrated hotel operations and property investment segment activities during the current quarter.

Overall, the Group reported a lower loss before taxation for the current quarter of RM0.13 million as compared to a loss before taxation of RM0.25 million in the preceding corresponding quarter mainly due to higher volume on fuel oil.

B1. Review Of Performance (con't): -

Segment Performance Review

Manufacturing segment
For the six months ended 30 November 2020, revenue decreased by 3.35% from RM16.43 million to RM15.88 million while segment loss increased from RM1.02 million to RM1.25 million mainly due to lower soap volume and higher manufacturing cost.

Trading segment
For the six months ended 30 November 2020, revenue increased by 53.43% from RM98.30 million to RM150.82 million while segment profit increased from RM0.55 million to RM1.38 million mainly due to higher fuel oil volume.

Integrated hotel operations and property investment segment
For the six months ended 30 November 2020, revenue decreased by 58.79% to RM1.36 million from RM3.30 million, and correspondingly segment profit decreased to loss of RM0.76 million from profit of RM0.17 million mainly due to Covid-19 impact.

B2. Variation Of Current Quarter Results Compared With The Preceding Quarter

Revenue for the current quarter was RM109.01 million compared to RM59.05 million recorded in the immediate preceding quarter.

The Group's loss before taxation for the current quarter was RM0.13 million compared to the loss before taxation of RM0.52 million for the preceding quarter.

B3. Current Year Prospects

Current economic situation continues to present challenging business conditions for the Group. Higher operational costs in terms of rising cost of wages, utilities, other operational expenses and also fluctuations in foreign currency exchange rates remain as main challenges for the Group.

Efforts will continuously be made in improving the performance of the respective segments.

The Covid-19 pandemic has resulted in significant levels of uncertainty across the Malaysian as well as the global economy. The Group will continue to monitor the development of Covid-19 pandemic and mitigate against any potential impact on the financial position and operating results of the Group.

The Board of Directors believes that the performance of the Group for the financial year 2020/2021 will be uncertain in view of the current economic conditions.

Notwithstanding the above, the Group will remain resilient and vigilant in addressing these uncertainties in its' business activities moving forward.

B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable to the Group as there was no profit forecast or profit guarantee.

B5 Taxation

	Current Year		Preceding Year	
	Quarter	Year To Date	Quarter	Year To Date
	30.11.2020	30.11.2020	30.11.2019	30.11.2019
	'000	'000	'000	'000
Income tax				
- current year	182	244	107	236
Total	182	244	107	236

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B7. Borrowings and Debt Securities

Details of the Group's borrowings as at 30 November 2020 are as follows:

	RM'000
Short term borrowings: -	
Bank overdraft	1,231
Hire purchase	111
	1,342
Long term borrowings:-	
Hire purchase	326
Total borrowings	1,668

B8. Material Litigation

There is no material litigation for the Group as at the date of this report.

B9. Dividends

The Board of Directors does not recommend any dividend for the current quarter.

B10. Earnings Per Share

	Quarter Ended		Cumulative Quarter	
	Current Quarter Ended 30.11.2020	Preceding Year Corresponding Quarter Ended 30.11.2019	Current Year To Date Ended 30.11.2020	Preceding Year Corresponding Year To Date Ended 30.11.2019
Basic Earnings Per Share:				
Net profit/(loss) for the period (RM'000)	(310)	(362)	(888)	(716)
Weighted average number of ordinary shares ('000)	181,164	181,164	181,164	181,164
Basic Earnings/(Loss) Per Share (Sen)	(0.17)	(0.20)	(0.49)	(0.40)
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Diluted Earnings Per Share:

The diluted earnings per share is not disclosed as the exercise price is above the market price of the Company's warrants and therefore the effect is anti-dilutive.