

TO BE RELEASED TO BURSA



HUA YANG GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

SECOND QUARTER ENDED 30 SEPTEMBER 2020

Interim Financial Statements for the financial period ended 30 September 2020
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	%	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	%
	30/09/2020 RM' 000	30/09/2019 RM' 000	+ / (-)	30/09/2020 RM' 000	30/09/2019 RM' 000	+ / (-)
Revenue	32,446	67,995	(52.3)	49,056	150,172	(67.3)
Cost of Sales	(24,791)	(48,205)		(40,348)	(109,356)	
Gross Profit	7,655	19,790	(61.3)	8,708	40,816	(78.7)
Other Income	44	226		409	439	
Selling and Marketing Expenses	(2,004)	(2,445)		(3,031)	(5,074)	
Administrative and General Expenses	(4,569)	(7,618)		(10,540)	(14,473)	
Net Gain on Impairment of Financial Instruments	(2,381)	-		3,719	-	
Operating Profit	(1,255)	9,953	(112.6)	(735)	21,708	(103.4)
Finance Costs	(3,356)	(3,624)		(6,406)	(7,401)	
Share of Results of an Associate	(515)	(3,394)		(2,683)	(4,379)	
(Loss)/Profit Before Tax	(5,126)	2,935	(274.7)	(9,824)	9,928	(199.0)
Tax Expense	(551)	(1,959)		(723)	(5,278)	
(Loss)/Profit For The Period	(5,677)	976	(681.7)	(10,547)	4,650	(326.8)
(Loss)/Profit attributable to:						
Owners of the Company	(5,663)	994	(669.8)	(10,522)	4,693	(324.2)
Non-controlling Interests	(14)	(18)		(25)	(43)	
	(5,677)	976		(10,547)	4,650	
Earnings Per Share Attributable to Owners of the Company (sen)						
Basic, for (loss)/profit for the period	(1.61)	0.28	(669.8)	(2.99)	1.33	(324.2)

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 September 2020

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	%	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	%
	30/09/2020 RM' 000	30/09/2019 RM' 000	+ / (-)	30/09/2020 RM' 000	30/09/2019 RM' 000	+ / (-)
(Loss)/Profit For The Period	(5,677)	976	(681.7)	(10,547)	4,650	(326.8)
Other Comprehensive Income For The Period, Net Of Tax	5,468	208	2,528.8	1,536	(366)	519.7
Total Comprehensive Income For The Period, Net Of Tax	(209)	1,184		(9,011)	4,284	
Total Comprehensive Income Attributable To :						
Owners of the Company	(195)	1,202	(116.3)	(8,986)	4,327	(307.7)
Non-controlling Interests	(14)	(18)		(25)	(43)	
	(209)	1,184		(9,011)	4,284	

Note: Included in the Total Comprehensive Income for the period are the followings:

Interest Income	63	63		202	142	
Other Income Including Investment Income	(19)	163		207	297	
Interest Expense	3,356	3,624		6,406	7,401	
Depreciation & Amortization	1,167	755		2,055	1,442	
Provision For/Write Off of Receivables	44	-		44	13	
Provision For/Write Off of Inventories	N/A	N/A		N/A	N/A	
Gain/Loss on Disposal of Quoted and Unquoted Investment or Properties	N/A	N/A		N/A	N/A	
Gain/Loss on Impairment of Assets	(2,381)	-		3,719	-	
Gain/Loss on Foreign Exchange	5,468	208		1,536	(366)	
Gain/Loss on Derivatives	N/A	N/A		N/A	N/A	

N/A: Not Applicable

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 September 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) As at 30/09/2020 RM' 000	(AUDITED) As at 31/03/2020 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	13,470	14,569
Right-of-use assets	558	719
Concession assets	6,856	7,186
Inventories - Land held for property development	453,128	448,180
Investment properties	1,636	1,653
Investment in associate	77,167	74,595
Other receivables	6,594	7,039
Fixed deposit with licenced bank	3,667	3,642
Intangible assets	9,596	9,596
Deferred tax assets	20,066	19,750
	<u>592,738</u>	<u>586,929</u>
Current assets		
Inventories - Completed properties	50,129	63,052
Inventories - Property development costs	260,807	262,764
Inventories - Others	21	25
Contract assets	66,449	60,030
Contract cost	6,313	9,447
Trade and other receivables	37,044	53,240
Other current assets	840	568
Cash and bank balances	19,535	33,272
	<u>441,138</u>	<u>482,398</u>
TOTAL ASSETS	<u>1,033,876</u>	<u>1,069,327</u>
EQUITY AND LIABILITIES		
Current liabilities		
Contract liabilities	21,957	21,772
Trade and other payables	131,568	139,787
Short term borrowings	112,284	152,901
Lease liabilities	577	661
Taxation	7,813	7,188
	<u>274,199</u>	<u>322,309</u>
Net current assets	<u>166,939</u>	<u>160,089</u>
Non-current liabilities		
Trade and other payables	33,734	34,096
Deferred tax liabilities	35,013	35,265
Long term borrowings	188,963	166,623
Lease liabilities	74	128
	<u>257,784</u>	<u>236,112</u>
TOTAL LIABILITIES	<u>531,983</u>	<u>558,421</u>
Net assets	<u>501,893</u>	<u>510,906</u>
Total equity attributable to owners of the Company		
Share capital	352,000	352,000
Reserves	127,421	136,409
	<u>479,421</u>	<u>488,409</u>
Non-controlling interests	22,472	22,497
TOTAL EQUITY	<u>501,893</u>	<u>510,906</u>
TOTAL EQUITY AND LIABILITIES	<u>1,033,876</u>	<u>1,069,327</u>
Net Assets Attributable to Owners of the Company	479,421	488,409
Net Assets Per Share Attributable to Owners of the Company (RM)	1.36	1.39

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 September 2020

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->		Non-controlling Interests RM' 000	Total Equity RM' 000
	Share Capital RM' 000	Foreign Currency Exchange Reserve RM' 000	Retained Earnings RM' 000	Sub-Total RM' 000		
<u>6 months ended 30 September 2019</u>						
At 1 April 2019	352,000	(6,933)	218,863	563,930	20,760	584,690
Profit for the period	-	-	4,693	4,693	(43)	4,650
Share of losses of equity-accounted associate	-	(366)	-	(366)	-	(366)
Total comprehensive income for the period	-	(366)	4,693	4,327	(43)	4,284
At 30 September 2019	352,000	(7,299)	223,556	568,257	20,717	588,974
<u>6 months ended 30 September 2020</u>						
At 1 April 2020	352,000	(7,956)	144,363	488,407	22,497	510,904
Loss for the period	-	-	(10,522)	(10,522)	(25)	(10,547)
Share of gain of equity-accounted associate	-	1,536	-	1,536	-	1,536
Total comprehensive income for the period	-	1,536	(10,522)	(8,986)	(25)	(9,011)
At 30 September 2020	352,000	(6,420)	133,841	479,421	22,472	501,893

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2020 and the explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 September 2020

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30/09/2020 RM' 000	6 months ended 30/09/2019 RM' 000
OPERATING ACTIVITIES		
(Loss) / Profit before tax	(9,824)	9,928
Adjustments for :		
Non-cash items	1,018	5,825
Non-operating items	6,205	7,229
Operating profit before changes in working capital	(2,601)	22,982
<i>Net change in current assets</i>		
Receivables	16,368	(2,805)
Contract assets	(6,234)	(17,252)
Contract cost	3,134	5,941
Inventories - completed properties	12,928	23,683
Inventories - property development costs	1,934	15,615
<i>Net change in current liabilities</i>		
Payables	(8,580)	16,734
Cash generated from operations	16,949	64,898
Tax paid	(646)	(3,536)
Interest paid	(6,406)	2,809
Interest received	202	172
Net cash from operating activities	10,099	64,343
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(159)	(1,926)
Proceeds from disposal of property, plant and equipment	0	43
Additions to inventories - land held for future development	(2,068)	(8,822)
Net cash used in investing activities	(2,227)	(10,705)
FINANCING ACTIVITIES		
Proceeds from borrowings	6,860	21,774
Repayment of borrowings	(20,573)	(68,763)
Repayment of finance lease liabilities	(427)	-
Change in pledged deposits	(25)	(31)
Interest paid	(2,880)	(12,081)
Net cash used in financing activities	(17,045)	(59,101)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,173)	(5,463)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,227	607
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(1,946)	(4,856)
Cash and cash equivalents comprise of :		
Deposits, bank and cash balances	19,535	15,577
Bank overdrafts	(21,481)	(20,433)
	(1,946)	(4,856)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2020 and the accompanying notes attached to the interim financial statements.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

The interim financial report is unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2020.

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2020 save for the adoption of the following new and amended MFRSs and interpretations that are mandatory for the Group for the financial year commencing 1 April 2020:

Amendments to MFRS 3, Business Combinations - Definition of a Business

Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The Group has yet to adopt the following new and amended MFRSs and interpretations that have been issued but not yet effective:

	Effective for financial periods beginning on or after
Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions	1 June 2020
MFRS 17, Insurance Contracts	1 January 2021
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
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	Yet to be confirmed

These new and amended standards are not expected to have any material impact on the financial statements of the Group upon their initial application.

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2020 was not qualified.

3 Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal or cyclical factors.

4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

5 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

6 Debt and Equity Securities

Status of Sukuk Murabahah Programme announced and completed:

On 29 April 2014, Public Investment Bank Berhad had, on behalf of the Board announced that the Company has obtained approval from the Securities Commission Malaysia on 28 April 2014 with regards to the proposed Sukuk Murabahah Programme of up to RM250.0 million in nominal value.

Proceed raised from the Sukuk Murabahah Programme issuance shall be utilised to part finance the acquisition cost of the Shariah compliant development land(s) and/or such other Shariah compliant property(ies).

The cumulative drawdown of the facility at the end of the reporting period are as follows:

Date of drawdown	Amount drawdown (RM' 000)	Repayment (RM' 000)	Amount outstanding (RM' 000)
31 March 2016	18,450	5,272	13,178
26 April 2016	21,250	21,250	-
28 September 2017	13,000	1,858	11,142
Total	52,700	28,380	24,320

Save for the above, there were no other issuance and repayment of debts and equity, repurchases, share cancellation or new issuance during the quarter under review and financial year-to-date.

7 Dividends Paid

No dividend has been paid during the quarter under review.

8 Segment Information

	Property Development		Other Operation		Adjustments and Eliminations		Per Consolidated Financial Statements	
	30/09/2020 RM' 000	30/09/2019 RM' 000	30/09/2020 RM' 000	30/09/2019 RM' 000	30/09/2020 RM' 000	30/09/2019 RM' 000	30/09/2020 RM' 000	30/09/2019 RM' 000
Revenue:								
External customers	47,082	148,821	1,974	1,351	-	-	49,056	150,172
Inter-segment	-	3,416	32	-	(32)	(3,416)	-	-
	47,082	152,237	2,006	1,351	(32)	(3,416)	49,056	150,172
Results:								
Interest income	202	151	-	-	-	(9)	202	142
Depreciation and amortisation	(1,538)	(1,077)	(515)	(363)	(2)	(2)	(2,055)	(1,442)
Other non-cash income/ (expenses)	0	(17)	(44)	13	-	-	(44)	(4)
Share of results of an Associate	(2,683)	(4,379)	-	-	-	-	(2,683)	(4,379)
Interest expenses	(6,610)	(8,394)	(3)	-	207	993	(6,406)	(7,401)
Segment (loss)/profit	(9,397)	10,588	(427)	(660)	-	-	(9,824)	9,928
Assets:								
Additions to non-current assets	4,817	13,894	132	605	-	-	4,948	14,499
Segment assets	1,582,666	1,726,426	18,324	17,077	(567,114)	(580,583)	1,033,876	1,162,920
Segment liabilities	1,174,520	1,137,955	18,710	15,751	(661,247)	(580,213)	531,983	573,493

9 Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward, without any amendments from the previous annual audited financial statements for the year ended 31 March 2020.

10 Material Events Subsequent to the End of the Reporting Period

There were no material events subsequent to the statement of financial position date up to 21 October 2020, being the latest practicable date from the date of issuance of this Interim Financial Report.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

11 Changes in the Composition of the Group

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

12 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual statement of financial position as at 31 March 2020.

13 Capital Commitments

There were no outstanding capital commitments for the Group as at 30 September 2020.

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
 BURSA MALAYSIA SECURITIES BERHAD**
14 Tax Expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2020 RM' 000	Preceding Year Corresponding Quarter 30/09/2019 RM' 000	Current Year to Date 30/09/2020 RM' 000	Preceding Year Corresponding Year to Date 30/09/2019 RM' 000
Malaysian income tax	(642)	(1,993)	(1,272)	(5,014)
Deferred tax	91	34	549	(264)
	<u>(551)</u>	<u>(1,959)</u>	<u>(723)</u>	<u>(5,278)</u>
Over/(Under) provision of Malaysian income tax in prior years	-	-	-	-
	<u>(551)</u>	<u>(1,959)</u>	<u>(723)</u>	<u>(5,278)</u>

The effective tax rate of the Group was higher than the statutory tax rate mainly due to losses in certain subsidiaries which are not available for set off against taxable profit in other subsidiaries within the Group and share of losses in an associate company.

15 Corporate Proposals

As of 21 October 2020, the Company has not announced any corporate proposal.

16 Borrowings - Secured

	As at 30/09/2020 RM' 000	As at 31/03/2020 RM' 000
Short Term Bank Borrowings	112,284	152,901
Long Term Bank Borrowings	188,963	166,623
	<u>301,247</u>	<u>319,524</u>

17 Changes in Material Litigation

There were no material litigation since the date of the last annual statement of financial position to the date of this report.

18 Dividends Payable

No dividend has been declared for the quarter under review.

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

19 Earnings Per Share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the company by the weighted average number of ordinary shares in issue during the period.

		6 months ended 30/09/2020	6 months ended 30/09/2019
(a) Basic earnings per share			
(Loss)/Profit for the period	(RM' 000)	<u>(10,522)</u>	<u>4,693</u>
Weighted average number of ordinary shares	('000)	<u>352,000</u>	<u>352,000</u>
Basic earnings per share	(sen)	(2.99)	1.33
(b) Diluted earnings per share	(sen)	N/A	N/A

20 Review of Group Performance

For the quarter under review, the Group achieved revenue of RM32.45 million, representing a decrease of RM35.55 million (-54%) as compared to the preceding year's corresponding quarter.

The Group recorded loss before tax of RM5.13 million for the quarter under review as compared to profit before tax of RM2.94 for the preceding year corresponding quarter.

Total unbilled sales at the end of the quarter under review stood at RM118.11 million. The Group has undeveloped landbank of 446 acres across key regions with an estimated GDV of RM5.2 billion.

The performance of the respective operating business segments is analysed as follows:

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/09/2020 RM' 000	Preceding Year Corresponding Quarter 30/09/2019 RM' 000	% + / (-)	Current Year to Date 30/09/2020 RM' 000	Preceding Year Corresponding Year to Date 30/09/2019 RM' 000	% + / (-)
Revenue						
Property Development	30,895	66,960	(53.9)	47,050	148,821	(68.4)
Other Operations	1,551	1,035	49.9	2,006	1,351	48.5
	<u>32,446</u>	<u>67,995</u>	(52.3)	<u>49,056</u>	<u>150,172</u>	(67.3)
(Loss)/Profit before tax						
Property Development	(4,852)	3,387	(243.2)	(9,397)	10,588	(188.7)
Other Operations	(274)	(452)	39.3	(427)	(660)	35.2
	<u>(5,126)</u>	<u>2,935</u>	(274.7)	<u>(9,824)</u>	<u>9,928</u>	(199.0)

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

20 Review of Group Performance (contd.)

(a) Property development:

For the quarter under review, revenue and profit before tax decreased by 54% and 243% respectively as compared to the previous financial year corresponding quarter.

The decrease in revenue and profit before tax was attributed to lower sales achieved and completion of Meritus Residence at the end of last financial year.

(b) Other operations:

Revenue and profit from other operations mainly consist of rental income derived from the operation of commercial properties under the "build, operate and transfer" concession with local authorities, operation of franchised food and beverage and laundry outlet and trading of building materials.

21 Material Changes in the Quarterly Results compared to the Results of the Immediate Preceding Quarter

For the quarter under review, the Group achieved loss before tax of RM5.13 million as compared to loss of RM4.70 million in the immediate preceding quarter ended 30 June 2020. The increase was due to impairment loss on investment in associate instead of gain recognised in the preceding quarter.

	Quarter Ended		%
	30/09/2020	30/06/2020	
	RM' 000	RM' 000	+ / (-)
Revenue	32,446	16,610	95.3
Cost of Sales	(24,791)	(15,557)	
Gross Profit	7,655	1,053	627.0
Other Income	44	365	
Selling and Marketing Expenses	(2,004)	(1,027)	
Administrative and General Expenses	(4,569)	(5,971)	
Net (Loss)/Gain on Impairment of Financial Instruments	(2,381)	6,100	
Operating (Loss)/Profit	(1,255)	520	(341.3)
Finance Costs	(3,356)	(3,050)	
Share of Results of Associate	(515)	(2,168)	
Loss Before Tax	(5,126)	(4,698)	(9.1)
Income Tax Expense	(551)	(172)	
Loss After Tax	(5,677)	(4,870)	(16.6)

22 Current Year Prospects

Housing sector remain sluggish compounded by the adverse effects of COVID-19 pandemic on Group business operations and activities.

Going forward, the Board and Management will remain vigilant by taking a cautious approach in launching new projects. In the meantime, the Group will continue to focus on driving sales for on-going projects and clearing inventory units.

23 Explanatory Notes for Variance of Actual Profit from Forecast Profit / Profit Guarantee

Not applicable.

24 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' meeting held on 21 October 2020.