

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements of Malaysian Financial Reporting Standards (“MFRSs”), MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 30 June 2019. These explanatory notes 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 financial year ended 30 June 2019.

2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the financial year ended 30 June 2019 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2019. The adoption of the new MFRSs, amendments to MFRSs and IC Interpretations did not have any material impact on the financial position and results of the Group, except for the following :

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lease accounting model and eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On the initial adoption of MFRS 16, there was impact on the accounting treatment for leases, which the Group as a lessee, accounts for as operating leases in previous financial years. On the adoption of this standard, the Group capitalises its rented premises on the statements of financial position by recognizing them as “rights-of-use” assets and its corresponding lease liabilities for the present value of future lease payments.

The effect of adoption of MFRS 16 as at 1 July 2019 are as follows :

	Group 1.7.2019
	RM'000
Statement of financial position	
Right of use assets	815
Lease liabilities	<u>(815)</u>

3. Comments about Seasonal or Cyclical Factors

The Group's business operations are not significantly affected by 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 for the current quarter and financial year other than disclosed in this report.

5. Changes in Estimates

There were no changes in estimates that have any material effect on the current quarter and financial year results.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year.

7. Segmental Information

Segmental information is presented in respect of the Group's business segments which form the primary basis of segmental reporting.

Segment information for the financial year ended 30 June 2020 was as follows:

	Property development RM'000	Hotel operations RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	133,694	55,141	-	-	188,835
Inter-segment sales	-	-	11,406	(11,406)	-
Dividend income			62,600	(62,600)	-
Total revenue	133,694	55,141	74,006	(74,006)	188,835
Segment profit/(loss)	56,677	(15,318)	88,197	(78,530)	51,026
Investment revenue					9,176
Depreciation					(27,033)
Finance costs					(4,913)
Profit before taxation					28,256
Taxation					(23,301)
Profit for the year					4,955

7. Segmental Information (continued)

Segment information for the financial year ended 30 June 2019 was as follows:

	Property development RM'000	Hotel operations RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External sales	164,078	62,492	-	-	226,570
Inter-segment sales	-	-	8,560	(8,560)	-
Dividend income			30,000	(30,000)	-
Total revenue	164,078	62,492	38,560	(8,560)	226,570
Segment profit/(loss)	69,892	(73)	48,752	(50,702)	67,869
Investment revenue					14,599
Depreciation					(20,627)
Finance costs					(1,206)
Profit before taxation					60,635
Taxation					(19,515)
Profit for the year					41,120

8. Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment brought forward from the previous financial year.

9. Material Subsequent Events

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

10. Changes in the Composition of the Group

The Company has on 6 November 2019 incorporated a new indirect wholly-owned subsidiary, Plenitude Ferringhi Sdn Bhd with an issued and paid up capital of RM2.

Save for the above, there was no changes in the composition of the Group during the year under review including business combination, acquisition or disposal of subsidiary, long term investments and restructuring.

11. Changes in Contingent Liabilities and Contingent Assets

There were no changes in the contingent liabilities and contingent assets of the Group since the date of the latest audited financial statements.

12. Capital Commitments

Capital expenditure not provided for in the interim financial report is as follows :-

	As at 30.06.2020	As at 30.06.2019
	RM'000	RM'000
Property, plant and equipment		
- Approved and contracted	20,216	69,977

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**1. Performance Review**

The Group registered revenue of RM12.1 million and a net loss of RM3.5 million for the current quarter ended 30 June 2020 as compared to revenue of RM90.0 million and a net profit of RM18.1 million for the corresponding quarter of the previous year.

The property development division contributed revenue of RM11.1 million for the current quarter compared to RM75.4 million for the previous year's corresponding quarter. The lower revenue for the current quarter ended 30 June 2020 was mainly attributable to a lower number of properties that were sold as well as lower contribution from on-going development properties as construction activities were halted during the Movement Control Order ("MCO") imposed by the Government of Malaysia which started from 18 March 2020 and later extended with Conditional Movement Control Order ("CMCO") effective from 4 May 2020.

Hotel operations registered a revenue of RM1.0 million for the current quarter, a decrease of RM13.6 million compared to revenue of RM14.6 million for the corresponding quarter of the previous year. The significant drop in revenue by Hotel operations was mainly due to the travel restrictions imposed by the Government of Malaysia during the quarter affecting both locals and foreigners. The Group has closed the operations of three hotels namely, Mercure Penang Beach, Gurney Resort Hotel & Residences and Travelodge Ipoh, and downsized operations in the other hotels owned by the Group.

For the financial year ended 30 June 2020, the Group recorded a revenue of RM188.8 million and net profit of RM5.0 million compared to a revenue of RM226.6 million and net profit of RM41.1 million for the previous financial year ended 30 June 2019.

2. Material Changes In The Profit Before Taxation For The Current Quarter As Compared With The Immediate Preceding Quarter

	Current quarter ended 30.06.2020	Immediate preceding quarter ended 31.03.2020
	RM'000	RM'000
Revenue	12,145	76,729
Gross profit	8,640	32,190
Profit before taxation	4,101	11,579

2. Material Changes In The Profit Before Taxation For The Current Quarter As Compared With The Immediate Preceding Quarter (continued)

The Group posted a profit before tax of RM4.1 million for the current quarter ended 30 June 2020 as compared to a profit before tax of RM11.6 million for the immediate preceding quarter. The higher profit in the previous quarter was mainly due to higher revenue recognition by Phase 19 & 20 - Harp, double storey cluster homes (2A) at Taman Desa Tebrau in Johor and Phase 4E – Topaz, 2 & 3 storey terrace houses at Taman Putra Prima in Selangor which have delivered vacant possession in the previous quarter. The COVID-19 pandemic has adversely impacted the tourism and hospitality industry, hotel operations suffered a significant drop of revenue from previous quarter's RM11.8 million to RM1.1 million.

3. Next Year Prospects

In view of the COVID-19 pandemic which saw weak sentiment in the property industry and severely impacted global and regional tourism negatively, the Group foresees that next financial year ending 30 June 2021 will continue to be challenging. The Group will continue to adopt a more cautious approach in new property launches and will continue to intensify its marketing and sales initiatives to promote the Group's existing properties.

For hotel division, the Group will tap on tourism incentives offered under the Government's stimulus programmes and continue to adopt measures to respond proactively to the change of market conditions.

4. Profit Forecast

Not applicable as no profit forecast was issued.

5. Notes to the Statement of Profit and Loss and Other Comprehensive Income

Notes to the Statement of Profit and Loss and other Comprehensive Income comprises of the following :

	Individual Quarter	Cumulative Quarters
	3 months ended 30.06.2020	12 months ended 30.06.2020
	RM'000	RM'000
Depreciation and amortisation of property, plant and equipment	(7,507)	(26,414)
Depreciation of investment properties	(156)	(619)
Property, plant and equipment written off	(610)	(709)
Finance costs	(1,019)	(4,924)
Gain on disposal of property, plant and equipment	147	99
Gain on disposal of investment property	-	630
Impairment loss on receivables	-	(772)
Realised loss on foreign exchange	(7)	(117)

5. Notes to the Statement of Profit and Loss and Other Comprehensive Income (continued)

Notes to the Statement of Profit and Loss and other Comprehensive Income comprises of the following : (continued)

	Individual Quarter	Cumulative Quarters
	3 months ended 30.06.2020	12 months ended 30.06.2020
	RM'000	RM'000
Unrealised loss on foreign exchange	(226)	(244)
Loss on derivatives	(1,783)	(1,783)
Dividend income from short term investments	1,111	2,872
Fair value changes in short term investments	20,769	3,006
Interest income from short term deposits	446	2,716

Other than the above items, there were no impairment of assets, provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for current quarter and financial year ended 30 June 2020.

6. Taxation

Taxation for the current quarter and the financial year comprised the following:

	Individual Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current year	4,153	10,559	18,335	23,681
- Prior year	(1,255)	77	270	(179)
	2,898	10,636	18,605	23,502
Deferred tax	4,696	(3,987)	4,696	(3,987)
	7,594	6,649	23,301	19,515

The Group's effective tax rate for the financial period was higher than the statutory rate as certain expenses were disallowed as deductions for tax purposes and deferred tax assets not recognised.

7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the reporting date.

8. Group Borrowings and Debt Securities

a) The Group's borrowings and debt securities are as follows:-

	<u>30.06.2020</u>	<u>30.06.2019</u>
	RM'000	RM'000
Current		
Term Loan (secured)	3,794	4,201
Non-Current		
Term Loan (secured)	131,983	135,007
Total	<u>135,777</u>	<u>139,208</u>

b) All the borrowings above are denominated in Ringgit Malaysia, except for the followings :-

Short Term Term Loan – Secured		
Denominated in Korean Won (KRW'000)	295,000	-
Long Term Term Loan – Secured		
Denominated in Korean Won (KRW'000)	31,860,000	-

9. Derivative Financial Liability

The Group has entered into interest rate swap contracts to hedge interest rate risk arising from floating rate bank loans and the details as at 30 June 2020 are as follows :

Type of Derivative	Carrying amount/ Contract/Notional value RM'000	Net fair value loss RM'000
Interest rate swaps	<u>115,018</u>	<u>1,783</u>

Interest rate swaps are used to reduce exposure to fluctuations in interest rates and are categorised as fair value through profit or loss and measured at their fair value with the changes in fair value being recognised in the profit or loss at each reporting date.

10. Material Litigation

There were no material litigation against the Group as at 20 August 2020, being 7 days prior to the date of this report.

11. Dividend

	<u>30.06.2020</u>	<u>30.06.2019</u>
Final dividend for the financial year	30 June 2019	30 June 2018
Approved and declared on	8 November 2019	31 October 2018
Date paid	22 November 2019	15 November 2018
Amount per share (single tier)	4.5 sen	4.5 sen
Net dividend paid (RM'000)	17,169	17,169

The Board does not recommend any dividend for the current financial year ended 30 June 2020.

12. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	3 months ended		12 months ended	
	<u>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
(Loss)/ profit attributable to owners of the Company (RM'000)	(1,819)	19,239	8,212	42,248
Weighted average number of ordinary shares in issue ('000)	381,534	381,534	381,534	381,534
Basic earnings per ordinary share (sen)	(0.5)	5.0	2.2	11.1

Diluted earnings per ordinary share is not applicable as the Company does not have any convertible instruments.

13. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2019 were not subject to qualification.

14. Authorisation for Issue

The interim financial report was authorised for issuance by the Board of Directors in accordance with a resolution of the Directors dated 27 August 2020.

**By Order of the Board
PLENITUDE BERHAD**

REBECCA LEE EWE AI (MAICSA 0766742)

WONG YUET CHYN (MAICSA 7047163)

Company Secretaries

Kuala Lumpur

27 August 2020