

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 2020. 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 2020.

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 2020 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 2020. 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.

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 2021 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	188,491	20,002	-	-	208,493
Inter-segment sales	-	122	12,531	(12,653)	-
Dividend income	-	-	61,000	(61,000)	-
Total revenue	188,491	20,124	73,531	(73,653)	208,493
Segment profit/(loss)	72,453	(26,290)	68,832	(58,031)	56,964
Investment revenue					13,133
Depreciation					(33,262)
Finance costs					(7,295)
Profit before taxation					29,540
Taxation					(20,841)
Profit for the year					8,699

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 sales	133,694	55,141	-	-	188,835
Inter-segment sales	1,430	-	9,976	(11,406)	-
Dividend income	-	-	62,600	(62,600)	-
Total revenue	135,124	55,141	72,576	(74,006)	188,835
Segment profit/(loss)	56,677	(15,374)	88,196	(78,530)	50,969
Investment revenue					9,176
Depreciation					(27,033)
Finance costs					(4,924)
Profit before taxation					28,188
Taxation					(23,301)
Profit for the year					4,887

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

For the proposed investment in a 21-storey hotel in Osaka, Japan, the Company has on 13 October 2020, incorporated an indirect wholly-owned subsidiary, Plenitude Osaka Sdn Bhd (“POSB”) with an initial paid up capital of RM1. On 26 November 2020, POSB has increased its paid up capital by a new allotment of 999 shares of RM1 per share, of which the Company subscribed for 899 shares of POSB and, consequently, POSB became an indirect 90% owned subsidiary of the Company. On 28 June 2021, the Company acquired the remaining 10% shares of POSB.

The Company has on 26 November 2020 acquired an indirect 85.5% owned subsidiary MHI SG1 Pte Ltd, a company incorporated in Singapore with a paid up capital of JPY100,000. Subsequently, the Company disposed off MHI SGI Pte Ltd on 29 March 2021 at a loss of JPY95,000.

The Company has on 7 December 2020 and 16 December 2020 incorporated indirect 85.5% owned subsidiaries in Singapore, namely Plenitude Osaka Pte Ltd and Plenitude Osaka Hotel Pte Ltd respectively each with an issued and paid up capital of JPY100,000. Subsequently, the Company has also incorporated two (2) indirect 90% owned subsidiaries, Pine Midosuji Hotel KK (“KK”) and Pine Midosuji Real Estate TMK (“TMK”) in Japan with an issued and paid up capital of JPY10,000 and JPY100,000 respectively. Due to the termination of the conditional Trust Beneficiary Interest Sale and Purchase Agreement on 20 January 2021, there are no future plans to activate the four (4) subsidiaries. Therefore, submission of application of striking off to Accounting and Corporate Regulatory Authority Singapore (“ACRA”) was done on 1 April 2021 for Plenitude Osaka Pte Ltd and Plenitude Osaka Hotel Pte Ltd. On 25 May 2021, Extraordinary General Meetings of KK and TMK have been convened with approvals duly resolved for the dissolution of KK and TMK respectively towards the completion of liquidation.

The Nomad Penang Sdn Bhd (“TNP”), an indirect wholly-owned inactive subsidiary of the Company, was struck off from the register and TNP was dissolved with effect from 4 December 2020.

Nomad Space Sdn Bhd (“NSSB”) an indirect wholly-owned inactive subsidiary of the Company, was struck off from the register and NSSB was dissolved with effect from 29 July 2021.

10. Changes in the Composition of the Group (continued)

Cipriani Sdn Bhd (“CSB”), a wholly-owned inactive subsidiary incorporated in Malaysia, had commenced members’ voluntary winding up pursuant to Section 439(1) of the Companies Act 2016 on 28 October 2020. It had on 10 June 2021 held a final meeting with approval duly resolved for the dissolution of CSB towards the completion of liquidation. CSB will be dissolved after the expiration of three (3) months from the date of lodgement of the Return by Liquidator relating to the final meeting with the Companies Commission of Malaysia. The winding up of CSB will not have any significant financial and operational impact on the Group’s performance for financial year ending 30 June 2021.

Save for the above, there were no changes in the composition of the Group during the financial period 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

Approved and contracted for :-

	As at 30.06.2021	As at 30.06.2020
	RM'000	RM'000
Property, plant and equipment	<u>73,551</u>	<u>18,549</u>

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 higher revenue of RM71.2 million and net profit of RM7.5 million for the current quarter ended 30 June 2021 as compared to revenue of RM12.1 million and a net loss of RM3.6 million in the corresponding quarter of the previous financial year.

The property development division contributed higher revenue of RM65.9 million for the current quarter compared to RM11.1 million in the corresponding quarter of the previous financial year. The increase in revenue in the current quarter ended 30 June 2021 was mainly attributable to higher sales of properties and higher contribution from on-going development properties. The Group recorded higher revenue recognition from ongoing development properties, namely Phase 19&20 – Cello, Double Storey Terrace House and Phase 19&20- Harp, Double Storey Cluster homes at Taman Desa Tebrau in Johor, and a newly launched project Phase 5 – Diamond, 2 & 3 Storey Terrace Houses at Taman Putra Prima in Selangor as well as sales of completed properties Phase 4E – Topaz, 2 & 3 Storey Terrace Houses at Taman Putra Prima in Selangor and Bintang Maya II at Sungai Petani, Kedah. On the other hand, the exceptional revenue performance was due to the early completion of sale and purchase agreements by purchasers in anticipation of expiry of Home Ownership Campaign by 31 May 2021.

Hotel operations registered a revenue of RM5.3 million for the current quarter, an increase of RM4.3 million compared to revenue of RM1.0 million in the corresponding quarter of the previous financial year. The increase of revenue in the current quarter was mainly contributed by Tanjung Point Residences, Penang, The Nomad Residences Bangsar Kuala Lumpur and Travelodge Myeongdong Euljiro, Seoul, South Korea which were bolstered by the long stay segment. The travel restrictions imposed by the Government of Malaysia continue to affect both locals and foreigners.

For the financial year ended 30 June 2021, the Group recorded a revenue of RM208.5 million and net profit of RM8.7 million compared to a revenue of RM188.8 million and net profit of RM4.9 million for the previous financial year ended 30 June 2020. The higher revenue registered for the year was mainly attributable to a better performance in revenue achieved by property development division.

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

	Current quarter ended 30.06.2021	Immediate preceding quarter ended 31.03.2021
	RM'000	RM'000
Revenue	71,193	51,954
Gross profit	32,265	24,201
Profit before taxation	<u>15,378</u>	<u>8,339</u>

The Group posted a profit before tax of RM15.4 million for the current quarter ended 30 June 2021 as compared to a profit before tax of RM8.3 million for the immediate preceding quarter. The higher revenue in the current quarter was mainly due to higher revenue recognised from completed project Phase 19&20 – Cello, Double Storey Terrace House and a newly launch project Phase 5 – Diamond, 2 & 3 Storey Terrace Houses at Taman Putra Prima in Selangor.

3. Next Year Prospect

The overall outlook for the Group's property and hospitality businesses remains challenging due to the protracted and evolving Covid-19 situations worldwide. The Group will continue to monitor the current volatility and uncertainty closely and adopt a more cautious approach in new property launches.

With the progressive rollout of the mass vaccination programme by the government, barring any unforeseen circumstances, the Group envisages its hotel division, will begin to recover with the anticipated relaxation of local travel restrictions.

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		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Depreciation				
- property, plant and equipment	(7,779)	(7,399)	(32,166)	(25,980)
- right-of-use assets	(108)	(108)	(434)	(434)
- investment properties	(165)	(156)	(662)	(619)
Finance costs	(3,049)	(1,019)	(7,295)	(4,924)
Bad debts written off	(49)	(23)	(81)	(23)
Gain/(Loss) on disposal of investment properties	-	(11)	414	619
Property, plant and equipment written off	(2,427)	(610)	(2,501)	(709)
Gain/(Loss) on disposal of property, plant and equipment	10	147	(47)	99
Realised loss on foreign exchange	86	(5)	(2,169)	(115)
Unrealised gain/(loss) on foreign exchange	(1)	(226)	164	(244)
Fair value changes on derivative	429	(1,782)	1,161	(1,782)
Impairment loss on receivables	-	(55)	-	(827)
Dividend income from short term investments	737	1,194	6,204	2,865
Fair value changes in short term investments	(9,843)	20,769	6,109	3,006
Interest income from short term deposits	1,198	444	3,057	2,714

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 2021.

6. Taxation

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

	Individual Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current year	6,454	4,153	19,998	18,336
- Real property gain tax	10,062	-	10,062	-
- Prior year	(3)	(1,255)	(625)	269
	16,513	2,898	29,435	18,605
Deferred tax	(8,594)	4,696	(8,594)	4,696
	7,919	7,594	20,841	23,301

The Group's effective tax rate for the financial year 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:-

	30.06.2021	30.06.2020
	RM'000	RM'000
Current		
Term Loan (secured)	122,084	3,875
Non-Current		
Term Loan (secured)	80,245	131,902
Non-convertible redeemable preference shares	164,000	-
Total	244,245	131,902

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

	30.06.2021	30.06.2020
	KRW'000	KRW'000
Short Term Term Loan – Secured Denominated in Korean Won	32,155,000	295,000
Long Term Term Loan – Secured Denominated in Korean Won	-	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 2021 are as follows :

Type of Derivatives	Carrying amount/ Contract/Notional value RM'000	Liability in Statement of Financial Position RM'000
Interest rate swaps	<u>118,202</u>	<u>688</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 31 August 2021, being 7 days prior to the date of this report.

11. Dividend

	<u>30.06.2021</u>	<u>30.06.2020</u>
Final dividend for the financial year	30 June 2020	30 June 2019
Approved and declared on	5 November 2020	8 November 2019
Date paid	20 November 2020	22 November 2019
Amount per share (single tier)	2.0 sen	4.5 sen
Net dividend paid (RM'000)	7,631	17,169

The Board does not recommend any dividend for the current financial period ended 30 June 2021.

12. Earnings Per Share

	Individual Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit/(loss) attributable to owners of the Company (RM'000)	8,148	(2,574)	11,924	8,171
Weighted average number of ordinary shares in issue ('000)	381,534	381,534	381,534	381,534
Basic earnings/ (loss) per ordinary share (sen)	2.1	(0.7)	3.1	2.1

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 2020 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 7 September 2021.

By Order of the Board
PLENITUDE BERHAD

REBECCA LEE EWE AI (MAICSA 0766742)
WONG YUET CHYN (MAICSA 7047163)
Company Secretaries
Kuala Lumpur

7 September 2021