

Interim Financial Report

FIRST QUARTER
ENDED 30TH SEPTEMBER 2020



INTERIM FINANCIAL REPORT

FIRST QUARTER | ENDED 30TH SEPTEMBER 2020



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2020 TO 30.09.2020 RM'000	01.07.2019 TO 30.09.2019 RM'000	01.07.2020 TO 30.09.2020 RM'000	01.07.2019 TO 30.09.2019 RM'000
Revenue	46,624	46,061	46,624	46,061
Costs of sales	(31,358)	(31,533)	(31,358)	(31,533)
Gross Profit	15,266	14,528	15,266	14,528
Other Income	706	1,166	706	1,166
Selling and distribution expenses	(922)	(1,138)	(922)	(1,138)
Administrative expenses	(3,724)	(4,060)	(3,724)	(4,060)
Other expenses	(3,040)	(2,700)	(3,040)	(2,700)
Operating Profit	8,286	7,796	8,286	7,796
Finance income	126	837	126	837
Finance costs	(2,791)	(2,579)	(2,791)	(2,579)
Share of results of associates, net of tax	-	-	-	-
Profit before tax	5,621	6,054	5,621	6,054
Income tax expense	(3,529)	(2,000)	(3,529)	(2,000)
Net profit for the period	2,092	4,054	2,092	4,054
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income for the financial period	2,092	4,054	2,092	4,054
Profit attributable to:				
- Owners of the Company	110	2,922	110	2,922
- Non-controlling interests	1,982	1,132	1,982	1,132
	2,092	4,054	2,092	4,054
Earnings per share (sen) attributable to owners of the Company				
- Basic (loss)/earning ⁽²⁾	0.01	0.23	0.01	0.23
- Diluted (loss)/earning ⁽³⁾	0.01	0.22	0.01	0.22

Notes:

(1) The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.

(2) Based on weighted average number of ordinary shares in issue (as detailed in Note B11 (a)).

(3) Based on weighted average number of ordinary shares in issue (as detailed in Note B11 (b)).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (UNAUDITED)

(1)

	UNAUDITED	AUDITED
	As At	As At
	30.09.2020	30.06.2020
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	10,613	10,820
Inventories - Property held for development	977,975	958,931
Investment in an associate	445	445
Investment properties	189,461	186,002
Goodwill on consolidation	2,063	2,063
Deferred tax assets	2,887	3,018
Total non-current assets	1,183,444	1,161,279
Current assets		
Inventories - Property under development	411,846	389,136
Inventories - Completed properties	189,184	197,815
Trade and other receivables	424,218	426,467
Contract assets	324	784
Contract costs	13,349	14,190
Current tax assets	12,119	12,163
Cash and short-term deposits	197,092	160,385
Total current assets	1,248,132	1,200,940
TOTAL ASSETS	2,431,576	2,362,219

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (UNAUDITED)
(CONTINUED) ⁽¹⁾**

	UNAUDITED	AUDITED
	As At	As At
	30.09.2020	30.06.2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	784,763	784,412
Treasury Shares	(25,291)	(25,291)
Irredeemable convertible preference shares	59,841	60,192
Other reserves	(47,426)	(47,426)
Retained earnings	373,271	373,161
Equity attributable to equity holders of the Company	1,145,158	1,145,048
Redeemable preference shares	10,141	10,141
Non-controlling interests	12,061	10,079
Total equity	1,167,360	1,165,268
Non-current liabilities		
Trade and other payables	53,209	51,550
Loans and borrowings	317,608	317,899
Deferred tax liabilities	30,615	30,333
Total non-current liabilities	401,432	399,782
Current liabilities		
Trade and other payables	461,947	463,729
Contract liabilities	212,662	160,121
Loans and borrowings	187,792	171,062
Current tax liabilities	383	2,257
Total current liabilities	862,784	797,169
Total liabilities	1,264,216	1,196,951
TOTAL EQUITY AND LIABILITIES	2,431,576	2,362,219
Net assets per share attributable to owners of the Company (RM)	0.85⁽¹⁾	0.85

Notes:

(1) The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) ⁽¹⁾

	Share Capital RM'000	Treasury Shares RM'000	Reserve arising from Reverse Acquisition RM'000	Irredeemable Convertible Preference Shares RM'000	Retained Earnings RM'000	Total RM'000	Redeemable Preference Shares RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
Group									
Balance at 30 June 2019	773,239	(22,230)	(47,426)	71,365	389,510	1,164,458	141	5,263	1,169,862
Issuance of preference shares	-	-	-	-	-	-	10,000	-	10,000
Conversion of ICPS	11,173	-	-	(11,173)	-	-	-	-	-
Repurchase of treasury shares	-	(3,061)	-	-	-	(3,061)	-	-	(3,061)
Dividend paid	-	-	-	-	(14,232)	(14,232)	-	-	(14,232)
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	526	526
Total comprehensive (loss)/income for the financial year	-	-	-	-	(2,117)	(2,117)	-	4,290	2,173
Balance at 30 June 2020	784,412	(25,291)	(47,426)	60,192	373,161	1,145,048	10,141	10,079	1,165,268
Conversion of ICPS	351	-	-	(351)	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	110	110	-	1,982	2,092
Balance at 30 September 2020	784,763	(25,291)	(47,426)	59,841	373,271	1,145,158	10,141	12,061	1,167,360

Notes:

(1) The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) ⁽¹⁾

	01.07.2020 TO 30.09.2020 RM'000	01.07.2019 TO 30.09.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	5,621	6,054
Adjustments for:		
Non cash item	2,919	2,025
Operating Profit Before Working Capital Changes	8,540	8,079
Net changes in working capital		
Inventories - property under development	(19,732)	(5,389)
Inventories - completed properties	8,631	1,475
Receivables	56,092	71,967
Payables	26	(5,948)
Net Cash Generated from Operations	53,557	70,184
Interest paid	(2,791)	(2,579)
Interest received	126	976
Tax paid	(4,947)	(10,055)
Net Operating Cash Flows	45,945	58,526
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6)	(37)
Investment properties costs incurred	(3,648)	(2,560)
Property held for development costs incurred	(22,022)	(13,425)
Net Investing Cash Flows	(25,676)	(16,022)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(2,953)
Payment for treasury shares	-	(1,380)
Changes in hire purchase payables	(46)	(50)
Changes in bank borrowings	16,484	(50,976)
Withdrawn of fixed deposits	(228)	-
Net Financing Cash Flows	16,210	(55,359)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) ⁽¹⁾

	01.07.2020	01.07.2019
	TO	TO
	30.09.2020	30.09.2019
	RM'000	RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	36,479	(12,855)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	73,238	70,539
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>109,717</u>	<u>57,684</u>
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	177,795	143,354
Fixed deposit placed with licensed banks	19,297	31,803
Bank overdrafts	-	(519)
Islamic commercial paper	(70,000)	(100,000)
	<u>127,092</u>	<u>74,638</u>
Less: Fixed deposit pledged to licensed banks	(16,326)	(16,954)
Less: Deposits with maturity more than 3 months	(1,049)	-
	<u>109,717</u>	<u>57,684</u>

Notes:

(1) *The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements*

A EXPLANATORY NOTES

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board, and paragraph 9.22 of 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 year ended 30 June 2020 and the explanatory notes attached therein.

These explanatory notes attached to these interim financial statements 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 30 June 2020.

A2. 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.

A3. Auditors’ Report on Preceding Annual Financial Statements

There was no audit qualification reported in the Auditors’ Report on the financial statements for the financial year ended 30 June 2020.

A4. Seasonality or Cyclicity of Operations

The Group’s operations were not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no significant items affecting the assets, liabilities, equity, net income or cash flows for the current financial year to-date.

A6. Changes in Estimates

There were no changes in the estimates that have had a material effect in the current quarter and current financial year to-date results.

A7. Debt and Equity Securities

Save for the following, there was no issuance, cancellation, share buyback, resale or repayment of debt and equity securities during the current financial period under review.

Repurchase of shares

During the quarter under review, there was no repurchase of the Company’s issued ordinary shares, nor any resale, cancellation or distribution of treasury shares.

As at 30 September 2020, the Company held a total of 83,572,100 or RM 25,290,710 treasury shares at average price of RM 0.303 per share.

A8. Dividend Paid

There was no dividend paid in the current quarter under review.

A EXPLANATORY NOTES (CONTINUED)**A9. Valuation of Property, Plant and Equipment**

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

A10. Material Events subsequent to the End of the Interim Period

There was no material events subsequent to the end of the financial period reported that have not been reflected in the financial statement.

A11. Changes in Composition of the Group

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

A12. Changes in Contingent Liabilities and Contingent Assets**Contingent Liabilities**

	As At 30.09.2020 RM'000	As At 30.06.2020 RM'000
Corporate guarantees for credit facilities granted to subsidiaries	372,454	376,878

Contingent Assets

The Group does not have any material contingent assets to be disclosed as at 30 September 2020.

A13. Significant Related Party Transactions

There was no significant related party transaction in the current quarter under review.

A EXPLANATORY NOTES (CONTINUED)**A14. Segmental Information**

The segmental analysis for the financial period ended 30 September 2020 was as follows.

Analysis by Operating Divisions:-

	Property Development RM'000	Investment Holding & Others RM'000	Total RM'000
Segment profit/(loss)	11,763	(2,675)	9,088
Included in the measure of segment profit are:-			
Revenue from external customers	46,432	192	46,624
Inter-segment revenue	6,873	3,290	10,163
Finance income	114	12	126
Finance costs	(335)	(2,456)	(2,791)
Depreciation	(48)	(354)	(402)
Not included on the measure of segment profit but provided to the Management :-			
Tax expense	(3,474)	(55)	(3,529)
Segment assets	2,553,996	1,613,050	4,167,046
Segment liabilities	2,127,270	629,424	2,756,694

Reconciliation of reportable segment revenues, profit and loss, assets and other material items.

	Total RM'000
Total revenue for reportable segments	56,787
Elimination of inter-segment revenue	(10,163)
Consolidated total	46,624
Total profit or loss for reportable segment	9,088
Elimination of inter-segment profits	(3,467)
Consolidated profit before tax	5,621
Total reportable segments assets	4,167,046
Elimination of inter-segment transactions or balances	(1,735,470)
Consolidated total	2,431,576
Total reportable segments liabilities	2,756,694
Elimination of inter-segment transactions or balances	(1,492,478)
Consolidated total	1,264,216

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property Development	46,432	45,924	46,432	45,924
Other Operations	192	137	192	137
	46,624	46,061	46,624	46,061
Profit / (Loss) before tax				
Property Development	12,350	11,991	12,350	11,991
Other Operations	(6,729)	(5,937)	(6,729)	(5,937)
	5,621	6,054	5,621	6,054

Performance of the first quarter against the same quarter in the preceding year (Q1 FY2021 vs Q1 FY2020)

(a) Property Development

The Group recorded revenue of RM46.43 million for the current quarter which is slightly higher by RM0.5 million or 1% in comparison to preceding year's corresponding quarter. Revenue was mainly attributable to the property developments at Neu Suites @ Off Jalan Ampang and The Riv @ KL Sentral; and sale of completed units at H2O @ Ara Damansara.

Hence, profit before tax generated are higher by RM0.36 million or 3% in comparison to the preceding year's corresponding quarter which are in line with the revenue generated in the current quarter.

(b) Other Operations

Revenue from Other Operations mainly contributed by rental business. Losses before tax were resulted mainly of the operating expenses and staff and staff related costs.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter**

	INDIVIDUAL QUARTER		CHANGES
	01.07.2020 TO 30.09.2020	01.04.2020 TO 30.06.2020	
	RM'000	RM'000	RM'000
Revenue	46,624	21,373	25,251
Gross Profit	15,266	80	15,186
Profit/(Loss) before interest and tax	8,286	(825)	9,111
Profit/(Loss) before tax	5,621	(2,671)	8,292
Profit/(Loss) after tax	2,092	(8,076)	10,168
Profit/(Loss) attributable to owners of the Company	110	(9,248)	9,358

Overall, the performance in current quarter has improved as compared to the preceding quarter. In preceding quarter, the performance was significantly affected by COVID-19 pandemic effects with the continuous various stages of Movement Control Order implemented by the Government and uncertainty of the economic in general.

B3. Prospects and progress on previously announced financial estimate**(a) Prospects**

In view of the new wave and continuous impact of COVID-19 pandemic which significantly affecting the property industry, the Group will anticipate that the current financial year will continue to be challenging ahead. Concurrently, the Group has remained prudent by completing and selling the existing launched properties and the completed inventories and re-strategise in developing affordable properties.

As previously announced by the Group on the collaboration agreements with Sinopharm Medical Equipment QuanZhou Co. Ltd, a foreign company incorporated in The People's Republic of China, China SINOMACH Heavy Industry Corporation, a foreign company incorporated in The People's Republic of China and Rubberex Corporation (M) Berhad, a company listed in the Bursa Malaysia, the Group is expected to expand and diversify the existing principal activities of Titijaya and its subsidiaries.

(b) Progress and steps to achieve financial estimate, forecast, projection and internal targets

There was no financial forecast previously announced by the Group.

B4. Statement of the Board of Directors' opinion on achievability of financial estimate, forecast, projection and internal targets previously announced

Not applicable.

B5 Financial estimate, forecast or projection

No profit forecast has been issued by the Group previously in any public document.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B6 Dividend**

The Board of Directors does not recommend any interim dividend for the current financial period ended 30 September 2020.

B7. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The profit before tax has been arrived at after charging / (crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation of property, plant and equipment	236	233	236	233
Depreciation of investment properties	166	189	166	189
Directors' remuneration	343	379	343	379
Interest expenses	2,791	2,579	2,791	2,579
Expenses relating to low value assets	26	56	26	56
Staff costs	2,337	2,430	2,337	2,430
Unwinding of discount on financial liabilities	279	-	279	-
After crediting:				
Bank interest income	(49)	(68)	(49)	(68)
Fixed deposit interest income	(75)	(337)	(75)	(337)
Other interest income	(2)	(432)	(2)	(432)
Reversal of liquidated damages income	428	-	428	-
Rental income	(906)	(1,143)	(906)	(1,143)

There is no exception item for the current financial quarter under review.

B8. Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019	01.07.2019 TO 30.09.2020	01.07.2018 TO 30.09.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense	3,116	2,729	3,116	2,729
Deferred taxation	413	(729)	413	(729)
	3,529	2,000	3,529	2,000

The Group's effective tax rate for the current financial year is higher than the statutory tax rate of 24% by the Inland Revenue Board mainly due certain expenses are not tax deductible, and deferred tax assets not recognised in certain subsidiaries

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B9. Status of Corporate Proposal**

There were no material transaction or events subsequent to the current quarter ended 30 September 2020 until 19 November 2020 (the latest practicable date which is not earlier than 7 calendar days from the date of issue of this quarterly report), save for the 12 August 2020 announcement made behalf of the Titijaya Group by UOB Kay Hian Securities (M) Sdn. Bhd. to propose to undertake a diversification of the existing principal activities of Titijaya Group to include sales, trading, distribution, production and development of medical and hospital equipment, devices and products, personal protective equipment, and medical related real estate (“The Proposed Diversification”). The Proposed Diversification is pending the arrangement of an extraordinary general meeting to obtain approval from the shareholders.

B10. Group Loans and Borrowings and Debt Securities

The Group’s total loans and borrowings and debt securities as were as follows:-

	30.09.2020	30.06.2020
	RM'000	RM'000
Non-current:		
Bank borrowings	316,868	317,137
Finance lease liabilities	740	762
	<u>317,608</u>	<u>317,899</u>
Current:		
Bank borrowings	187,548	170,793
Finance lease liabilities	244	269
	<u>187,792</u>	<u>171,062</u>
Total loans and borrowings	<u>505,400</u>	<u>488,961</u>

All borrowings were denominated in Ringgit Malaysia.

B11. Earnings per Share**(a) Basic Earnings Per Share**

The basic earnings per share for the current quarter and financial period-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019
Profit attributable to owners of the company (RM'000)	110	2,922	110	2,922
Weighted average number of ordinary shares in issue ('000)	1,275,198	1,268,560	1,275,198	1,268,560
Basic earnings per share (sen)	0.01	0.23	0.01	0.23

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B11. Earnings per Share (continued)****(b) Diluted Earnings Per Share**

Dilutive earnings per share of current quarter have been calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of shares that would have been issued upon full conversion of the remaining Irredeemable Convertible Preference Shares (“ICPS”) on the basis of one (1) ordinary share for every ten (10) ICPS held.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019	01.07.2020 TO 30.09.2020	01.07.2019 TO 30.09.2019
Profit attributable to owners of the Company (RM'000)	110	2,922	110	2,922
Weighted average number of ordinary shares in issue ('000)	1,275,198	1,268,560	1,275,198	1,268,560
Effect of dilution: Irredeemable Convertible Preference Shares ('000)	72,534	86,503	72,534	86,503
Adjusted weighted average number of ordinary shares ('000)	1,347,732	1,355,063	1,347,732	1,355,063
Diluted earnings per share (sen)	0.01	0.22	0.01	0.22