

Interim Financial Statements for the Second Quarter Ended 31 December 2019

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the Second Quarter Ended 31 December 2019**

(Unaudited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter <u>31/12/2019</u> RM'000	Preceding Year Corresponding Quarter <u>31/12/2018</u> RM'000	Current Year To-Date <u>31/12/2019</u> RM'000	Preceding Year Corresponding Period <u>31/12/2018</u> RM'000
Revenue	32,396	20,379	57,374	54,231
Operating expenses	(39,194)	(26,485)	(70,415)	(65,222)
Impairment of financial assets	(6,120)	(1,833)	(8,028)	(2,318)
Other operating income	384	8,622	659	14,247
(Loss)/Profit from operations	(12,534)	683	(20,410)	938
Finance costs	(1,045)	(804)	(2,205)	(1,806)
Finance Income	567	494	733	1,247
(Loss)/Profit before taxation	(13,012)	373	(21,882)	379
Taxation	(3)	(111)	(17)	(300)
(Loss)/Profit after taxation from continued operations	(13,015)	262	(21,899)	79
Profit after taxation from discontinued operations	-	167	404	389
(Loss)/Profit after taxation for the period	(13,015)	429	(21,495)	468
Other comprehensive (loss)/income				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Fair value changes of other investments	7	(41)	(18)	(30)
Foreign currency translation differences	-	3	-	19
Other comprehensive (loss)/income, net of tax	7	(38)	(18)	(11)
Total comprehensive (loss)/income	(13,008)	391	(21,513)	457
(Loss)/Profit for the period attributable to:				
Owners of the Company	(13,017)	404	(21,622)	365
Non-controlling interests	2	25	127	103
	(13,015)	429	(21,495)	468
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(13,010)	366	(21,640)	354
Non-controlling interests	2	25	127	103
	(13,008)	391	(21,513)	457
Basic/Diluted (loss)/profit for the period per ordinary share (sen)				
- from continued operations	(17.96)	0.39	(30.22)	0.13
- from discontinued operations	-	0.16	0.38	0.37
	(17.96)	0.55	(29.84)	0.50

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial year ended 30 June 2019.

Interim Financial Statements for the Second Quarter Ended 31 December 2019

Condensed Consolidated Statements of Financial Position as at 31 December 2019

	AS AT END OF CURRENT QUARTER <u>31/12/2019</u> Unaudited RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED <u>30/06/2019</u> Audited RM'000
Non-current Assets		
Property, plant and equipment	17,294	16,348
Investment properties	53,000	53,000
Land held for property development	8,158	7,427
Investments in an associated company	7	7
Other investments	590	601
Deferred tax assets	8	8
	<u>79,057</u>	<u>77,391</u>
Current Assets		
Inventories	4,839	5,035
Trade and other receivables	59,160	62,601
Tax recoverable	812	1,906
Cash and cash equivalents	9,224	11,257
Assets classified as held for sale	-	48,542
	<u>74,035</u>	<u>129,341</u>
Current Liabilities		
Trade and other payables	22,581	21,964
Hire purchase payables	11	18
Overdraft and short term borrowings	68,963	61,530
Tax payables	323	347
Liabilities classified as held for sale	-	29,134
	<u>91,878</u>	<u>112,993</u>
NET CURRENT (LIABILITIES)/ASSETS	<u>(17,843)</u>	<u>16,348</u>
	<u>61,214</u>	<u>93,739</u>
FINANCED BY:		
Total Equity		
Share capital	75,926	75,926
Reserves	(23,774)	(2,134)
Equity attributable to owners of the parent	52,152	73,792
Non-controlling interests	655	8,196
	<u>52,807</u>	<u>81,988</u>
Non-current Liabilities		
Term Financing/Loan	5,799	9,143
Deferred tax liabilities	2,608	2,608
	<u>8,407</u>	<u>11,751</u>
	<u>61,214</u>	<u>93,739</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements for the financial year ended 30 June 2019.

Interim Financial Statements for the Second Quarter Ended 31 December 2019

Condensed Consolidated Statements of Changes in Equity for the Second Quarter Ended 31 December 2019

(Unaudited)

	◀Attributable to Owners of the Parent▶			Total	Non-Controlling Interests	Total Equity
	← Non-Distributable →	Distributable				
	Share * Capital RM'000	Other Reserves RM'000	Retained Profits RM'000	RM'000	RM'000	RM'000
6 months ended						
31 December 2019						
At 1 July 2019	75,926	38	(2,172)	73,792	8,196	81,988
(Loss)/Profit after taxation for the financial period	-	-	(21,622)	(21,622)	127	(21,495)
Loss on disposal of subsidiary					(7,668)	(7,668)
Other comprehensive loss for the financial period, net of tax						
- Fair value changes of other investments	-	(18)	-	(18)		(18)
Total comprehensive loss for the financial period	-	(18)	(21,622)	(21,640)	(7,541)	(29,181)
At 31 December 2019	75,926	20	(23,794)	52,152	655	52,807
6 months ended						
31 December 2018						
At 1 July 2018	75,926	653	42,915	119,494	8,027	127,521
Effect on initial adoption of MFRS 9 net of tax	-	-	(8,022)	(8,022)	-	(8,022)
At 1 July 2018, as restated	75,926	653	34,893	111,472	8,027	119,499
Profit after taxation for the financial period	-	-	365	365	103	468
Other comprehensive (loss)/income for the financial period						
- Fair value changes of other investments	-	(30)	-	(30)	-	(30)
- Foreign currency translation	-	19	-	19	-	19
Total comprehensive (loss)/income for the financial period	-	(11)	365	354	103	457
At 31 December 2018	75,926	642	35,258	111,826	8,130	119,956

Note *

The Group had adopted MFRS 9 on 1 July 2018. As permitted by the transitional provisions of MFRS 9, the cumulative impacts arising from the adoption of this standard were adjusted to the retained earnings of the Group as at 1 July 2018.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Interim Financial Statements for the Second Quarter Ended 31 December 2019

Condensed Consolidated Statements of Cash Flows for the Second Quarter 31 December 2019

(Unaudited)

	1/7/2019 to 31/12/2019 RM'000	1/7/2018 to 31/12/2018 RM'000
Cash flows for operating activities		
(Loss)/Profit before tax from		
- continuing operations	(21,882)	379
- discontinued operations	532	512
Adjustments for:-		
Non-cash items	9,117	(13,022)
Non-operating items	(265)	(299)
Operating loss before working capital changes	<u>(12,498)</u>	<u>(12,430)</u>
Net change in current assets	(15,303)	45,757
Net change in current liabilities	10,192	(27,240)
Cash flows (for)/from operations	<u>(17,609)</u>	<u>6,087</u>
Taxation refund/(paid)	1,080	(276)
Net cash (for)/from operating activities	<u>(16,529)</u>	<u>5,811</u>
Cash flows from investing activities		
Equity investments	6	-
Other investments	6,658	17,240
Net cash from investing activities	<u>6,664</u>	<u>17,240</u>
Cash flows from/(for) financing activities		
Deposits pledged with a licensed bank	-	(11)
Term financing/loan	(3,566)	(3,094)
Hire purchase financing	5	(78)
Short term bank borrowings	6,513	(5,720)
Net cash from/(for) financing activities	<u>2,952</u>	<u>(8,903)</u>
Net (decrease)/increase in cash and cash equivalents	(6,913)	14,148
Cash and cash equivalents at beginning of financial period	(1,414)	(12,852)
Cash and cash equivalents at end of financial period	<u>(8,327)</u>	<u>1,296</u>

Cash and cash equivalent at the end of the financial period comprise of:

	31/12/2019 RM'000	31/12/2018 RM'000
Cash and bank balances	9,224	11,663
Bank overdrafts	(15,747)	(8,563)
Finance service revenue account	(1,804)	(1,804)
	<u>(8,327)</u>	<u>1,296</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial year ended 30 June 2019.

A EXPLANATORY NOTES AS PER MFRS 134

A1. Accounting Policies

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

The interim financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements of the Group for the year ended 30 June 2019, except for the adoption of the following MFRS that is relevant to its operations:

MFRS 16

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

The Group has adopted MFRS 16 Leases retrospectively from 1 July 2019, but has not restated comparatives for the 30 June 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statements of financial position on 1 July 2019.

The adoption of MFRS 16 does not have significant impact to the Group other than the classification. For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

A1. Accounting Policies (cont'd)

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying MFRS 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

A2. Audit Report

The audit report of the most recent annual financial statements was not subject to any qualification.

A3. Seasonal or Cyclical Factors

There is no major seasonality or cyclical in the Group's operations.

A4. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current interim period.

A5. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current interim period.

A6. Debt and Equity Securities

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim period.

A7. Payment of Dividend

There was no payment of dividend for the quarter under review.

A8. Segmental Reporting

Segment information for the second quarter ended 31 December 2019 is as follows: -

	Trading	Contract (exclude discontinuing operations)	Property Development	Property and Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	57,320	-	-	54		57,374
(Loss) from operations	(19,077)	(244)	(189)	(167)		(19,677)
Finance costs						(2,205)
Loss before taxation						(21,882)
Income tax expenses						(17)
Loss after tax from continuing						(21,899)
Result from discontinuing operations						404
Loss after taxation						(21,495)

A8. Segmental Reporting (cont'd)

Segment information for the second quarter ended 31 December 2018 is as follows: -

	Trading	Contract (exclude discontinuing operations)	Property Development	Property and Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	50,336	1242	2,465	188	-	54,231
Profit/(Loss) from operations	2,998	(22)	(1,082)	293	(2)	2,185
Finance costs						(1,806)
Profit before taxation						379
Income tax expenses						(300)
Profit after tax from continuing operations						79
Result from discontinuing operations						389
Profit after taxation						468

A9. Property, Plant and Equipment

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses and is not depreciated.

A10. Material Subsequent Events

There are no material events subsequent to the end of the current interim period that have not been reflected in these interim financial statements.

A11. Changes in Composition of the Group

Global Allied Sdn Bhd, a subsidiary of Ipmuda Group has commenced member's voluntary winding up on 24 January 2020 pursuant to Section 439(1)(b) of the Company Act, 2016. The subsidiary has ceased its business operations and is currently dormant and has no intention to carry on business or operations in the future. The voluntary winding up of the subsidiary is part of Ipmuda Group's continuing rationalisation effort to improve efficiency within the Ipmuda Group and will enable the Ipmuda Group to save future costs associated with maintaining the subsidiary.

The voluntary winding up is expected to be completed in approximately six months time.

Saved as disclosed above, there are no other changes in composition of the Group as at the date of the report.

A12. Contingent Liabilities

There are no material changes in contingent liabilities and contingent assets since the last financial reporting period.

B. ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B1. Review of Performance

The Group's turnover for the current quarter of RM32 million has increased by RM12 million or 59% compared to the previous year quarter of RM20.4 million. The lower sales in previous year quarter was mainly due to the on-going transformation and streamlining of process, which is now completed.

The Group's current cumulative quarter turnover of RM57 million represent a slight increase of RM3 million compared to the preceding period cumulative quarter of RM54 million.

The Group registered a loss before taxation of RM13.01 million compared to a profit before taxation of RM0.37 million in the previous year quarter. This is mainly due to higher impairment of trade receivables amounted to RM5 million in current quarter and a gain on disposal of a property (a freehold office and warehouse) amounted to RM8.1 million in the previous year quarter.

The current cumulative quarter recorded a loss before tax of RM22 million compared to a profit before tax of RM0.38 million. The difference was mainly due to the gain on disposal of six properties amounting to RM14 million and lower impairment of trade receivables of RM6 million.

B2. Comparison with Preceding Quarter's Result

In the quarter under review, the Group recorded a turnover of RM32 million, representing an increase of 30% compared to the previous quarter of RM25 million. The increase is mainly due to increase in overall sales of building materials.

The Group recorded a pre-tax loss of RM13 million compared to previous year corresponding quarter of RM 1 million. This is mainly due to loss incurred from disposal of a subsidiary and higher impairment of trade receivables.

B3. Current Year Prospects

The Directors expect the Group's performance to continue to be challenging and is currently consolidating and rationalising its operation including continuing cost cutting measures. Effort to streamline the businesses of the Group where concentration will be in line with the business aspirations and greater participation within the value chain of the property development and construction industry are also underway.

As a measure to overcome the effects of the Corona Virus outbreak, the Group is looking at introducing higher margin products supplied from countries other than China.

B4. Variances from Profit Forecast and Profit Guarantee

The Company did not make a profit forecast and therefore comments on variances with forecast profit are not applicable.

B5. (Loss)/Profit Before Taxation

The loss/profit before taxation is stated after charging/(crediting):

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(567)	(494)	(733)	(1,247)
Other income	(253)	(299)	(508)	(597)
Interest expenses	1,045	804	2,205	1,806
Depreciation and amortisation	331	274	667	588
Gain on disposal of property, plant & equipment	(131)	(8,098)	(145)	(13,425)
Loss/(Gain) on disposal of investment properties	59	(225)	53	(225)
Loss on disposal of subsidiary	886	-	886	-
Impairment of inventories	37	192	55	192
Impairment of receivables	6,120	1,833	8,028	2,318
Waiver of amount due by subsidiary	-	250	-	250
Loss on foreign exchange	-	13	-	13

B6. Taxation

Taxation comprises the following:

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current year tax	(3)	(111)	(17)	(309)
Deferred tax	-	-	-	9
Total income tax expense	(3)	(111)	(17)	(300)

B7. Purchase or Disposal of Quoted Securities

There is no purchase or disposal of quoted securities for the current interim period.

Total investments in quoted shares as at 31 December 2019 are at carrying value/ market value of RM134,906.

B8. Status of Corporate Proposals

There was no corporate proposal announced but not completed as at the date of this report.

B9. Group Borrowings and Debt Securities

The Group borrowings and debt securities which are denominated in Ringgit Malaysia as at 31 December 2019 are as below:

	As at <u>31/12/2019</u> RM'000	As at <u>30/06/2019</u> RM'000
Secured	46,916	32,999
Unsecured	<u>22,047</u>	<u>28,531</u>
Total short term borrowings	68,963	61,530
Secured long term borrowings	<u>5,799</u>	<u>9,143</u>
Total borrowings	<u>74,762</u>	<u>70,673</u>

B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of this report.

B11. Material Litigation

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

B12. Dividend

No dividend has been recommended by the Board of Directors.

B13. Earnings Per Share

The basic earnings per share for the financial period have been calculated by dividing the Group's losses by the weighted average number of ordinary shares issued.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
(Loss)/Profit attributable to owners of the Company (RM'000)				
- from continuing operations	(13,017)	290	(21,897)	100
- from discontinued operations		114	275	265
	<u>(13,017)</u>	<u>404</u>	<u>(21,622)</u>	<u>365</u>
Weighted average number of shares outstanding ('000)	72,469	72,469	72,469	72,469
Basic earnings per share (sen)				
- from continuing operations	(17.96)	0.39	(30.22)	0.13
- from discontinued operations	-	0.16	0.38	0.37
	<u>(17.96)</u>	<u>0.55</u>	<u>(29.84)</u>	<u>0.50</u>

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

IPMUDA BERHAD (22146-T)

Interim Financial Statements for the Second Quarter Ended 31 December 2019

BY ORDER OF THE BOARD

Chan Lai Choon

Secretary

Kuala Lumpur

28 February 2020