

## Interim Financial Statements for the First Quarter Ended 30 September 2020

## Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

for the First Quarter Ended 30 September 2020

(Unaudited)

|   | CURRENT QUARTER |                | CUMULATIVE QUARTER |                |
|---|-----------------|----------------|--------------------|----------------|
|   | 30/09/2020      | 30/09/2019     | 30/09/2020         | 30/09/2019     |
|   | RM'000          | RM'000         | RM'000             | RM'000         |
| Revenue   | 6,149           | 24,978         | 6,149              | 24,978         |
| Operating expenses  | (11,053)        | (31,221)       | (11,053)           | (31,221)       |
| Impairment gain/(loss) of financial assets                            | 1,068           | (1,908)        | 1,068              | (1,908)        |
| Other operating income  | 231             | 275            | 231                | 275            |
| Loss from operations  | (3,605)         | (7,876)        | (3,605)            | (7,876)        |
| Finance costs   | (760)           | (1,160)        | (760)              | (1,160)        |
| Finance income  | 295             | 166            | 295                | 166            |
| Loss before tax   | (4,070)         | (8,870)        | (4,070)            | (8,870)        |
| Tax expense   | (12)            | (13)           | (12)               | (13)           |
| <b>Loss after tax from continued operations</b>                       | <b>(4,082)</b>  | <b>(8,883)</b> | <b>(4,082)</b>     | <b>(8,883)</b> |
| Profit after tax from discontinued operations                         | -               | 404            | -                  | 404            |
| <b>Loss after tax for the period</b>                                  | <b>(4,082)</b>  | <b>(8,479)</b> | <b>(4,082)</b>     | <b>(8,479)</b> |
| Other comprehensive income/(loss)                                     |                 |                |                    |                |
| <u>Items that may be reclassified subsequently to profit or loss:</u> |                 |                |                    |                |
| Fair value changes of other investments                               | 2               | (25)           | 2                  | (25)           |
| <b>Total comprehensive loss</b>                                       | <b>(4,080)</b>  | <b>(8,504)</b> | <b>(4,080)</b>     | <b>(8,504)</b> |
| (Loss)/Profit for the period attributable to:                         |                 |                |                    |                |
| Owners of the Company   | (4,081)         | (8,604)        | (4,081)            | (8,604)        |
| Non-controlling interests   | (1)             | 125            | (1)                | 125            |
|   | (4,082)         | (8,479)        | (4,082)            | (8,479)        |
| Total comprehensive (loss)/income for the period attributable to:     |                 |                |                    |                |
| Owners of the Company   | (4,079)         | (8,629)        | (4,079)            | (8,629)        |
| Non-controlling interests   | (1)             | 125            | (1)                | 125            |
|   | (4,080)         | (8,504)        | (4,080)            | (8,504)        |
| Basic/Diluted (loss)/profit for the period per ordinary share (sen)   |                 |                |                    |                |
| - from continued operations   | (5.63)          | (12.25)        | (5.63)             | (12.25)        |
| - from discontinued operations  | -               | 0.38           | -                  | 0.38           |
|   | (5.63)          | (11.87)        | (5.63)             | (11.87)        |

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial year ended 30 June 2020.

## Interim Financial Statements for the First Quarter Ended 30 September 2020

## Condensed Consolidated Statements of Financial Position as at 30 September 2020

|  | AS AT END OF<br>CURRENT QUARTER<br><u>30/09/2020</u><br>Unaudited<br>RM'000 | AS AT PRECEDING<br>FINANCIAL YEAR ENDED<br><u>30/6/2020</u><br>Audited<br>RM'000 |
|--|---|--|
| <b>Non-current Assets</b>                    |   |  |
| Property, plant and equipment                | 8,183   | 8,469  |
| Right-of-use assets                          | 7,435   | 7,483  |
| Investment properties                        | 51,740  | 51,740   |
| Land held for property development           | 9,174   | 9,174  |
| Investment in an associate                   | 7   | 7  |
| Other investments                            | 563   | 561  |
|  | <u>77,102</u>   | <u>77,434</u>  |
| <b>Current Assets</b>                        |   |  |
| Inventories                                  | 4,129   | 4,115  |
| Trade and other receivables                  | 24,601  | 34,871   |
| Tax recoverable                              | 434   | 433  |
| Cash and cash equivalents                    | 5,909   | 3,629  |
| Assets classified as held for sale           | 1,903   | 1,912  |
|  | <u>36,976</u>   | <u>44,960</u>  |
| <b>Current Liabilities</b>                   |   |  |
| Trade and other payables                     | 20,923  | 26,217   |
| Overdraft and short term borrowings          | 52,655  | 52,447   |
| Tax payable                                  | 21  | 26   |
|  | <u>73,599</u>   | <u>78,690</u>  |
| <b>NET CURRENT LIABILITIES</b>               | <u>(36,623)</u>   | <u>(33,730)</u>  |
|  | <u>40,479</u>   | <u>43,704</u>  |
| <b>FINANCED BY:</b>                          |   |  |
| <b>Total Equity</b>                          |   |  |
| Share capital                                | 75,926  | 75,926   |
| Reserves                                     | (44,301)  | (40,222)   |
| Equity attributable to owners of the Company | 31,625  | 35,704   |
| Non-controlling interests                    | (266)   | (265)  |
|  | <u>31,359</u>   | <u>35,439</u>  |
| <b>Non-current Liabilities</b>               |   |  |
| Term Financing/Loan                          | 6,652   | 5,797  |
| Deferred tax liabilities                     | 2,468   | 2,468  |
|  | <u>9,120</u>  | <u>8,265</u>   |
|  | <u>40,479</u>   | <u>43,704</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 2020.

Interim Financial Statements for the First Quarter Ended 30 September 2020

Condensed Consolidated Statements of Changes in Equity for the First Quarter Ended 30 September 2020

(Unaudited)

|  | ← Attributable to Owners of the Company → |                  |                                  | Total   | Non-Controlling Interests | Total Equity |
|--|---|------------------|----------------------------------|---------|---------------------------|--------------|
|  | ← Non-Distributable Share Capital         | → Other Reserves | Distributable Accumulated Losses |         |                           |              |
|  | RM'000                                    | RM'000           | RM'000                           | RM'000  | RM'000                    | RM'000       |
| 3 months ended   |   |                  |                                  |         |                           |              |
| <b>30 September 2020</b>                                   |   |                  |                                  |         |                           |              |
| At 1 July 2020   | 75,926                                    | 13               | (40,235)                         | 35,704  | (265)                     | 35,439       |
| Loss after tax for the financial period                    | -   | -                | (4,081)                          | (4,081) | (1)                       | (4,082)      |
| Other comprehensive income for the financial period        | -   | 2                | -                                | 2       | -                         | 2            |
| Total comprehensive income/(loss) for the financial period | -   | 2                | (4,081)                          | (4,079) | (1)                       | (4,080)      |
| At 30 September 2020                                       | 75,926                                    | 15               | (44,316)                         | 31,625  | (266)                     | 31,359       |
| 3 months ended   |   |                  |                                  |         |                           |              |
| <b>30 September 2019</b>                                   |   |                  |                                  |         |                           |              |
| At 1 July 2019   | 75,926                                    | 38               | (2,172)                          | 73,792  | 8,196                     | 81,988       |
| (Loss)/profit after tax for the financial period           | -   | -                | (8,604)                          | (8,604) | 125                       | (8,479)      |
| Other comprehensive loss for the financial period          | -   | (25)             | -                                | (25)    | -                         | (25)         |
| Total comprehensive (loss)/income for the financial period | -   | (25)             | (8,604)                          | (8,629) | 125                       | (8,504)      |
| At 30 September 2019                                       | 75,926                                    | 13               | (10,776)                         | 65,163  | 8,321                     | 73,484       |

Note

The Unaudited Condensed Consolidated Statements 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 First Quarter Ended 30 September 2020

## Condensed Consolidated Statements of Cash Flows for the First Quarter 30 September 2020

(Unaudited)

|  | 1/7/2020 to<br>30/09/2020<br>RM'000 | 1/7/2019 to<br>30/09/2019<br>RM'000 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities                       |                                     |                                     |
| (Loss)/Profit before tax from                              |                                     |                                     |
| - continuing operations                                    | (4,070)                             | (8,870)                             |
| - discontinued operations                                  | -                                   | 532                                 |
| Adjustments for:-  |                                     |                                     |
| Non-cash items   | (709)                               | 2,261                               |
| Non-operating items  | (389)                               | (118)                               |
| Operating loss before working capital changes              | <u>(5,168)</u>                      | <u>(6,195)</u>                      |
| Net change in current assets                               | 11,338                              | (9,804)                             |
| Net change in current liabilities                          | (5,308)                             | 6,487                               |
| Cash flows from/(used in) operations                       | <u>862</u>                          | <u>(9,512)</u>                      |
| Tax (paid)/refunded  | (17)                                | 1,250                               |
| Net cash from/(used in) operating activities               | <u>845</u>                          | <u>(8,262)</u>                      |
| Cash flows from investing activities                       |                                     |                                     |
| Equity investments   | 6                                   | 5                                   |
| Other investments  | 367                                 | (3,121)                             |
| Net cash from/(used in) investing activities               | <u>373</u>                          | <u>(3,116)</u>                      |
| Cash flows from financing activities                       |                                     |                                     |
| Finance service revenue account                            | (4)                                 | -                                   |
| Term financing/loan  | -                                   | (1,126)                             |
| Hire purchase financing                                    | -                                   | (16)                                |
| Short term bank borrowings                                 | 803                                 | 10,542                              |
| Net cash from financing activities                         | <u>799</u>                          | <u>9,400</u>                        |
| Net increase/(decrease) in cash and cash equivalents       | 2,017                               | (1,978)                             |
| Cash and cash equivalents at beginning of financial period | (9,979)                             | (1,414)                             |
| Cash and cash equivalents at end of financial period       | <u>(7,962)</u>                      | <u>(3,392)</u>                      |

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

|                                 | 30/09/2020<br>RM'000 | 30/09/2019<br>RM'000 |
|---------------------------------|----------------------|----------------------|
| Cash and bank balances          | 5,909                | 12,177               |
| Bank overdrafts                 | (12,022)             | (13,765)             |
| Finance service revenue account | (1,849)              | (1,804)              |
|                                 | <u>(7,962)</u>       | <u>(3,392)</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 2020.

**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 2020 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 2020.

**Adoption of Amendments and Annual Improvements to Standards**

The Group has adopted the following amendments to MFRS for annual financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3 Business Combinations (Definition of a Business)
- Amendments to MFRS 7, MFRS 9 and MFRS 139 Financial Instruments: Interest rate benchmark reform
- Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The adoption of the above amended standards did not have any significant effect on the financial performance or position of the Group.

**Standards issued but not yet effective**

At the date of authorisation of the Condensed Report, the following Standards and Amendments to Standards were issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group –

**Effective for financial periods beginning on or after 1 June 2020**

- Amendments to MFRS 16 Leases (Covid-19-Related Rent Concessions)

**Effective for financial periods beginning on or after 1 June 2021**

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, MFRS 16 Interest rate benchmark reform – Phase 2

**Effective for financial periods beginning on or after 1 January 2022**

- Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment–Proceeds before Intended Use)
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts–Cost of Fulfilling a Contract)
- Annual Improvements to MFRS Standards 2018–2020

**A1. Accounting Policies (cont'd)**

**Effective for financial periods beginning on or after 1 January 2023**

- Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 17 Insurance Contracts

**MFRSs, Interpretations and Amendments effective for a date yet to be confirmed**

- Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

There are no other new or revised MFRSs and amendments to MFRSs not yet effective that would likely have a material impact on the Group and the Company in the current or future reporting periods.

**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 cyclicality in the Group's operations.

**A4. Exceptional Items**

The COVID-19 outbreak is a global crisis that is having an increasing impact on the global economy. Malaysia's GDP declined 17.1% in the second quarter of 2020, the worst since the fourth quarter of 1998. Subsequently, Bank Negara Malaysia has revised Malaysia's GDP growth forecast to between -3.5% and -5.5% in 2020, taking into account the weaker global growth outlook.

*(Source: Malaysia Economic Performance Second Quarter 2020 and GDP Forecast for year 2020, Bank Negara Malaysia)*

Malaysia's construction industry suffered RM18.5 billion in losses during the first three phases of the country's lockdown to curb the spread of the coronavirus, as expressed by Works Minister, Dato' Sri Fadillah Yusof.

*(Source: Malaysia's construction industry records \$6b losses in first three lockdown phases, The Straits Times on 22 September 2020)*

Please refer to Note B3 on the prospects of the Company.

**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.

Interim Financial Statements for the First Quarter Ended 30 September 2020

**A7. Payment of Dividend**

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

**A8. Segmental Reporting**

Segment information for the first quarter ended 30 September 2020 is as follows: -

|   | Trading | Contract<br>(exclude<br>discontinuing<br>operations) | Property<br>Development | Property<br>and<br>Investment<br>Holding | Others | Total   |
|---|---------|--|-------------------------|--|--------|---------|
|   | RM'000  | RM'000   | RM'000                  | RM'000                                   | RM'000 | RM'000  |
| Revenue                                   | 6,067   | 82   | -                       | -  | -      | 6,149   |
| (Loss)/profit from operations             | (3,483) | (38)   | 30                      | (107)                                    | (7)    | (3,605) |
| Finance income                            |         |  |                         |  |        | 295     |
| Finance costs                             |         |  |                         |  |        | (760)   |
| Loss before tax                           |         |  |                         |  |        | (4,070) |
| Tax expense                               |         |  |                         |  |        | (12)    |
| Loss after tax from continuing operations |         |  |                         |  |        | (4,082) |
| Result from discontinuing operations      |         |  |                         |  |        | -       |
| Loss after tax                            |         |  |                         |  |        | (4,082) |

Segment information for the first quarter ended 30 September 2019 is as follows: -

|   | Trading | Contract<br>(exclude<br>discontinuing<br>operations) | Property<br>Development | Property<br>and<br>Investment<br>Holding | Others | Total   |
|---|---------|--|-------------------------|--|--------|---------|
|   | RM'000  | RM'000   | RM'000                  | RM'000                                   | RM'000 | RM'000  |
| Revenue                                   | 24,951  | -  | -                       | 27                                       | -      | 24,978  |
| (Loss)/Profit from operations             | (7,746) | (123)  | (7)                     | 5  | (5)    | (7,876) |
| Finance income                            |         |  |                         |  |        | 166     |
| Finance costs                             |         |  |                         |  |        | (1,160) |
| Loss before tax                           |         |  |                         |  |        | (8,870) |
| Tax expense                               |         |  |                         |  |        | (13)    |
| Loss after tax from continuing operations |         |  |                         |  |        | (8,883) |
| Result from discontinuing operations      |         |  |                         |  |        | 404     |
| Loss after tax                            |         |  |                         |  |        | (8,479) |

**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 Significant Events and Subsequent Events**

Status of Engineering, Procurement, Construction and Commissioning (“EPCC”) contract with Coara Marang Sdn. Bhd.

On 4 September 2020, Ipmuda Rensol Sdn. Bhd. (“Ipmuda Rensol”), a wholly-owned subsidiary of the Company, has executed an EPCC contract with Coara Marang Sdn. Bhd. for Ipmuda Rensol to undertake the onshore contract on the design, procurement, erection, connection, commissioning and testing as well as the supply of equipment for the construction of a ground mounted photovoltaic solar generation facility with an installed capacity of 100 MWac Solar Park in Marang, Terengganu, Malaysia at the total contract price of RM78 million.

As at the date of this announcement, the Company has commenced the above project.

Bank Guarantee claim

On 24 October 2020, Ministry of Local Government and Housing of Sabah made a claim on Bank Guarantee of RM3,342,000 provided by Maybank Islamic Berhad to Ipmuda Properties Sdn Bhd, a wholly-owned subsidiary of the Company, in relation to a residential development project undertaken by Ipmuda Properties Sdn Bhd. The Group had recognised the impact as liabilities subsequent to the claim while resolving the issue relating to renewal of developer license with the said Ministry. The impact of the above will be reflected in quarter 2, Financial Year (“FY”) 2021.

**A11. Changes in Composition of the Group**

Global Allied Sdn Bhd, a subsidiary of Ipmuda Group has commenced members’ voluntary winding up on 24 January 2020 pursuant to Section 439(1)(b) of the Companies 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 twelve months from the announcement date.

In August 2020, Ipmuda acquired 100% equity interest in JSB Renew Sdn Bhd (formerly known as Falcon Zone Sdn Bhd), 100% equity interest in JSB Renew Solar Sdn Bhd (formerly known as Phoenix Moden Sdn Bhd) and 85% equity interest EST Tradeventures Sdn Bhd. for purchase consideration of RM1,499, RM1,499 and RM10 respectively. As at to date, these companies are dormant. Their intended principal activities are to operate the Group’s renewable energy business.

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



**A12. Capital Commitments**

There were no material capital commitments for the current quarter under review.

**A13. Contingent Liabilities**

**Material Litigation**

**Industrial Court Case No: 12/4-913/20**

Lim Swee Khim, the former President – Sales and Marketing had commenced a legal action for unfair dismissal effective from 7 January 2020 against Ipmuda Buildermart Sdn Bhd, a wholly-owned subsidiary of Ipmuda at the Industrial Court. The main remedy claimed by Lim Swee Khim is reinstatement into former employment. The first mention date called by the Industrial Court was on 11 August 2020.

The potential maximum exposure of liability by Ipmuda Buildermart is estimated to be a sum of RM1,300,000.

Ipmuda Buildermart's solicitors are of the opinion that at this juncture, it is too early to tell the chances of success. The chances of success will depend on availability of witnesses and documentary evidence to support the decision to terminate an employee's services. At this juncture, the solicitors had taken a conservative stand that the chances of success would at best be 50:50.

The matter has been fixed for hearing on 22 and 23 March 2021.

Other than disclosed above, there were no material contingent liabilities for the current quarter under review.

**B. ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS**

**B1. Review of Performance**

Turnover has declined by 75%, i.e. at RM6.2 million compared to prior year corresponding quarter's results of RM25 million.

The lower sales in the current quarter was mainly stemming from the implementation of the Movement Control Order ("MCO") by the Malaysian Government. Despite less stringent MCO during the quarter under review, trade for building materials and finishing products continued to face slow growth following the slow recovery pace. In prior year corresponding quarter, sales also included majorly on steel bars and cement, which are high volume but low margin products. During the quarter under review, the Group had changed its direction focus more on high margin products such as finishing products and other general building products, hence the decline in sales volume.

The Group registered a loss before tax of RM4.1 million compared to a loss before tax of RM8.9 million in the prior year corresponding quarter, an improvement achieved during the quarter by RM4.8 million. This is mainly due to net reversal of impairment of receivables of RM1.1 million during the quarter compared to impairment of receivables of RM1.9 million made in the prior year corresponding period.

Additionally, the gross margin of the Group also improved to 14% compared to 7% in prior year corresponding quarter due to the Group's focus on higher margin products, i.e. finishing products during the quarter that generate approximately 26% margin on average whereas in the corresponding quarter, the Group placed higher focus on cement and steel bars which brought in on average of 6% margin.

**B2. Comparison with Preceding Quarter's Result**

The Group managed to generate turnover of RM6.2 million during the quarter under review compared to quarter 4, FY 2020 of RM4.9 million, indicating that there has been 26% growth in turnover during the quarter.

The Group registered a loss before tax of RM4.1 million compared to a loss before tax of RM9.5 million in the previous year quarter. This is mainly due to net reversal of impairment of financial assets of RM1.1 million in the current quarter, and impairment of development cost of RM2.7 million and impairment of inventories of RM1 million in the preceding quarter.

To compare with quarter 4, FY 2020 where the gross margin achieved was at -5%, there has been an improvement by 19% as the Group had achieved 14% margin during the quarter, indicating that the Group is slowly recovering from the impact of COVID-19 pandemic period by focusing on sales of higher margin products.

**B3. Current Year Prospects**

Malaysia has implemented MCO and Conditional MCO (“CMCO”) in an effort to curb the spread of the COVID-19 pandemic and CMCO is extended to 6 December 2020 at the time the report is prepared. Our Group’s major business activities are deemed as not essential business and as a result slowed down the revenue grown of the overall trading segment.

The Board foresees that the trading business segment will continue to face various challenges in the current business environment including longer credit period for customers to make payment, pricing competition and timely supply of products due to the impact of the Coronavirus Disease (“COVID-19”) pandemic on its product supply chain. Nevertheless, the trading business segment remains as the main contributor of revenue to the Group and the management of Ipmuda expects that it will continue to contribute to the earnings of the Group.

Whilst the Company is continuing to undertake a business efficiency exercise for its trading division, it has recently ventured into sourcing and supplying medical and healthcare products such as personal protective equipment and providing disinfection and sanitisation services to both its existing and new customers in an effort to enhance its products and servicing offering and not relying solely on building materials.

Given the above, the Group has been actively identifying other alternatives to improve its financial performance and thus agreed to plan to diversify its existing businesses to include the Renewable Energy Business and Healthcare Business as well as to monetise the existing assets.

The Group announced a Proposed Diversification on 4 November 2020 and it is expected to further expand the revenue stream and earnings base of the Group and the Board anticipates that the Proposed Diversification may contribute 25% or more of the net profits of the Group in the future.

Upon the completion of the Proposed Diversification, the Group will undertake to expand its business to include the owning, developing, maintaining, operating, designing and constructing of power plants, involving the generation of energy and electricity using sustainable and renewable energy sources.

Further to that, the Renewable Energy Business also comprises the development of greenfield and brownfield projects which includes independent power producers (IPP) projects involving other sustainable energy including but not limited to biomass, biogas, small hydro, solar and geothermal.

Meanwhile, the Healthcare Business will involve the following:

- (i) developing, owning and operating of private healthcare services involving facilities such as private hospitals, healthcare specialists and clinics, retirement and aged-care resorts/homes/villages, as well as healthcare related tourism under the Malaysia My Second Home Programme;
- (ii) developing, owning and operating wellness resorts and other related facilities; and
- (iii) sourcing and supplying of medical and healthcare related products.

The above proposed diversification is subject to shareholders’ approval at the Extraordinary General Meeting to be held on 18 December 2020 as stated in Note B9.

Interim Financial Statements for the First Quarter Ended 30 September 2020

**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 Before Tax**

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

|   | CURRENT QUARTER  |                  | CUMULATIVE QUARTER |                  |
|---|------------------|------------------|--------------------|------------------|
|   | <u>30/9/2020</u> | <u>30/9/2019</u> | <u>30/9/2020</u>   | <u>30/9/2019</u> |
|   | RM'000           | RM'000           | RM'000             | RM'000           |
| Interest income   | (295)            | (166)            | (295)              | (166)            |
| Other income  | (229)            | (255)            | (229)              | (255)            |
| Interest expenses                                       | 760              | 1,160            | 760                | 1,160            |
| Depreciation and amortisation                           | 361              | 331              | 361                | 331              |
| Gain on disposal of property, plant & equipment         | (2)              | (14)             | (2)                | (14)             |
| Gain on disposal of investment properties               | -                | (6)              | -                  | (6)              |
| Inventories written down                                | -                | 18               | -                  | 18               |
| (Reversal of impairment)/impairment loss on receivables | (1,068)          | 1,908            | (1,068)            | 1,908            |

**B6. Tax Expense**

Tax comprises the following:

|                       | CURRENT QUARTER  |                  | CUMULATIVE QUARTER |                  |
|-----------------------|------------------|------------------|--------------------|------------------|
|                       | <u>30/9/2020</u> | <u>30/9/2019</u> | <u>30/9/2020</u>   | <u>30/9/2019</u> |
|                       | RM'000           | RM'000           | RM'000             | RM'000           |
| Malaysian income tax: |                  |                  |                    |                  |
| Current year tax      | -                | (13)             | -                  | (13)             |
| Prior years           | (12)             | -                | (12)               | -                |
| Total tax expense     | <u>(12)</u>      | <u>(13)</u>      | <u>(12)</u>        | <u>(13)</u>      |

**B7. Sale of Investments Properties**

On 25 August 2020, the Company entered into a Sale and Purchase Agreement for the disposal of a leasehold office and warehouse for a total consideration RM5,500,000. The consent of transfer was approved by the local authority on 11 November 2020 and the transaction is expected to be completed in quarter 2, FY 2021.

**B8. Purchase or Disposal of Quoted Securities**

There is no purchase or disposal of quoted securities for the current under review. Total investments in quoted shares as at 30 September 2020 are at carrying value/market value of RM115,413.

**B9. Status of Corporate Proposals**

Save for the following, there were no other corporate proposals announced but not completed as at 27 November 2020, being the date of this report.

- (a) On 4 November 2020, MIDF Amanah Investment Bank Berhad ("MIDF Investment") had, on behalf of the Board, announced that the Company proposes to undertake the following:
  - (i) proposed diversification of the existing principal activities of Ipmuda and its subsidiaries ("Ipmuda Group" or "Group") to include renewable energy and healthcare business and related activities ("Proposed Diversification").
  - (ii) proposed change of name of the Company from "Ipmuda Berhad" to "Jentayu Sustainables Berhad" ("Proposed Change of Name").
  
- (b) On 4 November 2020, MIDF Investment had, on behalf of the Board, announced that the Company proposes to undertake the following:
  - (a) proposed private placement of up to 14,493,900 new ordinary shares in Ipmuda ("Ipmuda Shares" or "Shares") ("Placement Shares") representing up to 20% of the existing total number of issued Ipmuda Shares to independent third party investor(s) to be identified at a later date ("Proposed Private Placement"); and
  - (b) proposed restricted issue of up to 14,493,900 new Ipmuda Shares ("Restricted Issue Shares") representing up to 20% of the existing total number of issued Ipmuda Shares to Beroz Nikmal Bin Mirdin, being the Executive Chairman of the Company, Jeeфри Bin Muhamad Yusup, being the Chief Executive Officer ("CEO") of the Company, Teh Foo Hock, Baevinraj Thiagarajah, Dato' Amiruddin Bin Abdul Satar and Abdul Halim Bin Jantan, being the independent non-executive directors of the Company (collectively, the "Interested Directors") ("Proposed Restricted Issue").

On 6 November 2020, MIDF Investment had, on behalf of the Board, announced the amended announcement in relation to the Proposed Diversification and Proposed Change of name.

On 17 November 2020, MIDF Investment had, on behalf of the Board, announced that the applications in relation to the First 10% Proposed Private Placement and Proposed Restricted Issue have been submitted to Bursa Malaysia Securities Berhad ("Bursa") on 16 November 2020.

**B9. Status of Corporate Proposals (cont'd)**

On 23 November 2020, MIDF Investment had, on behalf of the Board, announced that Bursa has approved the listing and quotation of up to 14,493,900 Restricted Issue Shares to be issued pursuant to the Proposed Restricted Issue, subject to the following conditions:

- (i) Ipmuda and MIDF Investment must fully comply with the relevant provisions under the Main Market Listing Requirements (“Main LR”) pertaining to the implementation of the Proposed Restricted Issue;
- (ii) Ipmuda and MIDF Investment to inform Bursa upon the completion of the Proposed Restricted Issue; and
- (iii) Ipmuda to furnish Bursa with a written confirmation of its compliance with the terms and conditions of Bursa’s approval once the Proposed Restricted Issue is completed.

On 24 November 2020, MIDF Investment had, on behalf of the Board, announced the additional information in relation to the Proposed Private Placement and Proposed Restricted Issue.

On 25 November 2020, MIDF Investment had, on behalf of the Board, announced that Bursa had, on 24 November 2020, approved the listing and quotation of up to 7,246,950 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:

- (i) Ipmuda and MIDF Investment must fully comply with the relevant provisions under the Main LR pertaining to the implementation of the Proposed Private Placement;
- (ii) Ipmuda and MIDF Investment to inform Bursa upon the completion of the Proposed Private Placement;
- (iii) Ipmuda to furnish Bursa with a written confirmation of its compliance with the terms and conditions of Bursa’s approval once the Proposed Private Placement is completed; and
- (iv) Ipmuda to furnish Bursa with a certified true copy of the resolution passed pursuant to the Sections 75 and 76 of the Companies Act, 2016, in the event the current authority has expired.

On 25 November 2020, the Company announced the Notice of Extraordinary General Meeting (“EGM”) for the Proposed Diversification, Proposed Restricted Issue and Proposed Change of Name, to be held on 18 December 2020 immediately following the conclusion or adjournment of the Company’s 45th Annual General Meeting for the purpose of considering and, if thought fit, passing the resolutions for the abovementioned proposed corporate proposals.

On 26 November 2020, the circular in relation to the Proposed Diversification, Proposed Restricted Issue and Proposed Change of Name has been despatched to the shareholders of the Company.

**Interim Financial Statements for the First Quarter Ended 30 September 2020**

**B10. Group Borrowings and Debt Securities**

The Group borrowings and debt securities which are denominated in Ringgit Malaysia as at 30 September 2020 are as below:

|                             | As at<br><u>30/09/2020</u> | As at<br><u>30/06/2020</u> |
|-----------------------------|----------------------------|----------------------------|
|                             | RM'000                     | RM'000                     |
| Secured                     | 24,180                     | 23,188                     |
| Unsecured                   | <u>28,475</u>              | <u>29,259</u>              |
| Total short-term borrowings | <u>52,655</u>              | <u>52,447</u>              |
| Secured                     | 5,797                      | 5,797                      |
| Unsecured                   | <u>855</u>                 | <u>-</u>                   |
| Total long-term borrowings  | <u>6,652</u>               | <u>5,797</u>               |
| Total borrowings            | <u>59,307</u>              | <u>58,244</u>              |

As disclosed in the annual report for the financial year ended 30 June 2020, the Group and the Company had approached their bankers, Ambank (M) Berhad, Bank Kerjasama Rakyat Malaysia Berhad, Bank Islam Malaysia Berhad, Malayan Banking Berhad and Bank Muamalat Malaysia Berhad to restructure and reschedule ("R&R") their existing facilities with them.

The objective was to manage the current cash flows position. The general direction is to convert existing unsettled trade facilities and overdrafts into term loans. Existing term loans will be restructured with any interest accrued to be converted into fresh term loans.

In selected cases, the R&R will involve the pledging of Group owned properties as security. As at the date of the announcement, all the banks have agreed to allow for interest repayment only in the first 12 to 24 months with capital and interest payments to continue after the aforementioned period. The deferment of capital repayment will allow the Group and the Company to have a more manageable cash flows and be in a better position for their recovery phase.

As of the date of this announcement, all letters of offer from banks have been acknowledged and agreed by both parties and completed but for certain cases, pending legal charges to be completed. The following are the estimated impact to the financial position of the Group once the charges have been completed:

|                                 | Upon completion<br><u>of charges</u> |
|---------------------------------|--------------------------------------|
|                                 | RM'000                               |
| Secured short-term borrowings   | 9,856                                |
| Unsecured short-term borrowings | <u>-</u>                             |
| Total short-term borrowings     | <u>9,856</u>                         |
| Secured long-term borrowings    | 48,596                               |
| Unsecured long-term borrowings  | <u>855</u>                           |
| Total long-term borrowings      | <u>49,451</u>                        |
| Total borrowings                | <u>59,307</u>                        |

The charges are expected to be completed by the end of quarter 2, FY 2021.

**Interim Financial Statements for the First Quarter Ended 30 September 2020**

**B11. Off Balance Sheet Financial Instruments**

There are no off-balance sheet financial instruments 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>30/09/2020</u> | <u>30/09/2019</u> | <u>30/09/2020</u>  | <u>30/09/2019</u> |
| (Loss)/Profit attributable to owners of the Company (RM'000) |                   |                   |                    |                   |
| - from continuing operations                                 | (4,081)           | (8,879)           | (4,081)            | (8,879)           |
| - from discontinued operations                               | -                 | 275               | -                  | 275               |
|  | <u>(4,081)</u>    | <u>(8,604)</u>    | <u>(4,081)</u>     | <u>(8,604)</u>    |
| Weighted average number of shares outstanding ('000)         | 72,469            | 72,469            | 72,469             | 72,469            |
| Basic earnings per share (sen)                               |                   |                   |                    |                   |
| - from continuing operations                                 | (5.63)            | (12.25)           | (5.63)             | (12.25)           |
| - from discontinued operations                               | -                 | 0.38              | -                  | 0.38              |
|  | <u>(5.63)</u>     | <u>(11.87)</u>    | <u>(5.63)</u>      | <u>(11.87)</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.

BY ORDER OF THE BOARD

Chan Lai Choon  
Secretary

Kuala Lumpur  
27 November 2020