

Notes to the Interim Financial Report

A1 Basis of preparation

The unaudited interim financial report has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019. These explanatory notes attached to the interim financial report 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 2019.

A2 Changes of accounting policies

The accounting policies adopted by the Group in the quarterly financial statements are consistent with those adopted in the financial statements for financial year ended 30 June 2019, except for the adoption of the following new and revised MFRSs, IC Interpretations and Amendments which are effective from the annual period on or after 1 January 2019:-

| Standard | Title |
|------------------------|--|
| MFRS 16 | Leases |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments |
| Amendments to MFRS 9 | Financial Instruments- Prepayment Features with Negative Compensation |
| Amendments to MFRS 11 | Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle) |
| Amendments to MFRS 112 | Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle) |
| Amendments to MFRS 119 | Employee Benefits- Plan Amendment, Curtailment or Settlement |
| Amendments to MFRS 123 | Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle) |
| Amendments to MFRS 128 | Long-term Interests in Associates and Joint Ventures |

The adoption of the above new accounting standards, interpretations and amendments does not have any material impact on the financial statements of the Group, except for MFRS 123: Borrowing Cost.

MFRS 123: Borrowing Cost

In March 2019, the IFRS Interpretation Committee (“IFRIC”) clarified that land held for development and development properties would have achieved their intended purposes when a development project is launched, and hence, the developer should cease capitalization of borrowing cost in a development project at the point when the project is launched.

The Malaysian Accounting Standards Board has decided that an entity shall apply the change in accounting policy as a result of the IFRIC’s clarification on IAS 23 Borrowing Cost (“IFRIC Agenda Decision”) to financial statements with annual periods beginning on or after 1 July 2020. Nevertheless, the Group has early adopted the change of the said accounting policy with effect from 1 July 2019.

The Group has elected to apply MFRS 123 using the modified retrospective approach, whereby the cumulative effect of initial application of MFRS 123 is adjusted to the opening balance of retained earnings at the date of initial application, as summarized below:

| | |
|--|----------------------|
| | RM'000 |
| Retained earnings as at 30 June 2019, as previously stated | 92,085 |
| Cumulative effect of initial application of MFRS 123 | <u>(11,276)</u> |
| Retained earnings as at 30 June 2019, as restated | <u><u>80,809</u></u> |

Therefore, the adjustment which the Group previously expensed off to the profit and loss is now being reclassified to retained earnings. Please refer to Note A16 for the effects arising from the above changes in accounting policies relating to MFRS 123.

A2.1 Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

Effective for financial periods beginning on or after 1 January 2019:

| <i>Standard</i> | <i>Title</i> |
|--|---|
| Amendments to MFRS 3 | Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle) |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to MFRS 101 and MFRS 108 | Definition of Material |
| Amendments to Reference to the Conceptual Framework in MFRSs | |

The Group will apply the above MFRSs, Amendments/Improvements to MFRSs and IC Interpretations that are applicable once they become effective. The adoption of the above MFRSs, Amendments/Improvements to MFRSs and IC Interpretations is not expected to have any material impact on the financial statements of the Group.

A3 Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s annual financial statements for the year ended 30 June 2019 was not subject to any qualification.

A4 Seasonal or cyclical factors

The operations of the Group are not subject to seasonality / cyclicity of operations.

A5 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review because of their nature, size, or incidence.

A6 Changes in estimates

Not applicable.

A7 Significant related party transactions

There were no significant related party transactions during the financial period under review.

A8 Movement in debt and equity securities

There were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter under review.

The details of shares held as treasury shares for the period ended 30 June 2020 are as follow:

| | Number of Treasury shares | Total Considerations RM |
|--------------------------------|----------------------------------|--------------------------------|
| Balance as at 31 March 2020 | 1,470,164 | 1,229,235 |
| Repurchased during the quarter | 1,605,600 | 425,675 |
| Balance as at 30 June 2020 | 3,075,764 | 1,654,910 |

The shares purchased are being held as treasury shares in accordance with Section 127 (16) of the Companies Act, 2016.

A9 Dividend paid

There were no dividend paid during the current quarter.

A10 Carrying Amount of revalued property, plant and equipment

The valuation of property, plant and equipment has been brought forward without amendment from the financial statement for the year ended 30 June 2019.

A11 Segmental reporting

The segmental information of the Group analysed by activities is as follows:-

| 12 months ended 30.06.20 | ← Before Group's Eliminations → | | | | | | Adjustment and Eliminations RM'000 | Total RM'000 |
|--|---------------------------------|--------------------------------------|--------------------------------|-------------------|--------------------|------------------------------|---------------------------------------|-----------------|
| | Construction RM'000 | Logging and timber trading RM'000 | Property development RM'000 | Trading RM'000 | Logistic RM'000 | Investment holding RM'000 | | |
| Revenue | | | | | | | | |
| External Sales | 146,322 | 30,224 | 44,307 | 11,820 | 1,173 | 210 | 551 | 234,607 |
| Inter-segment sales | 32,417 | 1 | - | 10,497 | - | 9,925 | (52,840) | - |
| Total revenue | <u>178,739</u> | <u>30,225</u> | <u>44,307</u> | <u>22,317</u> | <u>1,173</u> | <u>10,135</u> | <u>(52,289)</u> | <u>234,607</u> |
| Results | | | | | | | | |
| Profit/(Loss) from operation | 30,893 | 21,649 | 2,280 | (6) | (128) | 6,812 | (21,318) | 40,182 |
| Finance costs | (2,042) | (14) | (416) | (16) | (39) | - | - | (2,527) |
| Share of results in associates | - | 603 | - | - | - | - | - | 603 |
| Profit/(Loss) before tax | <u>28,851</u> | <u>22,238</u> | <u>1,864</u> | <u>(22)</u> | <u>(167)</u> | <u>6,812</u> | <u>(21,318)</u> | <u>38,258</u> |
| Total assets | | | | | | | | |
| Segment assets/ Consolidated total assets | <u>134,833</u> | <u>26,842</u> | <u>143,189</u> | <u>8,854</u> | <u>550</u> | <u>73,624</u> | <u>56,535</u> | <u>444,427</u> |

| - Restated 12 months ended 30.06.19 | ← Before Group's Eliminations → | | | | | | Adjustment and Eliminations RM'000 | Total RM'000 |
|--|---------------------------------|--------------------------------------|--------------------------------|-------------------|--------------------|------------------------------|---------------------------------------|-----------------|
| | Construction RM'000 | Logging and timber trading RM'000 | Property development RM'000 | Trading RM'000 | Logistic RM'000 | Investment holding RM'000 | | |
| Revenue | | | | | | | | |
| External Sales | 168,370 | 80,448 | 78,277 | 7,020 | 1,490 | 162 | (2,468) | 333,299 |
| Inter-segment sales | 56,422 | - | - | 23,681 | - | 21,658 | (101,761) | - |
| Total revenue | <u>224,792</u> | <u>80,448</u> | <u>78,277</u> | <u>30,701</u> | <u>1,490</u> | <u>21,820</u> | <u>(104,229)</u> | <u>333,299</u> |
| Results | | | | | | | | |
| Profit/(Loss) from operation | (7,228) | 73,655 | 19,428 | 229 | 78 | 17,687 | (60,294) | 43,555 |
| Finance costs | (2,597) | (31) | (1,961) | (32) | (60) | - | - | (4,681) |
| Share of results in associates | - | 2,812 | - | - | - | - | - | 2,812 |
| Profit/(Loss) before tax | <u>(9,825)</u> | <u>76,436</u> | <u>17,467</u> | <u>197</u> | <u>18</u> | <u>17,687</u> | <u>(60,294)</u> | <u>41,686</u> |
| Total assets | | | | | | | | |
| Segment assets/ Consolidated total assets | <u>193,002</u> | <u>46,120</u> | <u>209,400</u> | <u>9,317</u> | <u>1,279</u> | <u>424,730</u> | <u>(403,128)</u> | <u>480,720</u> |

A12 Events subsequent to the balance sheet date

There were no material events subsequent to the end of the period under review that have not been reflected in the quarterly financial statements.

A13 Changes in composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review except as follows: -

i) On 25 August 2020, the Company incorporated a wholly-owned subsidiary company, Fajarbaru Plantation Sdn Bhd. The shares capital and the number of issued shares of Fajarbaru Plantation Sdn Bhd is RM1 comprising 1 ordinary share. Fajarbaru Plantation Sdn Bhd intended to be utilized for the Group's plantation activities.

A14 Capital commitments

The outstanding commitments in respect of capital expenditure at the quarter under review provided for in the financial statements are as follows :

| | |
|--|--------------|
| <u>Property, Plant & Equipment</u> | 30 June 2020 |
| | RM'000 |
| Approved and contracted for | |
| - Denominated in RM | <u>2,506</u> |

A15 Changes in contingent liabilities

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | As at 30.06.20 | As at 30.06.19 | As at 30.06.20 | As at 30.06.19 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Performance and tender bond granted to contract customers | 54,993 | 50,655 | - | - |

A16 Prior Year Adjustments

As mentioned in Note A2, The Group has early adopted the IFRIC Agenda Decision on IAS 23 Borrowing Costs with effect from the financial period beginning 1 July 2019.

During the financial year, the Group had expensed off the borrowing costs which were previously capitalized in inventories - property development cost. Under the IFRIC Agenda Decision, the cumulative effects of initial application of MFRS 123 are adjusted as a prior year adjustment to the opening balances in the financial statements. Accordingly, the following accounts have been restated as follows:

1. Consolidated Statement of Financial Position

| Group 30.06.2019 | As previously reported RM'000 | MFRS 123 | As restated RM'000 |
|---|----------------------------------|----------------------|-----------------------|
| | | Adjustment RM'000 | |
| Inventories - Property Development Cost | 113,313 | (11,276) | 102,037 |
| Non current assets | 126,712 | | 126,712 |
| Other current assets | 251,971 | | 251,971 |
| Total assets | 491,996 | (11,276) | 480,720 |
| Share capital | 194,275 | | 194,275 |
| Treasury shares | (1,141) | | (1,141) |
| Reserves | 9,080 | | 9,080 |
| Retained earnings - B/F | 83,262 | (10,857) | 72,405 |
| Retained earnings - FYE 2019 | 8,823 | (419) | 8,404 |
| | 294,299 | (11,276) | 283,023 |
| Non-controlling interest | 20,181 | | 20,181 |
| Total equity | 314,480 | (11,276) | 303,204 |
| Non current liabilities | 15,771 | | 15,771 |
| Current liabilities | 161,745 | | 161,745 |
| Total equity and liabilities | 491,996 | (11,276) | 480,720 |

2. Consolidated Statement of Profit or Loss and Other Comprehensive Income

| Group For the year ended 30 June 2019 | As previously reported RM'000 | MFRS 123 Adjustment RM'000 | As restated RM'000 |
|--|--|---|-------------------------------------|
| Revenue | 333,299 | - | 333,299 |
| Cost of Sales | (234,799) | 1,290 | (233,509) |
| Profit from operation | 73,422 | 1,290 | 74,712 |
| Finance cost | (2,972) | (1,709) | (4,681) |
| Net impairment (loss)/gain on financial assets and contract assets | (31,157) | - | (31,157) |
| Shares of results in associates | 2,812 | | 2,812 |
| Profit before taxation | 42,105 | (419) | 41,686 |
| Profit attributable to Owners of the Company | 14,415 | (419) | 13,996 |

3. Consolidated Statement of Cash Flow

| Group For the year ended 30 June 2019 | As previously reported RM'000 | MFRS 123 Adjustment RM'000 | As restated RM'000 |
|--|--|---|-------------------------------------|
| Profit before taxation | 42,105 | (419) | 41,686 |
| (Increase)/Decrease in inventories | (2,549) | 419 | (2,130) |
| Adjustment for Non-cash items | 43,359 | - | 43,359 |
| Net changes in working capital | 9,156 | - | 9,156 |
| Other operating activities | (17,800) | | (17,800) |
| Net cash flow (used in)/ generated from operating activities | 74,271 | - | 74,271 |
| Net cash generated from / (used in) investing activities | (9,398) | - | (9,398) |
| Net cash for financing activities | (70,669) | | (70,669) |
| Effect of exchange differences | (2) | | (2) |
| Cash and cash equivalents at beginning of the financial year | 57,779 | | 57,779 |
| Cash and cash equivalents at end of the financial year | 51,981 | - | 51,981 |

B Bursa Securities Listing Requirements (Part A of Appendix 9B)

B1 Review of performance

| | Individual Period (4th quarter) | | | Cumulative Period | | |
|---|---|--|----------------|---|---|----------------|
| | Current Year Quarter 30/06/2020 (RM'000) | Preceding Year Corresponding Quarter 30/06/2019 Restated (RM'000) | Changes (%) | Current Year To-date 30/06/2020 (RM'000) | Preceding Year Corresponding Period 30/06/2019 Restated (RM'000) | Changes (%) |
| Revenue | 27,633 | 95,330 | (71) | 234,607 | 333,299 | (30) |
| Profit/(loss) from operation | (26) | 22,226 | (100) | 40,182 | 43,555 | (8) |
| Profit/(loss) before interest and tax | 965 | 22,455 | (96) | 40,784 | 46,367 | (12) |
| Profit/(loss) before tax | 11,041 | 20,014 | (45) | 38,258 | 41,686 | (8) |
| Profit/(loss) after tax | 9,082 | 14,531 | (37) | 36,162 | 26,510 | 36 |
| Profit/(loss) attributable to Owners of the Company | 8,250 | 13,710 | (40) | 32,442 | 13,996 | 132 |

In the current twelve (12) months financial period, the Group recorded a decrease of 30% in revenue as compared to the same period last financial year. For the current year quarter, the Group recorded a decrease of 71%; from revenue of RM27.6 million compared to RM95.3 million in the preceding year corresponding quarter.

The 71% decrease are mainly from the Property Development Segment, Construction Segment and Logging and Timber Trading Segment. The Property Development Segment recorded a decrease of 93% in revenue for the current quarter under review as compared to the preceding year corresponding quarter. The Construction Segment recorded a 55% decrease in revenue for the current quarter in comparison to preceding year corresponding quarter. Likewise, the Logging and Timber Trading Segment saw a decrease of 67% in the current quarter as compared to the preceding year corresponding quarter.

Detailed analysis of the performance for the respective operating business segments for the period ended 30 June 2020 are as follow:

| | Revenue | | | Profit / (Loss) before tax | | |
|--------------------------|---|--|---------------------|---|--|---------------------|
| | Current Year Quarter 30/06/2020 (RM'000) | Preceding Year Corresponding Quarter 30/06/2019 Restated (RM'000) | Changes (RM'000) | Current Year Quarter 30/06/2020 (RM'000) | Preceding Year Corresponding Quarter 30/06/2019 Restated (RM'000) | Changes (RM'000) |
| <i>Segment</i> | | | | | | |
| Construction | 18,212 | 40,574 | (22,362) | (3,692) | 4,537 | (8,229) |
| Logging & timber trading | 5,340 | 16,166 | (10,826) | 3,502 | 5,495 | (1,993) |
| Property development | 2,544 | 36,860 | (34,316) | 9,240 | 10,392 | (1,152) |
| Trading | 1,287 | 1,269 | 18 | (2) | (150) | NM |
| Logistic | 240 | 385 | (145) | (43) | 565 | (608) |
| Investment holding | 10 | 76 | (66) | 2,036 | (406) | 2,442 |
| Total | 27,633 | 95,330 | | 11,041 | 20,433 | |

* NM = Non-meaningful

Construction Segment

Construction Segment continues to be the main contributor of revenue for Fajarbaru. The revenue in this segment recorded a decrease of RM22.4 million; from RM40.6 million in the preceding year corresponding quarter to RM18.2 million in the current quarter. The revenue recorded in the preceding year corresponding quarter was due to the account finalization for the completed projects in LRT 2 resulted in the quarter registered a much higher revenue in comparison with the current quarter. The Movement Control Order (“MCO”) effected by the Government of Malaysia from 18 March 2020 has further impacted the construction work progress for the segment due to the sudden interruption of on-going activities.

The segment recorded a loss before tax of RM3.7 million in the current quarter as compared to profit before tax of RM4.5 million in the preceding year corresponding quarter.

Logging and Timber Trading Segment

For the Logging and Timber Trading Segment, the revenue decreased from preceding year corresponding quarter compared to the current year quarter; a reduction of RM16.1 million to RM5.3 million. The profit before tax for the current year quarter is RM3.5 million as compared to RM5.5 million in the preceding year corresponding quarter.

The decrease in both revenue and profit before tax were due to reduce acreage of production block in the current year quarter as well as a balance of only 8.2% (approximately 2,300 acres) yet to be logged. The MCO has also resulted in the disruption of on-going activities and impacted the sales in the Logging and Timber Trading Segment.

Property Development Segment

Property Development Segment recorded a decrease in revenue from the preceding year corresponding quarter compared to the current year quarter; from RM36.8 million to RM2.5 million. The profit before tax recorded a slight decrease for the three (3) months period, RM10.3 million in the preceding year corresponding quarter as compared to RM9.2 million in the current year quarter.

The lower revenue was due to the reduce work progress from its existing project, Rica Residence @ Sentul nearing its completion stage. The MCO has also disrupted the Property Development Segment activities due to the lockdown which started in March 2020. In the current quarter under review, the profit before tax include the reversal of borrowing cost amounted to RM10.6 million previously expensed off to profit and loss account. It has been reclassified to opening retained profit as explained in Note A2 and Note A16 above.

Trading and Logistic Segments

The Trading Segment recorded a slight increase of approximately RM18,000 in revenue; from RM1.26 million in the preceding year corresponding quarter as compared to the current quarter of RM1.28 million. The Segment recorded a loss of approximately RM2,000 in the current quarter as compared to the preceding year corresponding quarter approximately RM150,000.

In the Logistic Segment, revenue decreased in the current year quarter, RM0.2 million as compared to the preceding year corresponding quarter of RM0.3 million. The segment recorded a loss before tax of approximately RM43,000 for the current year quarter as compared to a profit before tax of RM0.5 million in the preceding year corresponding quarter. The revenue decreased concurrently with the Logging and Timber Trading Segment due to no transportation required as a result of no sales and timber production during MCO.

B2 Variation of result against preceding quarter

| | Current Year Quarter 30/06/2020 (RM'000) | Immediate Preceding Quarter 31/03/2020 (RM'000) | Changes (%) |
|---|---|--|----------------|
| Revenue | 27,633 | 53,114 | (48) |
| Profit/(loss) from operation | (26) | (356) | 93 |
| Profit/(loss) before interest and tax | 965 | (421) | 329 |
| Profit/(loss) before tax | 11,041 | (971) | 1237 |
| Profit/(loss) after tax | 9,082 | 6,656 | 36 |
| Profit/(loss) attributable to Owners of the Company | 8,250 | 3,366 | 145 |

For the current quarter ended 30 June 2020, the Group registered a lower revenue of RM27.6 million and a profit before tax of RM11.0 million as compared to a revenue of RM53.1 million and a loss before tax of RM0.9 million in the previous quarter ended 31 March 2020.

The reason for the lower revenue in the current quarter as compared to the previous quarter was mainly due to the lower construction activities for the Construction segment. The impact of MCO has affected not just the Construction Segment but the Property Segment as well as Logging and Timber Trading Segment. In the current quarter under review, the profit before tax included the reversal of borrowing cost amounted to RM10.6 million previously expense off to profit and loss account. It has been reclassified to opening retained profit as explained in Note A2 and Note A16 above.

B3 Current year prospects

The Group's Construction segment will continue to develop through Year 2020, focusing on our current order book of approximately RM433.8 million (including RM13.5 million of internal projects). The MCO (Movement Control Order) has also impacted the construction industry as a whole and there will be uncertainties in the Construction segment in the short to mid-term. Having successfully completed past rail-related and infrastructure projects, the Group is capable and will continue its efforts to bid for future rail construction jobs as well as infrastructure works.

The business impact of the pandemic is slowly easing and we are optimistic that the sales of the remaining units of Rica Residence @ Sentul will improve with buyer-centric incentives. Sales remained at 74% and recovery is expected to be gradual due to the adverse impact on economic activities brought by the pandemic. Fajarbaru will continue to hold on to our landbanks and launch new developments subject to market improvements. In Melbourne, the sales rate for the Paragon remained at 92% and construction works are progressing well and scheduled to complete by end of the year. Ongoing efforts to sell the remaining units amidst the lockdown are in progress.

For timber industry, contribution of revenue is anticipated to be lower due to the lesser acreage of working blocks left to log and the production of the current working blocks is almost at its end. However, our associate company with a remaining 70% (approximately 14,000 acres) of working block that yet to be logged will continue to contribute to the Group's earnings in the future.

Looking forward, the Covid-19 pandemic would significantly impact the Malaysian economic outlook for 2020 as strict measures to contain the spread will affect domestic growth. Bank Negara recently revised the GDP growth forecast for 2020 to between -3.5% and -5.5%, this is mainly due to changes in world growth forecasts and unexpected length of the MCO. The country's economy is forecast to rebound in 2021 yet risks will remain as the Covid-19 situation is unprecedented. While the Group's operations have been adversely affected, the Group will continue to explore more business opportunities and is committed to continue capitalising its strengths to generate sustainable revenue from its existing or new businesses.

B4 Profit forecast

Not applicable.

B5 Profit guarantee

Claim by the Company against Cashrep Holdings Sdn. Bhd. ("Cashrep") and Cita Jati Sdn. Bhd. ("Cita Jati") based on Profit Guarantee Agreement.

On 23 November 2006 and 11 April 2007, the Company has obtained Winding-Up Orders from the Court against Cita Jati and Cashrep respectively. The Official Receiver from the Jabatan Insolvensi, Wilayah Persekutuan was appointed as liquidator for both companies.

B6 Income tax

Income tax includes:

| | Individual Quarter | | Cumulative Quarter | |
|--|--|--|---|---|
| | 3 months ended 30/06/2020 RM'000 | 3 months ended 30/06/2019 Restated RM'000 | 12 months ended 30/06/2020 RM'000 | 12 months ended 30/06/2019 Restated RM'000 |
| Current period's provision | 898 | 5,483 | 4,458 | 13,574 |
| Under / (Over) provision for the prior years | - | - | (3,423) | 289 |
| | 898 | 5,483 | 1,035 | 13,863 |
| Deferred taxation | 1,061 | - | 1,061 | 1,313 |
| Under / (Over) provision for the prior years | - | - | - | - |
| | 1,959 | 5,483 | 2,096 | 15,176 |

Taxation is computed after taking into consideration the available capital allowances and the adjusted business losses carried forward from previous years to set off against taxable profit.

B7 Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities in Malaysia during the financial quarter under review.

Investment in quoted shares as at 30 June 2020 were as follows :

| | RM'000 |
|-----------------|---------------|
| At cost | 11,822 |
| At market value | |
| - Shares | 8,643 |
| - Warrants | 1,958 |

B8 Status of corporate proposals announced

There were no corporate proposal announced during the financial period to date.

B9 Borrowings

The tenure of the Group borrowings classified as follows:-

| | 30 June 2020 | | Restated 30 June 2019 | |
|-----------------------|------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | Short term RM'000 | Long term RM'000 | Short term RM'000 | Long term RM'000 |
| <u>Secured</u> | | | | |
| Term loan | 2,000 | - | 34,186 | 4,500 |
| Hire purchase | 1,841 | 1,941 | 1,637 | 3,502 |
| Invoice Finance | 4,684 | - | 6,907 | - |
| Revolving Credit | 20,000 | - | 12,078 | - |
| | <u>28,525</u> | <u>1,941</u> | <u>54,808</u> | <u>8,002</u> |

B10 Off balance sheet financial instruments

The Group does not have any financial instrument with off balance sheet risk as at 30 June 2020.

B11 Trade receivables

The age analysis of trade receivables is as follow :

| | Current Quarter Ended 30/06/2020 RM'000 |
|----------------------|--|
| Not past due | 25,293 |
| Past due: | |
| - less than 3 months | 6,476 |
| - 3 to 6 months | 4,539 |
| - over 6 months | 371 |
| - more than 1 year | 11,353 |
| | <u>48,032</u> |

The Group is satisfied that recovery of the amount is possible, therefore there is no impairment for past due trade receivables.

B12 Material litigation

There were no any other proceeding, pending or threatened litigation or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group as at 30 June 2020 except as disclosed in the following:-

a) Fajarbaru Builder Sdn. Bhd. (“Claimant”) vs Tan Wee Meng (“Respondent”)

The Claimant had filed a Claimant’s Statement of Case dated 13 December 2019 against the Respondent for a sum of RM10,000,000.00 (“the Claim”).

The Claim was made pursuant to a Director’s Guarantee dated 8 August 2017 given by the Respondent in favour of the Claimant, whereby the Respondent irrevocably and unconditionally undertook to immediately pay on demand to the Claimant any amount due and owing by TYL Land & Development Sdn Bhd (“TYL Land”), up to the maximum guarantee amount of RM10,000,000.00, in respect of the whole of the obligations of TYL Land in relation to the Podium Block works of L’Marq Semenyih Project carried out by the Claimant.

b) Fajarbaru Builder Sdn. Bhd. (“Claimant”) vs Shaw Plaza Sdn. Bhd. (“Respondent”)

On 19 April 2019, the Claimant was served with a Solicitor Letter of agreeable to resolve their differences and disputes by way of arbitration proceedings to the Respondent.

The Solicitor Letter to the Respondent to refer the disputes or differences arising from the Contract and Mutual Termination Agreement dated 25 May 2015 (“MTA”), relating to the Shaw Parade Project to arbitration. The Claimant has indicated to the Respondent that they have a claim against the Respondent amounting to RM22.8 million, in addition to other damages, costs, interests and other expense claims.

B13 Dividend

No dividend were declared for the forth quarter ended 30 June 2020.

B14 Earnings per share

The **basic earnings per share** is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issued at the end of the period.

The **diluted earnings per share** is calculated by dividing the net profit attributable to equity holders of the Company for the current individual quarter and the current cumulative quarter by the adjusted weighted average number of ordinary shares in issue during the current individual quarter and the current cumulative quarter plus the weighted average number of ordinary shares which deemed to be issued on conversion of warrants and ESOS into ordinary shares.

| | Individual Quarter | | Cumulative Quarter | |
|--|--|---|--|---|
| | 3 months Ended 31/03/2020 RM'000 | 3 months Ended 30/06/2019 Restated RM' 000 | 12 months Ended 31/03/2020 RM000 | 12 months Ended 30/06/2019 Restated RM'000 |
| Net profit attributable to Owners of the Company | 8,250 | 13,710 | 32,442 | 13,996 |
| Weighted Average Number of shares at the end of the period ('000) | 371,030 | 372,773 | 371,637 | 372,773 |
| Weighted Average Number of shares of conversion of ESOS to shares ('000) | * | 119,228 | * | 119,228 |
| Adjusted number of ordinary shares in issue and issuable ('000) | 371,030 | 492,001 | 371,637 | 492,001 |
| Nominal value of share (RM) | 0.50 | 0.50 | 0.50 | 0.50 |
| Basic (loss) / earnings per share (sen) | 2.22 | 3.68 | 8.73 | 3.75 |
| Diluted (loss) / earnings per share (sen) | 2.22 | 2.79 | 8.73 | 2.84 |

* The Group has no dilution in its earnings per shares in the current financial period as the Employees' Share Option Scheme ("ESOS") has been expired on 17 December 2019.

B15 **Profit before taxation**

| | Current Year Quarter 30/06/2020 RM'000 Unaudited | Current Year To-date 30/06/2020 RM'000 Unaudited |
|--|--|--|
| Profit before tax is arrived at after charging/(crediting):- | | |
| Interest income | (524) | (1,194) |
| Depreciation | 3,464 | 13,547 |
| Interest expense | 2,236 | 4,186 |
| Finance cost adjustment, according MFRS 123 | (10,584) | - |
| Provision for and write off of receivables | 467 | 467 |
| Provision for and write off of inventories | 657 | 657 |
| Unrealised (gain)/loss on foreign exchange | (2,694) | (397) |
| Unrealised (gain)/loss on investment fund | 3 | (11) |

B16 Authorisation for issue

The Board of Directors authorised the issue of this unaudited interim financial report on 27 August 2020.

By Order of the Board
Fajarbaru Builder Group Bhd (281645-U)

Dato' Ir Low Keng Kok
Chairman

Kuala Lumpur
27 August 2020