

LAGENDA PROPERTIES BERHAD

(Registration No. 200101000008(535763-A))

(Incorporated in Malaysia)


**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	Note	(UNAUDITED)			(UNAUDITED)		
		INDIVIDUAL QUARTER		Changes Increase / (Decrease) RM'000	CUMULATIVE QUARTER		Changes Increase / (Decrease) RM'000
		1 APR 2022 to 30 JUN 2022	1 APR 2021 to 30 JUN 2021		1 JAN 2022 to 30 JUN 2022	1 JAN 2021 to 30 JUN 2021	
Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Current Financial Period RM'000	Preceding Year Corresponding Financial Period RM'000				
Revenue		258,546	170,523	88,023	451,296	399,225	52,071
Cost of sales		(168,139)	(104,781)	63,358	(278,747)	(245,480)	33,267
Gross Profit		<u>90,407</u>	<u>65,742</u>	<u>24,665</u>	<u>172,549</u>	<u>153,745</u>	<u>18,804</u>
Other income		3,869	8,406	(4,537)	6,736	16,499	(9,763)
Administrative expenses		(16,979)	(8,219)	8,760	(26,971)	(17,473)	9,498
Selling and marketing expenses		(5,980)	(4,280)	1,700	(12,527)	(8,976)	3,551
Other expenses		-	(502)	(502)	(1)	(502)	(501)
Finance costs		(3,112)	(3,096)	16	(6,464)	(7,068)	(604)
Profit before tax		<u>68,205</u>	<u>58,051</u>	<u>10,154</u>	<u>133,322</u>	<u>136,225</u>	<u>(2,903)</u>
Income tax expense	B5	(17,849)	(15,129)	2,720	(35,980)	(37,731)	(1,751)
Profit net of tax, representing total comprehensive income for the period		<u><u>50,356</u></u>	<u><u>42,922</u></u>	<u><u>7,434</u></u>	<u><u>97,342</u></u>	<u><u>98,494</u></u>	<u><u>(1,152)</u></u>
Earnings per share (EPS) (in sen)							
Basic		<u>6.03</u>	<u>5.49</u>		<u>11.65</u>	<u>12.60</u>	
Diluted		<u>4.96</u>	<u>4.08</u>		<u>9.59</u>	<u>9.36</u>	

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

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	(UNAUDITED)			(UNAUDITED)		
	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	1 APR 2022 to 30 JUN 2022	1 APR 2021 to 30 JUN 2021	Changes Increase / (Decrease) RM'000	1 JAN 2022 to 30 JUN 2022	1 JAN 2021 to 30 JUN 2021 Preceding Year	Changes Increase / (Decrease) RM'000
Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000		Current Financial Period RM'000	Corresponding Financial Period RM'000		
Profit for the period	50,356	42,922	7,434	97,342	98,494	(1,152)
Total comprehensive income for the period	<u>50,356</u>	<u>42,922</u>	7,434	<u>97,342</u>	<u>98,494</u>	(1,152)
Total comprehensive income attribute to :						
Owner of the Company	50,383	42,922	7,461	97,390	98,498	(1,108)
Non-controlling Interest	(27)	-	27	(48)	(4)	44
	<u>50,356</u>	<u>42,922</u>	7,434	<u>97,342</u>	<u>98,494</u>	(1,152)

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	UNAUDITED AS AT 30 JUN 2022 RM '000	AUDITED AS AT 31 DEC 2021 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	12,571	11,054
Investment properties	22,922	22,922
Goodwill	25,576	25,576
Other investment	1,413	1,038
Inventories	140,143	139,022
	<u>202,625</u>	<u>199,612</u>
Current assets		
Inventories	454,851	472,183
Contract assets	314,231	222,671
Trade receivables	325,821	271,075
Other receivables, deposits and prepayments	76,878	53,294
Deposits with licensed banks	37,862	37,839
Cash and bank balances	204,350	191,524
	<u>1,413,993</u>	<u>1,248,586</u>
TOTAL ASSETS	<u><u>1,616,618</u></u>	<u><u>1,448,198</u></u>
EQUITY AND LIABILITIES		
Share capital	333,171	314,551
Other reserves	(3,888)	(1,700)
Retained earnings	635,861	567,777
Equity attributable to owners of the Company	965,144	880,628
Non-controlling interests	(53)	(5)
TOTAL EQUITY	<u>965,091</u>	<u>880,623</u>
Non-current liabilities		
Borrowings	141,377	159,138
Lease liabilities	3,436	3,030
Deferred tax liabilities	1,007	923
Other payables	-	2,792
	<u>145,820</u>	<u>165,883</u>
Current liabilities		
Trade payables	212,511	195,493
Other payables and accruals	122,840	142,450
Contract liabilities	3,871	2,701
Borrowings	145,511	40,860
Lease liabilities	1,841	1,771
Tax liabilities	19,133	18,417
	<u>505,707</u>	<u>401,692</u>
TOTAL LIABILITIES	<u>651,527</u>	<u>567,575</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,616,618</u></u>	<u><u>1,448,198</u></u>
Net Assets per ordinary share (RM)	1.15	1.10

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	← Non-Distributable →		Distributable	Non- controlling interests RM '000	Total Equity RM '000
	Share capital RM '000	Other reserve RM '000	Retained earnings RM '000		
As at 1 January 2022	314,551	(1,700)	567,777	(5)	880,623
Profit for the period	-	-	97,390	(48)	97,342
Transaction with owners of the Company:					
Share-based payments/transactions	-	1,755	-	-	1,755
Dividend paid to the shareholders of the Company	-	-	(29,306)	-	(29,306)
RCPS dividend paid/payable during the period	-	(3,943)	-	-	(3,943)
Conversion of Warrant B	18,620	-	-	-	18,620
As at 30 June 2022	333,171	(3,888)	635,861	(53)	965,091
As at 1 January 2021	220,520	(5,864)	403,882	7,811	626,349
Profit for the period	-	-	98,498	(4)	98,494
Transaction with owners of the Company:					
Issuance of shares pursuant to:-					
- Private placement	92,643	-	-	-	92,643
Dividend paid to the shareholders of the Company	-	-	(20,462)	-	(20,462)
Additional investment in a subsidiary	-	-	7,407	(7,807)	(400)
RCPS dividend paid/payable during the period	-	(2,899)	-	-	(2,899)
Conversion of RCPS	(3,540)	3,540	-	-	-
Conversion of Warrant B	1	-	-	-	1
As at 30 June 2021	309,624	(5,223)	489,325	-	793,726

The unaudited Condensed Consolidated Statement of Change in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	(UNAUDITED) 6 MONTHS CURRENT FINANCIAL PERIOD 1 JAN 22 TO 30 JUN 22 RM '000	(UNAUDITED) PRECEDING YEAR CORRESPONDING FINANCIAL PERIOD 1 JAN 21 TO 30 JUN 21 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Pofit before tax	133,322	136,225
Adjustments for :		
Accretion of interest income on deferred other receivable	(438)	(796)
Depreciation of property, plant and equipment	1,484	1,140
Fair value adjustment on investment properties	-	(5,231)
Gain on disposal of property, plant and equipment	(139)	(193)
Gain on remeasurement of lease liabilities	(98)	-
Interest expenses	6,464	7,068
Interest income	(1,099)	(1,784)
Reversal of impairment loss on other receivables	-	(246)
Share based payment expenses	1,755	-
Operating profit before working capital changes	141,251	136,183
Inventories	16,210	(3,221)
Contract assets	(90,391)	(40,644)
Receivables	(48,412)	(24,342)
Payables	(5,922)	(99,905)
Cash generated from/(used in) operations	12,736	(31,929)
Interest received	1,099	1,784
Interest paid	(5,925)	(6,482)
Income tax paid	(35,179)	(25,160)
Net cash used in operating activities	(27,269)	(61,787)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investment in subsidiaries	-	(10,600)
Deposit paid for lands held for future development	(29,855)	(6,286)
Purchase of property, plant and equipment	(1,446)	(2,788)
Proceeds from disposal of property, plant and equipment	139	230
Net cash used in investing activities	(31,162)	(19,444)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to RCPS holders	(3,943)	(2,899)
Dividend paid to shareholders	(29,306)	(20,462)
Proceeds from private placement	-	92,642
Proceeds from conversion of warrant B	18,620	1
Drawdown/(Repayment) of borrowings	86,889	(8,707)
Payment for the principal portion of lease liabilities	(980)	(765)
Increase in fixed deposit pledged	(30,318)	(132)
Uplift on fixed deposit pledged to a bank	-	21,613
Net cash generated from financing activities	40,962	81,291
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(17,469)	60
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	225,778	188,930
CASH AND CASH EQUIVALENTS AT END OF PERIOD	208,309	188,990

The unaudited Condensed Consolidated Statement of Cashflow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (Cont'd)

	(UNAUDITED) 6 MONTHS CURRENT FINANCIAL PERIOD 1 JAN 22 TO 30 JUN 22 RM '000	(UNAUDITED) PRECEDING YEAR CORRESPONDING FINANCIAL PERIOD 1 JAN 21 TO 30 JUN 21 RM '000
Cash and cash equivalent comprises:		
Cash and bank balances	163,853	49,288
Fixed deposits with licensed banks	37,862	67,415
Short term investments	40,497	75,836
	<u>242,212</u>	<u>192,539</u>
Less:		
Fixed deposits pledged with licensed banks	(33,903)	(3,549)
	<u>208,309</u>	<u>188,990</u>

The unaudited Condensed Consolidated Statement of Cashflow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Basic of preparation

The interim financial report has been prepared in accordance with the Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting, the requirements of the Companies Act, 2016 in Malaysia, and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached. These explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

A2. Significant Accounting Policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The following are accounting standards, amendments and IC interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

	Effective date
MFRS 17 : Insurance Contracts	1 January 2023
Amendments to MFRS 17 : Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101 : Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company plan to apply the abovementioned standards, amendments, and interpretations when they become effective in the respective financial periods.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. Comparatives

The comparative figures have not been restated.

A4. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021.

A5. Auditors’ Report on Preceding Annual Financial Statements

The Auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

A6. Seasonal or cyclical factors

The business operations of the Group were not affected by any seasonal or cyclical factors.

A7. Unusual items affecting Assets, Liabilities, Equity, Net income or Cash flow

There were no items or events that arose during the quarter under review, which affected assets, liabilities, equity, net income or cash flows that are unusual by reason of their nature, size or incidence.

A8. Material changes in estimates

There were no changes in estimates that have had any material effect during the financial quarter under review.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

A9. Debt and equity securities

As at 30 June 2022, the following shares have been issued and listed on the Main Market of Bursa Securities on the following dates as a result of the conversion of RCPS.

(a) RCPS	(units)
RCPS in issuance	
12 August 2020	639,641,716
Conversion of RCPS	
25 August 2020	(170,000,000)
Conversion of RCPS	
21 January 2021	(250,000,000)
Allotment of RCPS	
03 August 2021	76,550,572
Balance of RCPS after conversion	<u>296,192,288</u>

Save as disclosed above, there were no further issuance, cancellations, repurchases, resale and repayment of debts and equity securities during the current quarter.

A10. Dividend paid

On 11 April 2022, the Company paid a single-tier second interim dividend of 3.5 sen per ordinary shares amounting to RM29,306,451 in respect of the financial year ended 31 December 2021.

A11. Segment Revenue and Segment Result By Business Segments

(a) Primary reporting format – business segment

All the operations of the Group are organised in Malaysia into three main business segments:

- (i) Property development - property development
- (ii) Construction - building construction
- (iii) Trading - trading of building materials and hardware

Transactions between segments were entered into the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transaction are eliminated on consolidation.

(b) Secondary reporting format – geographical segment

The operations of the Group are substantially carried out in Malaysia.

Period ended 30 June 2022

Period ended 30 June 2022

	Property development RM '000	Construction RM '000	Trading RM '000	Non- reportable segment RM '000	Elimination RM '000	Group RM '000
Sales to external customers	373,846	20,419	67,167	-	(10,136)	451,296
Inter-segment revenue	15,064	128,107	(3,182)	-	(139,989)	-
Total revenue	<u>388,910</u>	<u>148,526</u>	<u>63,985</u>	<u>-</u>	<u>(150,125)</u>	<u>451,296</u>
Gross profit	162,293	15,257	3,818	-	(8,819)	172,549
Other income	5,841	311	427	35,381	(35,224)	6,736
Administrative expenses	(16,727)	(3,446)	(1,329)	(6,697)	1,228	(26,971)
Selling and marketing expenses	(12,751)	-	-	-	224	(12,527)
Other expenses	(1)	-	-	-	-	(1)
Finance costs	(6,822)	(43)	(268)	(5,151)	5,820	(6,464)
Profit/(loss) before tax	<u>131,833</u>	<u>12,079</u>	<u>2,648</u>	<u>23,533</u>	<u>(36,771)</u>	<u>133,322</u>
Taxation						<u>(35,980)</u>
Profit after tax						<u><u>97,342</u></u>

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

A11. Segment Revenue and Segment Result By Business Segments (cont'd)

(b) Secondary reporting format – geographical segment (cont'd)

Period ended 30 June 2021

	Property development RM '000	Construction RM '000	Trading RM '000	Non- reportable segment RM '000	Elimination RM '000	Group RM '000
Sales to external customers	309,066	71,019	54,988	-	(35,848)	399,225
Inter-segment revenue	31,968	160,199	1,240	-	(193,407)	-
Total revenue	341,034	231,218	56,228	-	(229,255)	399,225
Gross profit	143,913	25,360	4,529	-	(20,057)	153,745
Other income	7,968	5,840	1,612	3,893	(2,814)	16,499
Administrative expenses	(11,430)	(2,300)	(562)	(4,006)	825	(17,473)
Selling and marketing expenses	(9,213)	-	-	-	237	(8,976)
Other expenses	-	(502)	-	-	-	(502)
Finance costs	(5,806)	(110)	(205)	(6,786)	5,839	(7,068)
Profit/(loss) before tax	125,432	28,288	5,374	(6,899)	(15,970)	136,225
Taxation						(37,731)
Profit after tax						98,494

A12. Valuation of property, plant and equipment

There was no revaluation of property for the current financial quarter under review.

A13. Subsequent events

There were no significant events subsequent to the end of this financial quarter up to 15 August 2022 being the last practicable date from the date of issuance of this report.

A14. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial quarter under review save for the below:

- (a) On 23 June 2022, Taraf Nusantara Sdn Bhd (“TNSB”), a wholly-owned subsidiary of the Company has entered into a deed of revocation of a joint development and shareholders’ agreement dated 21 September 2020 (“the Deed”) with Tenaga Danawa Sdn Bhd (“TDSB”), a wholly-owned subsidiary of MajuPerak Holdings Berhad for a mixed development project in Mukim Batang Padang, Daerah Batang Padang, Negeri Perak. As a condition under the Deed, both TNSB and TDSB shall enter into a Share Shares Agreement (“SSA”) which TDSB will transfer its 125,000 units of ordinary shares of RM 1 each comprising 50% of the total issued paid-up share capital of Lagenda Tapah Sdn Bhd to TNSB. On 4 July 2022, the SSA was completed and Lagenda Tapah Sdn Bhd becomes a wholly-owned subsidiary of the Company.

A15. Capital commitment

There were no material capital expenditure commitments during the current quarter under review except for acquisition of development land authorised and contracted for amounting to RM 86.75 million.

A16. Related party transactions

Transaction with shareholders/directors of the company and its subsidiary companies, and with companies in which they have interest.

	2nd Quarter ended 30 June 2022 RM '000
Purchase of motor vehicle	80
Rental paid	495
Late payment charges	(15)
Rental received	(1,102)
Sale of material	(1,874)

A17. Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2021.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

B1. Performance review

	2nd Quarter ended 30 Jun 2022 RM '000	2nd Quarter ended 30 Jun 2021 RM '000	Changes Increase / (Decrease) RM '000	%
Revenue				
Property development	224,809	139,363	85,446	61.3
Construction	11,920	15,857	(3,937)	(24.8)
Trading	31,580	21,043	10,537	50.1
<i>Intra-group elimination</i> *	(9,763)	(5,740)	4,023	(70.1)
Total revenue	258,546	170,523	88,023	51.6
Profit before tax				
Property development	77,811	57,076	20,735	36.3
Construction	6,185	9,018	(2,833)	(31.4)
Trading	775	2,941	(2,166)	(73.6)
Investment holding	(3,415)	(3,182)	233	(7.3)
<i>Intra-group elimination</i> *	(13,151)	(7,802)	5,349	(68.6)
Total profit before tax	68,205	58,051	10,154	17.5

* *Intragroup elimination was performed in accordance to Malaysia Financial Reporting Standard ("MFRS") 10 : Consolidated Financial Statement*

For the current financial quarter ended 30 June 2022, the Group recorded a revenue of RM258.55 million representing an increase of 51.6% as compared to preceding year corresponding quarter's revenue of RM170.52 million. The increase of total revenue was mainly due to the management's initiative to convert its completed units into sales via effective marketing strategies at an affordable pricing to our customers. The above initiative has significantly contributed to the total increase in revenue, apart from the pre-existing sales recognition which the Company is recognising.

The Group recorded a profit before tax of RM68.26 million in the current financial quarter as compared to the profit before tax of RM58.05 million in the preceding year corresponding quarter. The increase in profit before tax was mainly due to the improvement in our confirmed sale and the conversion of completed units as mentioned above.

B2. Material change in profit before taxation of the current quarter compared with the immediate preceding quarter

	2nd Quarter ended 30 Jun 2022 RM '000	1st Quarter ended 31 Mar 2022 RM '000	Changes Increase / (Decrease) RM '000	%
Revenue				
Property development	224,809	149,037	75,772	50.8
Construction	11,920	8,499	3,421	40.3
Trading	31,580	35,587	(4,007)	(11.3)
<i>Intra-group elimination</i> *	(9,763)	(373)	9,390	(2,517.4)
Total revenue	258,546	192,750	65,796	34.1
Profit before tax				
Property development	77,811	54,021	23,790	44.0
Construction	6,185	5,894	291	4.9
Trading	775	1,872	(1,097)	(58.6)
Investment holding	(3,415)	26,949	(30,364)	(112.7)
<i>Intra-group elimination</i> *	(13,151)	(23,619)	(10,468)	44.3
Total profit before tax	68,205	65,117	3,088	4.7

* *Intragroup elimination was performed in accordance to Malaysia Financial Reporting Standard ("MFRS") 10 : Consolidated Financial Statement*

For the current financial quarter ended 30 June 2022, the Group's revenue had increased to RM258.55 million as compared to RM192.75 million reported in the immediate preceding quarter. The increase in total group revenue was mainly due to a better sales conversion from completed units. During the quarter under review, the Company has managed to launch BBSAP Phase 4A, Lagenda Teluk Intan Phase 3A and Lagenda Tropika which has also contributed to the revenue growth compared to the immediate preceding quarter.

The Group recorded a increase in profit before tax amounting to RM68.26 million in the current financial quarter as compared to the profit before tax of RM65.12 million in the immediate preceding quarter due to the sales improvement as mentioned above.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

B3. Commentary on prospects

The Group is focused on providing affordable housing catering to the B40 and M40 income groups. We remain optimistic about the demand for affordable housing as there is a shortage of housing within the B40 group's grasp across most states in Malaysia, leading to a large addressable market for Lagenda.

Activities geared up for the Group in 2Q2022 with the launching of new phases in key projects across Sitiawan, Teluk Intan and Tapah. During the quarter, we launched more than 3,000 units of homes which will contribute towards our performance in the coming months. These new launches achieved healthy take-up rates, signaling the continued strong demand for Lagenda's projects and we expect this to continue into our future launches. As at 30 June 2022, unbilled sales stood at RM634.1 million while outstanding bookings were RM310.2 million. The Group remains confident and is ramping-up activities in the second half of the year to achieve its target of launching more than 6,000 units of homes with GDV exceeding RM1 billion in 2022. The groundbreaking ceremony of its Sungai Petani township named Darulaman Lagenda which took place on 21 August 2022 was a key milestone, marking the Group's first foray to expand beyond Perak towards its goal of being a nationwide affordable housing developer.

Our strong balance sheet with a low net gearing ratio of 0.05 times positions us well for further landbanking activities. On 9 August 2022, we announced a proposed acquisition of 422 acres of land adjacent to Lagenda Teluk Intan (refer item B7(b)) to maximise the potential of our existing project. We are currently in negotiations with other landowners to further expand our footprint into more states in Malaysia and to achieve our goal of launching at least one new township per year to provide sustainable growth. Barring unforeseen circumstances, the Board expects the Group to achieve satisfactory results for the financial year 2022.

B4. Profit forecast

The Company did not issue any profit forecast during the current financial quarter under review.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Jun 2022 RM '000	Preceding Year Quarter 30 Jun 2021 RM '000	Current Year To Date 30 Jun 2022 RM '000	Preceding Year To Date 30 Jun 2021 RM '000
Deferred tax liabilities	2,945	1,333	493	1,203
Taxation	<u>(20,794)</u>	<u>(16,462)</u>	<u>(36,473)</u>	<u>(38,934)</u>
Income tax expenses	<u>(17,849)</u>	<u>(15,129)</u>	<u>(35,980)</u>	<u>(37,731)</u>
Effective tax rate	<u>26.2%</u>	<u>26.1%</u>	<u>27.0%</u>	<u>27.7%</u>

The tax charge for the Group reflects an effective tax rate which is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

B6. Details of Group Borrowings and Debt Securities

The group interest-bearing borrowings as at the end of the reporting period are as follows:

	Current year 30 Jun 2022 RM'000	Preceding year 30 Jun 2021 RM'000
Current		
Hire purchase payables	1,556	1,282
Revolving Credits	70,000	10,000
Finance lease	285	381
Banker's acceptance	49,717	14,497
Term loans	<u>25,794</u>	<u>9,032</u>
	<u>147,352</u>	<u>35,192</u>
Non-current		
Hire purchase payables	3,154	2,927
Finance lease	282	473
Term loans	<u>141,377</u>	<u>178,285</u>
	<u>292,165</u>	<u>216,877</u>

LAGENDA PROPERTIES BERHAD

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

B7. Corporate Proposals

- (a) On 2 July 2021, Lagenda Mersing Sdn Bhd (“LMSB” or the “Purchaser”) a 70% subsidiary of the Company, had entered into 3 conditional sale and purchase agreements with Sunrise Mersing Sdn Bhd (“SMSB” or the “Vendor”), an indirect wholly-owned subsidiary of UEM Sunrise Berhad whereby the Vendor agreed to sell and the Purchaser agreed to purchase all three (3) parcels of freehold agriculture land held under H.S.(D) 2249 PTD 10944, H.S.(D) 2251 PTD 10946 and H.S.(D) 2252 PTD 10947, all under Mukim Mersing, Daerah Mersing, Johor, measuring approximately 431.09 acres in aggregate for a total cash consideration of RM45,068,918.40 or at RM2.40 per square foot (“Proposed Acquisitions”). The Proposed Acquisitions are currently unconditional and expected to be completed by 3rd quarter of the year.
- (b) On 9 August 2022, the Company via its wholly owned subsidiary namely TNSB has entered into a conditional sales and purchase agreement (“SPA”) with Ladang Awana Sdn Bhd (a related party) in relation to a proposed acquisition of 42 block titles of development/agricultural land measuring approximately 422 acres, all located within Mukim Durian Sebatang, Daerah Hilir Perak, Perak Darul Ridzuan for a total cash consideration of RM 92.4 million (“Proposed Acquisition 2”). The Proposed Acquisition 2 is currently conditional and expected to be completed by 1st half of 2023.

B8. Financial instruments

There was no outstanding financial instruments as at the date of issue of this quarterly report.

B9. Material Litigation

There was no pending material litigation as at the date of issue of this quarterly report.

B10. Dividend

- (a) A single-tier first interim dividend of 3.0 sen (2021 single-tier second interim dividend: 3.5 sen) per ordinary share amounting to RM 25,119,815 (2021 single-tier second interim dividend: RM 29,306,451) has been declared by the Directors in respect of the financial year ended 31 December 2022.
- (b) The interim single-tier dividend shall be payable on 26 September 2022.
- (c) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as of 15 September 2022.

B11. Earnings per share

(i) Basic Earnings Per Share

The basic earnings per ordinary share were calculated by dividing the Group's net profit attributable to ordinary shareholders by the number of weighted ordinary shares in issue as follows:-

	Current Year 30 Jun 2022 Quarter	Preceding Year 30 Jun 2021 Quarter	Current Year 30 Jun 2021 To Date	Preceding Year 30 Jun 2021 To Date
Profit net of tax attributable to owners of the parent (RM'000)	<u>50,383</u>	<u>42,922</u>	<u>97,390</u>	<u>98,498</u>
Basic Weighted average number of ordinary share in issue ('000)	<u>836,040</u>	<u>781,473</u>	<u>836,040</u>	<u>781,473</u>
Basic earning per share (EPS) (sen)	<u>6.03</u>	<u>5.49</u>	<u>11.65</u>	<u>12.60</u>

(ii) Diluted Earning Per Shares

The diluted earnings per ordinary shares were calculated by dividing the Group's net profit attributable to ordinary shareholders by the number of weighted ordinary shares in issue as follows:-

	Current Year 30 Jun 2022 Quarter	Preceding Year 30 Jun 2021 Quarter	Current Year 30 Jun 2021 To Date	Preceding Year 30 Jun 2021 To Date
Profit net of tax attributable to owners of the parent (RM'000)	<u>50,383</u>	<u>42,922</u>	<u>97,390</u>	<u>98,498</u>
Weighted average number of ordinary share in issue ('000)	<u>1,015,227</u>	<u>1,051,965</u>	<u>1,015,227</u>	<u>1,051,965</u>
Diluted earning per share (EPS) (sen)	<u>4.96</u>	<u>4.08</u>	<u>9.59</u>	<u>9.36</u>

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

B13. Notes to the Statement of Comprehensive Income

	Current Quarter	Preceding Year
	30 Jun 2022	Quarter
	RM '000	30 Jun 2021
		RM '000
Accretion of interest income on deferred other receivables	219	398
Gain on disposal of property, plant and equipment	-	20
Interest income	557	869
Rental income	706	-
Auditors' remuneration	(84)	-
Depreciation of property, plant and equipment	(814)	(615)
Employee share-based payment	(877)	-
Interest expenses on:		
- accretion of interest on contingent consideration	(46)	(293)
- banker's acceptance	(134)	(37)
- bank guarantee commission	(24)	(15)
- lease liabilities	(78)	(68)
- term loan	(2,830)	(2,683)
Loss on remeasurement of lease liabilities	(268)	-

B14. Auditors' Report on the Preceding Annual Financial Statements

There was no qualification in the audit report on the preceding audited annual financial statements.

B15. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company on 22 August 2022.