

NOTES TO THE INTERIM FINANCIAL REPORT**1. Basis of Preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting issued by Malaysian Accounting Standard Board. They do not include all the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2020.

2. Changes in significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the year ended 31 January 2020 financial statements except for the adoption of the amendments to MFRSs that are applicable to the Group for the financial period beginning 1 February 2020. The adoption of these amendments to MFRSs does not have any material impact on the financial statements of the Group.

3. Auditors' report on preceding annual financial statements

The Group's audited financial statements for the financial year ended 31 January 2020 were reported on by its external auditors, Ernst & Young without any qualifications.

4. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors except that the level of construction activities in the first quarter of the year and during rainy season is generally lower. However, the Group's business activities are affected by the Covid-19 pandemic and the Movement Control Order which took effect from 18 March 2020.

5. Unusual items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size and incidence.

6. Debt and equity securities

During the quarter under review and current financial year-to-date, there were no issuances and repayment of debt and equity securities.

7. Dividends paid

No dividend was paid in the current quarter and financial year to date.

8. Segmental reporting

The segment information for business segments predominantly conducted in Malaysia for the current financial year to date were as follows:

REVENUE							
External sales	64,981	280	76,095	319	-	-	141,674
Inter-segment sales	727	11,576	29,721	380	1,750	(45,903)	(1,750)
Total revenue	65,708	11,856	105,816	699	1,750	(45,903)	139,924
RESULTS							
Operating profit	(3,639)	190	13,942	220	807	(3,650)	7,871
Share of associate results						109	109
Financing cost	(1,542)	(144)	(1,944)	(36)	(861)	-	(4,527)
Income taxes	(97)	(19)	(2,943)	(24)	-	-	(3,083)
Net profit/(loss)	(5,276)	27	9,055	160	(54)	(3,541)	370

12 months ended 31 January 2020	Manufacturing RM '000	Trading RM '000	Property development & construction RM '000	Quarry operation RM '000	Investment & mgt services RM '000	Eliminations /Adjustment RM '000	Total RM '000
REVENUE							
External sales	101,102	534	30,143	1,041	-	-	132,820
Inter-segment sales	636	20,484	2,742	1,620	750	(26,232)	-
Total revenue	101,738	21,018	32,885	2,661	-	(26,232)	132,820
RESULTS							
Operating profit	2,090	496	2,193	326	(794)	(1,487)	2,824
Share of associate results						301	301
Financing cost	(2,122)	(272)	(2,103)	(18)	(1,191)	1,160	(4,546)
Income taxes	(834)	(54)	(356)	(143)	-	-	(1,386)
Net profit/(loss)	(866)	170	(266)	165	(1,985)	(26)	(2,807)

9. Subsequent events

No material events have arisen during the interval between the end of the current quarter and the date of this announcement which have not been reflected in the current quarterly report.

10. Changes in the composition of the Group

There were no changes in composition of the Group for the current quarter and financial year to date.

11. Capital commitments

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

12. Related Party Transactions

	3 months ended		12 months ended	
	31.01.21 RM'000	31.01.20 RM'000	31.01.21 RM'000	31.01.20 RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	4	-	16	33
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	12	11	52	157
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Yong Teck Construction	-	-	-	-
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	3,781	2,205	10,490	7,068
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	60	97	180	97
Construction works				
-Lee Ling Construction & Development Sdn. Bhd.	-	-	-	-
Rental of office				
-BMK Development Sdn. Bhd.	39	39	156	156



13. Review of performance of the Group

The Group's revenue for the year ended 31 January 2021 stood at RM141.7 million representing 6.7% or RM8.9 million lower as compared to the corresponding period of last financial year. The manufacturing segment has recorded revenue of RM65.7 million in the current financial year which is RM36 million lower than RM101.7 million recorded in the last financial year. The drop in revenue was mainly due to the Movement Control Order (MCO) imposed by the government starting from 18 March 2020 until mid of May 2020. During the MCO, all non essential business activities were not allowed to operate hence that has impacted the revenue of the Manufacturing Segment which mainly involves in manufacturing of building products. The Property Development & Construction Segment has recorded higher progress in the current year coupled with the positive contribution from the road maintenance concession which started on January 2020 has recorded a revenue of RM76 million for the current financial year against RM45.7 million recorded in the corresponding period of last financial year.

Revenue recorded in the current quarter is at RM48.1 million, which is RM16.2 million higher than RM31.9 million recorded in the corresponding quarter of last financial year. The manufacturing segment has recorded RM21.9 million revenue in the current quarter which is marginally lower as compared to RM22.3 million in the corresponding period of last financial year. The Construction & Property Development Segment has managed to record a revenue of RM33.8 million as compared to RM9.8 million in the corresponding quarter of last year as the progress of the projects on hand begins to pick up when the construction activities resumed after the MCO coupled with stable income from the road maintenance concession.

14. Comment on material change in profit/loss before taxation ("PBT/LBT")

The Group has recorded a PBT of RM3.5 million for the year ended 31 January 2021 as compared to LBT of RM1.4 million recorded in the last financial year. The manufacturing segment has recorded LBT of RM5.2 million as compared to LBT of RM0.03 million recorded in the last financial year in tandem with the drop in sales of the Ready Mixed Concrete and Pipes Division. Meanwhile, the Construction and Property Development Segment recorded a PBT of RM12.0 million as compared to PBT of RM0.1 million recorded in the last financial year as with better progress of project on hand and higher margins achieved as compared to the same period of last year.

The Group has recorded LBT of RM0.6 million for the current quarter ended 31 January 2021 as compared to LBT of RM1.4 million in the corresponding quarter of last financial year. The better performance recorded in the current quarter was mainly contributed by the Construction & Property Development Segment which recorded PBT of RM2.6 million as compared to LBT of RM 0.1 million recorded in the corresponding quarter of last year.


15. Prospect for the year ending 31 January 2021

At the time of this report, most Europe countries and United States of America are experiencing a second wave of COVID-19 spread and that has affected the supply of raw material and price. In Malaysia, we too are seeing a spike increase in COVID-19 patients, fortunately in Sarawak, the state government has managed to keep things under control and businesses have not been severely affected.

Group management is mindful of the challenges ahead and is taking measures to mitigate the negative impact. Externally we will continue to seek for new opportunities to secure more revenue, while internally cost cutting and streamlining the operation to achieve better outputs and efficiency. The market will continue to pose a big challenge to the construction industry, and management will continue to be prudent in our approach to ensure the Group is in a strong footing to meet this challenge.

16. (a) Variance of actual profit from forecast profit

Not applicable as no profit forecast was published.

(b) Shortfall in the profit guarantee

There was no profit guarantee for the current year under review.

17. Taxation

	12 months ended 31/1/2021 RM'000	12 months ended 31/1/2020 RM'000
- Current period taxation	(3,400)	(1,604)
-(Over)/Under provision of taxation	168	69
- Deferred taxation	149	149
	<u>(3,083)</u>	<u>(1,386)</u>

18. Status of corporate proposals announced but not completed

There were no corporate proposals which have been announced but not yet been completed as at the date of this announcement.

19. Group borrowings and debt securities

	As At 31/01/21 Total RM'000
Secured:	
Term loans	3,131
Bank overdrafts	14,029
Revolving credits	10,500
Bankers' acceptance	37,125
Hire purchase	3,077
Lease liabilities	6,791
	74,653
Repayable within twelve months	64,665
Repayable after twelve months	9,988
	74,653

The above borrowings are denominated in Ringgit Malaysia

20. Earnings per share

	Individual quarter ended	
	31/1/2021	31/01/2020
	RM'000	RM'000
Net profit/(loss) attributable to owners of the parent	<u>(1,407)</u>	<u>(2,076)</u>
Weighted average number of ordinary shares	Individual quarter ended	
	31/1/2021	31/01/2020
	'000	'000
Issued and fully paid share capital at beginning of the financial period	57,962	57,962
Effect of shares issued during the 3 months period ended 31 January 2021 / 2020	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	(2.43)	(3.58)
Fully diluted (sen)	(2.43)	(3.58)
	Cumulative year to date	
	31/1/2021	31/01/2020
	RM'000	RM'000
Net profit/(loss) attributable to owners of the parent	<u>(1,958)</u>	<u>(3,006)</u>
Weighted average number of ordinary shares	Cumulative year to date	
	31/1/2021	31/01/2020
	'000	'000
Issued and fully paid share capital at beginning of the financial year	57,962	57,962
Effect of shares issued during the 12 months period ended 31 January 2021 / 2020	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	(3.38)	(5.19)
Fully diluted (sen)	(3.38)	(5.19)

21. Material litigation

There were no pending material litigations for the current financial quarter under review.

22. Comprehensive Income Disclosures

Profit for the year is arrived at after charging/(crediting) the following:

	Individual Quarter		Cumulative Quarter	
	31/01/2021	31/01/2020	31/01/2021	31/01/2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	81	103	321	343
Bad debts written back	(456)	(50)	(510)	(102)
Depreciation of property, plant & equipment	1,541	1,803	6,195	5,686
(Gain)/Loss on disposal of other investment	-	-	-	-
Interest expenses	1,800	815	4,527	4,546
Interest income	(93)	(108)	(677)	(463)
Impairment loss on receivables	-	(32)	-	(32)
Inventory written off	321	175	321	175
Net fair value changes in investment securities	-	-	-	-
Property, plant & equipment written off	466	1	484	9

23. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 April 2021.