

**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 2021.

**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 2021 financial statements except for the adoption of the amendments to MFRSs that are applicable to the Group for the financial period beginning 1 February 2021. 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 2021 were reported on by its external auditors, Ernst & Young without any qualifications.

**4. Seasonal or cyclical factors**

The business of the Group was not affected by any significant seasonal or cyclical factors during the financial period under review.

**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:

6 months ended 31 July 2021	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
<b>REVENUE</b>							
External sales	34,657	683	60,907	7	-	-	96,251
Inter-segment sales	1,143	5,711	15,918	117	-	(22,890)	-
Total revenue	35,800	6,394	76,825	124	-	(22,890)	96,251
<b>RESULTS</b>							
Operating profit	(276)	139	8,198	10	(233)	-	7,839
Share of associate results						194	194
Financing cost	(528)	(86)	(1,582)	(16)	(189)	-	(2,403)
Income taxes	(44)	-	(1,612)	-	-	-	(1,656)
Net profit/(loss)	(848)	53	5,004	(6)	(422)	194	3,975

6 months ended 31 July 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
<b>REVENUE</b>							
External sales	22,641	186	22,228	319	-	-	45,374
Inter-segment sales	195	4,529	17,180	380	-	(22,284)	-
Total revenue	22,836	4,715	39,408	699	-	(22,284)	45,374
<b>RESULTS</b>							
Operating profit	(2,999)	103	6,460	204	(823)	(150)	2,795
Share of associate results						40	40
Financing cost	(734)	(62)	(704)	(7)	(168)	-	(1,675)
Income taxes	-	-	(1,641)	(53)	-	-	(1,694)
Net profit/(loss)	(3,733)	41	4,115	144	(991)	(110)	(534)

## 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		6 months ended	
	31.07.21 RM'000	31.07.20 RM'000	31.07.21 RM'000	31.07.20 RM'000
<b>Income</b>				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	-	-	68	7
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	85	3	88	12
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Yong Teck Construction	-	-	-	-
Rental of barge				
-Lee Ling Timber Sdn. Bhd.	60	9	120	9
<b>Expenditure</b>				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd	1,212	3,231	3,274	5,370
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	191	60	348	120
Construction works				
-Lee Ling Construction & Development Sdn. Bhd.	-	-	-	-
Rental of office				
-BMK Development Sdn. Bhd.	39	39	78	78



### **13. Review of performance of the Group**

The Group's revenue for the 6 month ended 31 July 2021 stood at RM96.3 million representing 112.1% or RM50.9 million higher as compared to the corresponding period of last financial year. The manufacturing segment has recorded revenue of RM35.8 million in the current period which is RM13.0 million higher than RM22.9 million recorded in the corresponding period of last financial year. The manufacturing segment has recorded a better revenue across all the 3 main division which is the Ready Mixed Concrete, Pipes and Timber Products. The revenue of these divisions was adversely affected by the full lockdown in the first MCO implemented in March 2020 which lasted about 2 months. The Property Development & Construction Segment has recorded higher progress in the current period with a new project which commenced work on July 2020. The Segment has recorded a revenue of RM60.9 million for the current period against RM24.9 million recorded in the corresponding period of last financial year.

The Group's revenue recorded for the current quarter ended 31 July 2021 is at RM36.8 million which is 52.8% higher than RM24.1 million recorded in the corresponding quarter of last financial year. The Construction & Property Development Segment has recorded a revenue of RM22.7 million in the current quarter as compared to RM16.8 million in the corresponding quarter of last financial with higher progress recorded from project in hand. The revenue for the Manufacturing Segment also record slightly higher revenue of RM14.4 million as compared to RM12.6 million recorded in the same quarter of last financial year.

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

The Group has recorded a PBT of RM5.6 million for the 6 months ended 31 July 2021 as compared to PBT of RM1.2 million recorded in the corresponding period of last financial year. The manufacturing segment has recorded lower LBT of RM0.8 million as compared to LBT of RM3.7 million in the corresponding period of last financial year in tandem with the increase in sales across all the division in the segment. Meanwhile, the Construction and Property Development Segment recorded a PBT of RM6.6 million in the current quarter as compared to PBT of RM5.8 million recorded in the corresponding period of last financial year as with better progress of project on hand.

For the current quarter ended 31 July 2021, the Group has recorded a PBT of RM1.0 million as compared to PBT of RM3.1 million recorded in the same quarter of last financial year. The Manufacturing Segment has recorded LBT of RM1.1 million as compared to LBT of 0.9 million recorded in the corresponding quarter of last financial year. Material price increase has affected the margins of this segment for the current quarter. The Construction & Property Development Segment has recorded lower PBT of RM2.3 million as compared to PBT of RM4.5 million recorded in the corresponding quarter of last year.

**15. Prospect for the year ending 31 January 2022**

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**

	<b>6 months ended 31/07/2021 RM'000</b>	<b>6 months ended 31/07/2020 RM'000</b>
- Current period taxation	1,656	1,694
-(Over)/Under provision of taxation	-	-
- Deferred taxation	-	-
	<u>1,656</u>	<u>1,694</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**

	<b>As At 31/07/21 Total RM'000</b>
<b>Secured:</b>	
Term loans	20,109
Bank overdrafts	11,174
Revolving credits	7,500
Bankers' acceptance	36,564
Invoice financing	6,808
Hire purchase	6,047
Lease liabilities	1,653
	89,857
Repayable within twelve months	72,020
Repayable after twelve months	17,837
	89,857

The above borrowings are denominated in Ringgit Malaysia

**20. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/7/2021</b>	<b>31/7/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) attributable to owners of the parent	<u>68</u>	<u>718</u>
<b>Weighted average number of ordinary shares</b>	<b>Individual quarter ended</b>	
	<b>31/7/2021</b>	<b>31/7/2020</b>
	<b>'000</b>	<b>'000</b>
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)	0.12	1.24
Fully diluted (sen)	0.12	1.24
	<b>Cumulative year to date</b>	
	<b>31/7/2021</b>	<b>31/7/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) attributable to owners of the parent	<u>2,804</u>	<u>(1,709)</u>
<b>Weighted average number of ordinary shares</b>	<b>Cumulative year to date</b>	
	<b>31/7/2021</b>	<b>31/7/2020</b>
	<b>'000</b>	<b>'000</b>
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)	4.84	(2.95)
Fully diluted (sen)	4.84	(2.95)

## 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	
	31/07/2021	31/07/2020	31/07/2021	31/07/2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	80	81	161	161
Bad debts written back	-	(12)	(15)	(29)
Depreciation of property, plant & equipment	2,008	1,535	3,494	2,859
(Gain)/Loss on disposal of other investment	-	-	-	-
Interest expenses	1,314	883	2,403	1,694
Interest income	(77)	(176)	(147)	(277)
Impairment loss on receivables	-	-	-	-
Inventory written off	31	-	157	-
Net fair value changes in investment securities	-	-	-	-
Property, plant & equipment written off	-	-	102	4

## 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 29 September 2021.