

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:

9 months ended 31 October 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
REVENUE							
External sales	52,439	861	99,950	7	-	-	153,255
Inter-segment sales	3,563	8,906	21,337	117	-	(33,924)	-
Total revenue	56,002	9,767	121,287	124	-	(33,924)	153,255
RESULTS							
Operating profit	(137)	194	12,156	11	(375)	(1,470)	10,378
Share of associate results						150	150
Financing cost	(771)	(106)	(2,582)	(24)	(278)	-	(3,762)
Income taxes	-	-	(2,032)	-	-	-	(2,032)
Net profit/(loss)	(908)	88	7,542	(13)	(653)	(1,320)	4,734

9 months ended 31 October 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	43,199	234	49,808	319	-	-	93,560
Inter-segment sales	669	7,972	14,240	380	-	(23,261)	-
Total revenue	43,868	8,206	64,048	699	-	(23,261)	93,560
RESULTS							
Operating profit	(2,915)	178	10,578	133	(960)	(150)	6,865
Share of associate results						(79)	(79)
Financing cost	(1,111)	(121)	(1,191)	(7)	(296)	-	(2,727)
Income taxes	-	-	(2,577)	(53)	-	-	(2,630)
Net profit/(loss)	(4,025)	57	6,810	73	(1,256)	(229)	1,428

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		9 months ended	
	31.10.21 RM'000	31.10.20 RM'000	31.10.21 RM'000	31.10.20 RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	17	5	85	12
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	26	28	114	40
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Multi Brilliance Sdn. Bhd.	358	-	358	-
Rental of barge				
-Lee Ling Timber Sdn. Bhd.	60	-	180	-
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd	1,445	1,339	4,719	6,709
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	1,005	60	1,353	180
Construction works				
-Lee Ling Construction & Development Sdn. Bhd.	-	-	-	-
Rental of office				
-BMK Development Sdn. Bhd.	39	39	117	117



13. Review of performance of the Group

The Group's revenue for the 9 month ended 31 October 2021 stood at RM153.3 million representing 63.8% or RM59.7 million higher as compared to the corresponding period of last financial year. The manufacturing segment has recorded revenue of RM56.0 million in the current period which is RM12.0 million higher than RM43.9 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 RM100.0 million for the current period against RM49.8 million recorded in the corresponding period of last financial year.

The Group's revenue recorded for the current quarter ended 31 October 2021 is at RM57.0 million which is 18.3% higher than RM48.2 million recorded in the corresponding quarter of last financial year. The Construction & Property Development Segment has recorded a revenue of RM39.0 million in the current quarter as compared to RM17.4 million in the corresponding quarter of last financial with higher progress recorded from project in hand. Meanwhile the revenue for the Manufacturing Segment record a slightly lower revenue of RM20.2 million as compared to RM21.0 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 RM6.7 million for the 9 months ended 31 October 2021 as compared to PBT of RM4.1 million recorded in the corresponding period of last financial year. The manufacturing segment has recorded lower LBT of RM0.3 million as compared to LBT of RM4.0 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 RM9.6 million in the 9 months ended 31 October 2021 as compared to PBT of RM9.4 million recorded in the corresponding period of last financial year as with better progress of project on hand.

For the current quarter ended 31 October 2021, the Group has recorded a PBT of RM1.1 million as compared to PBT of RM2.9 million recorded in the same quarter of last financial year. The Manufacturing Segment has recorded LBT of RM0.1 million as compared to LBT of 0.3 million recorded in the corresponding quarter of last financial year. Higher revenue contribution from the Ready Mixed Concrete Division has helped to reduce the LBT. The Construction & Property Development Segment has recorded lower PBT of RM3.0 million as compared to PBT of RM3.6 million recorded in the corresponding quarter of last year. The lower PBT recorded are due to lower profit margin from the project on hand as compared to the same quarter of last financial 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

	9 months ended 31/10/2021 RM'000	9 months ended 31/10/2020 RM'000
- Current period taxation	2,032	2,630
-(Over)/Under provision of taxation	-	-
- Deferred taxation	-	-
	<u>2,032</u>	<u>2,630</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 31/10/21 Total RM'000
Secured:	
Term loans	19,966
Bank overdrafts	10,628
Revolving credits	6,500
Bankers' acceptance	36,654
Invoice financing	5,910
Hire purchase	9,828
Lease liabilities	1,610
	91,096
Repayable within twelve months	67,222
Repayable after twelve months	23,874
	91,096

The above borrowings are denominated in Ringgit Malaysia

20. Earnings per share

	Individual quarter ended	
	31/10/2021	31/10/2020
	RM'000	RM'000
Net profit/(loss) attributable to owners of the parent	<u>762</u>	<u>1,156</u>
Weighted average number of ordinary shares	Individual quarter ended	
	31/10/2021	31/10/2020
	'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	-	-
Weighted average number of ordinary shares	<u>57,962</u>	<u>57,962</u>
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	1.31	1.99
Fully diluted (sen)	1.31	1.99
	Cumulative year to date	
	31/10/2021	31/10/2020
	RM'000	RM'000
Net profit/(loss) attributable to owners of the parent	<u>3,565</u>	<u>(553)</u>
Weighted average number of ordinary shares	Cumulative year to date	
	31/10/2021	31/10/2020
	'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	-	-
Weighted average number of ordinary shares	<u>57,962</u>	<u>57,962</u>
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	6.15	(0.95)
Fully diluted (sen)	6.15	(0.95)

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	
	31/10/2021	31/10/2020	31/10/2021	31/10/2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	67	81	228	241
Bad debts written back	-	(25)	(15)	(54)
Depreciation of property, plant & equipment	2,710	1,795	4,718	4,654
(Gain)/Loss on disposal of other investment	-	-	-	-
Interest expenses	1,359	1,052	3,762	2,727
Interest income	(66)	(307)	(213)	(584)
Impairment loss on receivables	-	-	-	-
Inventory written off	144	-	301	-
Net fair value changes in investment securities	-	-	-	-
Property, plant & equipment written off	1	14	103	18

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 20 December 2021.