



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 2023.

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 2023 financial statements except for the adoption of the amendments to MFRSs that are applicable to the Group for the financial period beginning 1 February 2023. 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 2023 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 2023	Manufacturing	Trading	Property Development & Construction	Quarry Operations	Investment & mgt services	Eliminations/ Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External Sales	29,958	558	53,383	-	-	-	83,901
Inter-segment Sales	812	7,582	10,800	-	-	(19,195)	-
Total Revenue	30,770	8,140	64,183	-	-	(19,195)	83,901
RESULTS							
Operating (loss)/profit	(2,291)	135	(2,742)	(9)	(424)	-	(5,330)
Share of result of associate	-	-	-	-	-	(61)	(61)
Financing cost	(346)	(127)	(1,620)	(20)	(2)	-	(2,116)
Income taxes	-	-	(343)	-	-	-	(343)
Net profit	(2,637)	8	(4,704)	(29)	(426)	(61)	(7,850)

6 months ended 31 July 2022	Manufacturing	Trading	Property Development & Construction	Quarry Operations	Investment & mgt services	Eliminations/ Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External Sales	31,795	862	65,336	-	-	-	97,996
Inter-segment Sales	960	7,051	12,243	-	-	(20,254)	-
Total Revenue	32,755	7,913	77,579	-	-	(20,254)	97,996
RESULTS							
Operating (loss)/profit	(838)	198	6,262	52	4,737	(4,936)	5,476
Share of result of associate	-	-	-	-	-	(28)	(28)
Financing cost	(410)	(117)	(1,282)	(16)	(150)	-	(1,974)
Income taxes	-	-	(1,134)	-	-	(159)	(974)
Net profit	(1,248)	81	3,847	36	4,587	(4,805)	2,500


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	
	31.07.23	31.07.22	31.07.23	31.07.22
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	340	51	340	51
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	1,185	49	1,026	52
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Multi Brilliance Sdn. Bhd.	271	26	273	587
Sale of aggregates				
-Lee Ling Timber Sdn. Bhd.	133	-	133	-
Vessel rental				
-Lee Ling Timber Sdn. Bhd.	20	-	20	-
Rental of barge				
-Lee Ling Timber Sdn. Bhd.	60	60	120	120
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	1,907	1,995	2,329	3,265
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	273	826	584	990
Purchase of Steel bar & Point joint				
-Lee Ling Timber Sdn. Bhd.	-	-	321	-
Rental of dumptruck				
-Lee Ling Timber Sdn. Bhd.	7	11	18	22
Rental of office				
-BMK Development Sdn. Bhd.	66	39	109	39



13. Review of performance of the Group

The Group's revenue for the 6 months ended 31 July 2023 stood at RM83.9 million representing 14.4% or RM14.1 million lower as compared to the corresponding period of last financial year. The Property Development & Construction Segment has recorded a drop in revenue of RM12.0 million from RM65.4 million to RM53.4 million. The construction division has experienced drop in revenue in tandem with the completion of 2 projects in the last financial year.

Meanwhile, the Manufacturing Segment also recorded lower revenue of RM30.8 million in the current period compared to RM32.8 million in the same period of last financial year. The drop in revenue were resulted from lower revenue recorded in both ready mixed division and pipes division. The two division has recorded a drop in revenue of RM1.2 million and RM1.8 million respectively in the current period as compared to the corresponding period of last year.

The Group registered a revenue of RM46.9 million in the current quarter, which is marginally higher than RM45.9 million recorded in the corresponding quarter of last financial year. The Property Development & Construction Segment registered a slightly lower revenue of RM35.3 million as compared to RM35.4 million recorded in the corresponding quarter of last financial year. The Manufacturing Segment also registered revenue of RM17.3 million which is increase of RM0.6 million as compared to the corresponding quarter of last financial year.

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

The Group has recorded a LBT of RM7.5 million for the 6 months ended 31 July 2023 as compared to PBT of RM3.5 million recorded in the corresponding period of last financial year. The Property Development and Construction Segment has recorded LBT of RM4.4 million in the 6 months ended 31 July 2023 as compared to PBT of RM5.0 million recorded in the corresponding quarter of last. The weaker results were due to the resurfacing works carry out in the 1st and 2nd quarter by the Road Maintenance division at the request of our client while usually the work is spread across the year. The monthly maintenance claim while remains the same as the contract income is been paid based on a fixed rate per kilometer of road maintained per month. Therefore, there is a mismatched between revenue and cost for the quarter under reviewed. As a result, the Road Maintenance Division recorded a LBT of RM2.5 million in the current period as compared to PBT of RM3.2 million recorded in the corresponding quarter of last year. Furthermore, the monthly maintenance claims is still based on the initial rates which was supposed to be revised in the beginning of the year, therefore we expect the results will be improved in the next quarter. The Construction Division has also registered a weaker result of LBT of RM1.7 million compared to PBT of RM1.3 million recorded in the corresponding period of last year as a result of lower work progress from project in hand and a one off cost of RM1.0 million incurred for securing additional financing. The slower progress were mainly due to the complexity of the work performed in the period which is very time consuming while not contributing to high percentage of completion. The Manufacturing Segment has also recorded weaker result of LBT of RM2.6 million as compared to LBT of RM1.2 million recorded in the corresponding period of last year in tandem with lower revenue recorded in the current quarter.


14. Comment on material change in profit/loss before taxation (“PBT/LBT”) (contd’)

For the quarter under review, the Group registered a LBT of RM3.9 million compared to PBT of RM0.4 million recorded in the corresponding quarter of last year. The Road Maintenance Division recorded LBT of RM2.4 million against PBT of RM1.1 million recorded in the corresponding quarter. Meanwhile, the Construction division recorded LBT of RM0.3 million compared to PBT of RM0.2 million in the corresponding quarter of last year mainly due to a one off cost of RM1 million incurred for securing additional financing facilities.

15. Prospect for the year ending 31 January 2024

Global trade is expected to remain slow with the on-going geopolitical tensions and also the continuous trade war between China and United States of America. Domestically, the rising interest rates and the depreciation in Ringgit Malaysia has posed a challenges to our Group’s operation. The management is currently monitoring closely to ensure that the overall Group performance will not be severely affected.

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

	6 months ended 31/07/2023 RM'000	6 months ended 31/07/2022 RM'000
Current period taxation	<u>343</u>	<u>974</u>
	<u>343</u>	<u>671</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 31/07/23 Total RM'000
Secured:	
Term loans	13,538
Bank overdrafts	21,146
Revolving credits/Bankers' acceptance/Invoice financing	53,974
Hire purchase	9,252
Lease liabilities	1,377
	99,287
Repayable within twelve months	81,238
Repayable after twelve months	18,049
	99,287

The above borrowings are denominated in Ringgit Malaysia.

20. Earnings per share

	Individual quarter ended	
	31/07/2023	31/07/2022
	RM'000	RM'000
Net (loss)/profit attributable to owners of the parent	(3,069)	57
Weighted average number of ordinary shares	Individual quarter ended	
	31/07/2023	31/07/2022
	'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 July 2023/2022	-	-
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	57,962	57,962
Basic (sen)	(5.29)	0.10
Fully diluted (sen)	(5.29)	0.10
	Cumulative year to date	
	31/07/2023	31/07/2022
	RM'000	RM'000
Net (loss)/profit attributable to owners of the parent	(6,631)	2,119
Weighted average number of ordinary shares	Cumulative year to date	
	31/07/2023	31/07/2022
	'000	'000
Issued and fully paid share capital at beginning of the financial year	57,962	57,962
Effect of shares issued during the 6 months period ended 31 July 2023/2022	-	-
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	57,962	57,962
Basic (sen)	(11.44)	3.66
Fully diluted (sen)	(11.44)	3.66


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	
	31/07/2023	31/07/2022	31/07/2023	31/07/2022
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	78	78	156	156
Bad debts written back	-	-	-	(2)
Depreciation of property, plant & equipment	1,295	1,814	3,273	3,609
Interest expenses	1,020	1,257	2,106	1,974
Interest income	(172)	(60)	(229)	(151)
Property, plant & equipment written off	-	10	-	11

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 27 September 2023.