

Unaudited Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income For The Third Quarter Ended 30 September 2021

| | NOTE | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|------|--|--|---|---|
| | | CURRENT QUARTER ENDED 30 SEP 2021 RM'000 | CORRESPONDING QUARTER ENDED 30 SEP 2020 RM'000 | CURRENT YEAR TO DATE ENDED 30 SEP 2021 RM'000 | CORRESPONDING YEAR TO DATE ENDED 30 SEP 2020 RM'000 |
| Revenue | | 34,865 | 48,969 | 129,956 | 107,200 |
| Cost of sales | | (31,129) | (41,285) | (114,377) | (91,022) |
| Gross Profit | | 3,736 | 7,684 | 15,579 | 16,178 |
| Interest income | | 6 | 55 | 63 | 166 |
| Other income | | 551 | 918 | 1,903 | 1,641 |
| Administrative and other expenses | | (5,171) | (5,300) | (16,362) | (16,594) |
| Selling and distribution expenses | | (737) | (1,050) | (3,733) | (2,559) |
| (Loss)/Profit from operations | | (1,615) | 2,307 | (2,550) | (1,168) |
| Impairment losses | | - | - | (25) | (31) |
| Finance costs | | (763) | (884) | (2,321) | (2,742) |
| (Loss)/Profit before tax | B5 | (2,378) | 1,423 | (4,896) | (3,941) |
| Tax expense | B6 | 19 | (585) | (203) | (671) |
| (Loss)/Profit after tax | | (2,359) | 838 | (5,099) | (4,612) |
| Other comprehensive income, net of tax | | | | | |
| Foreign currency translation differences for foreign operations | | - | - | - | - |
| Total comprehensive (loss)/income for the financial year | | (2,359) | 838 | (5,099) | (4,612) |
| (Loss)/Profit attributable to: | | | | | |
| Owners of the Company | | (2,297) | 955 | (4,502) | (4,284) |
| Non-controlling interests | | (62) | (117) | (597) | (328) |
| | | (2,359) | 838 | (5,099) | (4,612) |
| Total comprehensive (loss)/profit attributable to: | | | | | |
| Owners of the Company | | (2,297) | 955 | (4,502) | (4,284) |
| Non-controlling interests | | (62) | (117) | (597) | (328) |
| | | (2,359) | 838 | (5,099) | (4,612) |
| (Loss)/Profit per share attributable to owners of the Company: | | | | | |
| Basic, earnings/loss for the financial period (sen) | B12 | (0.98) | 0.46 | (1.93) | (2.02) |
| Diluted, earnings/loss for the financial period (sen) | B12 | N/A | N/A | N/A | N/A |

(The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Unaudited Condensed Consolidated Statement Of Financial Position As At 30 September 2021

| | Note | Unaudited As at 30 Sep 2021 RM'000 | Audited As at 31 Dec 2020 RM'000 |
|--|------|---|---|
| Assets | | | |
| Non-current Assets | | | |
| Property, plant and equipment | | 48,813 | 48,159 |
| Right of used assets | | 10,170 | 12,191 |
| Concession right | | 16,673 | 18,828 |
| Other investments | | 15 | 15 |
| Deferred tax assets | | 1,630 | 1,631 |
| | | <u>77,301</u> | <u>80,824</u> |
| Current Assets | | | |
| Inventories | | 48,514 | 41,959 |
| Trade receivables | | 51,483 | 67,493 |
| Other receivables, deposits and prepayment | | 7,707 | 10,838 |
| Contract assets | | 27,817 | 10,413 |
| Tax assets | | 837 | 88 |
| Other investments | | - | - |
| Cash and bank balances | | 10,100 | 7,650 |
| | | <u>146,458</u> | <u>138,441</u> |
| Total Assets | | <u>223,759</u> | <u>219,265</u> |
| Equity and liabilities | | | |
| Current Liabilities | | | |
| Trade payables | | 35,564 | 41,215 |
| Other payables and accruals | | 27,207 | 13,242 |
| Contract liabilities | | 18,034 | 17,625 |
| Lease liabilities | B8 | 2,420 | 2,559 |
| Borrowings | B8 | 39,495 | 36,511 |
| Tax liabilities | | 1,447 | 1,360 |
| | | <u>124,167</u> | <u>112,512</u> |
| Non-current Liabilities | | | |
| Borrowings | B8 | 19,101 | 21,166 |
| Lease liabilities | B8 | 5,381 | 5,343 |
| Deferred tax liabilities | | 6,225 | 6,260 |
| | | <u>30,707</u> | <u>32,769</u> |
| Total Liabilities | | <u>154,874</u> | <u>145,281</u> |
| Equity attributable to owners of the Company | | | |
| Share capital | | 113,469 | 113,469 |
| Reserves | | (37,395) | (32,892) |
| | | <u>76,074</u> | <u>80,577</u> |
| Non-controlling interests | | (7,189) | (6,593) |
| Total equity | | <u>68,885</u> | <u>73,984</u> |
| Total Equity and Liabilities | | <u>223,759</u> | <u>219,265</u> |
| Net assets per share attributable to equity holders of the parent (RM) | | 0.2961 | 0.3180 |

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Unaudited Condensed Consolidated Statement Of Changes In Equity for the Third Quarter Ended 30 September 2021

| | ----- Attributable to Owners of the Company ----- | | | | | | | |
|---|---|------------------------|--------------------|---|-----------------------|---------|------------------------------|-----------------|
| | -----Non-Distributable ----- | | | | | | | |
| | Share Capital | Revaluation Reserve | Capital Reserve | Foreign Currency Translation Reserve | Accumulated Losses | Total | Non-controlling interests | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 9 months ended 30 September 2020 | | | | | | | | |
| As at 1 Jan 2020 | 110,092 | 21,866 | 1,671 | (68) | (47,101) | 86,460 | (6,311) | 80,149 |
| Loss for the financial year | - | - | - | - | (4,284) | (4,284) | (328) | (4,612) |
| Foreign currency translation difference for foreign operations | - | - | - | - | - | - | - | - |
| Total comprehensive loss | - | - | - | - | (4,284) | (4,284) | (328) | (4,612) |
| Transactions with owners of the Company | - | - | - | - | - | - | - | - |
| As at 30 September 2020 | 110,092 | 21,866 | 1,671 | (68) | (51,385) | 82,176 | (6,639) | 75,537 |
| 9 months ended 30 September 2021 | | | | | | | | |
| As at 1 Jan 2021 | 113,469 | 21,866 | 1,671 | (68) | (56,362) | 80,576 | (6,592) | 73,984 |
| Loss for the financial year | - | - | - | - | (4,502) | (4,502) | (597) | (5,099) |
| Foreign currency translation difference for foreign operations | - | - | - | - | - | - | - | - |
| Total comprehensive loss | - | - | - | - | (4,502) | (4,502) | (597) | (5,099) |
| Transactions with owners of the Company | - | - | - | - | - | - | - | - |
| As at 30 September 2021 | 113,469 | 21,866 | 1,671 | (68) | (60,864) | 76,074 | (7,189) | 68,885 |

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Unaudited Condensed Consolidated Statement Of Cash Flows For The Third Quarter Ended 30 September 2021

| | As at End of Current Quarter 30 Sep 2021 RM'000 | Preceding Period To Date Ended 30 Sep 2020 RM'000 |
|---|--|--|
| Cash Flows from Operating Activities | | |
| Loss before tax | (4,896) | (3,941) |
| Adjustments for: | | |
| Amortisation of concession right | 2,155 | 1,908 |
| Depreciation of property, plant and equipment | 3,405 | 2,908 |
| Depreciation of right-of-use assets | 1,476 | 2,018 |
| Gain on disposal of property, plant and equipment | (2) | (12) |
| Inventories written back | (127) | - |
| Interest expense | 2,321 | 2,742 |
| Interest income | (63) | (166) |
| Impairment loss on other receivables | 5 | - |
| Impairment loss on trade receivables | 20 | 31 |
| Unrealised loss on foreign exchange | 49 | 78 |
| | <hr/> | <hr/> |
| Operating profit before working capital changes | 4,343 | 5,566 |
| Net changes in working capital | 3,152 | 6,479 |
| Tax paid, net of refund | (897) | (607) |
| Interest paid | (2,321) | (3,082) |
| Interest received | 63 | 166 |
| | <hr/> | <hr/> |
| Net cash from operating activities | 4,340 | 8,522 |
| | <hr/> | <hr/> |
| Cash flows from Investing Activities | | |
| Addition of intangible asset | - | (1,278) |
| Proceeds from disposal of property, plant and equipment | 1,432 | 49 |
| Purchase of property, plant and equipment | (2,405) | (1,652) |
| Withdrawal of bank deposits | 71 | 1,479 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (902) | (1,402) |
| | <hr/> | <hr/> |
| Cash Flows from Financing Activities | | |
| Net drawdown of borrowings | 1,626 | 2,845 |
| Advances from director | 807 | 1 |
| Net repayment of lease liabilities | (2,643) | (2,735) |
| | <hr/> | <hr/> |
| Net cash (used in)/from financing activities | (210) | 111 |
| | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | 3,228 | 7,231 |
| Effect of exchange rate fluctuations on cash and cash equivalents | - | - |
| Cash and cash equivalents at beginning of the financial year | (2,569) | (10,419) |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of the financial year | 659 | (3,188) |
| | <hr/> | <hr/> |
| Cash and cash equivalents comprises the followings:- | | |
| Deposits with licensed banks | - | - |
| Cash in hand and at bank | 5,122 | 2,441 |
| Bank overdrafts | (4,463) | (5,629) |
| | <hr/> | <hr/> |
| | 659 | (3,188) |
| | <hr/> | <hr/> |

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

A1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020.

Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2020, except for the adoption of the following New and Revised Malaysian Financial Reporting Standards (“MFRSs”) and amendments/Improvements to MFRS and New IC Interpretations (“IC Int”) for financial periods beginning on or after 1 January 2021:-

| | |
|--|--|
| Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16 | Interest Rate Benchmark Reform – Phase 2 |
| Amendments to MFRS 16 IFRS Interpretation Committee (“IFRIC”)’s Agenda Decision on IAS 23 Borrowing Costs (“Agenda Decision”) | Covid-19 – Related Rent Concessions Borrowing Costs |

As at the date of authorisation of the interim financial report, the following new MFRSs, amendments/Improvements to MFRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:-

Effective for financial periods beginning on or after 1 January 2022

| | |
|---|---|
| Amendments to MFRS 3 | Reference to the Conceptual Framework |
| Amendments to MFRS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to MFRS 137 | Onerous Contracts – Cost of Fulfilling a Contract |
| Annual Improvements to MFRSs 2018 to 2020 | |

Effective for financial periods beginning on or after 1 January 2023

| | |
|---|--|
| Amendments to MFRS 4 | Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9) |
| MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17 | Insurance Contracts |
| Amendments to MFRS 101 and MFRS Practice Statement 2 | Classification of Liabilities as Current or Non- Current |

A1. Basis Of Preparation (Cont'd)

Effective for financial periods beginning on or after 1 January 2023 (Cont'd)

Amendments to MFRS 108

Definition of Accounting Estimates

Effective date to be announced

Amendments to MFRS 10
and MFRS 128

Sale or Contribution of Assets between an
Investor and its Associate or Joint Venture

The Group will adopt the above pronouncement when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial applications.

A2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2020 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

The Group's operations were not materially affected by any seasonality or cyclicity for the financial period under review.

A4. Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current financial period under review.

A5. Changes In Estimates

There were no changes in estimates used for accounting estimates which may have a material effect for the current financial period under review.

A6. Debt And Equity Securities

There were no issuance and repayment of debts and equity securities for the financial period.

A7. Dividends Paid

No dividend has been paid or declared by the Company since the end of the previous financial year.

A8. Segment Information

Segmental information for the 9 months ended 30 September 2021:

| Business Segments | Manufacturing RM'000 | Construction and Property RM'000 | Hostel Management RM'000 | Elimination RM'000 | Total RM'000 |
|----------------------------|---------------------------------|---|---|-------------------------------|-------------------------|
| External sales | 91,834 | 34,705 | 3,417 | - | 129,956 |
| Inter-segment revenue | - | 1,034 | - | (1,034) | - |
| Total revenue | <u>91,834</u> | <u>35,739</u> | <u>3,417</u> | <u>(1,034)</u> | <u>129,956</u> |
| Operating profit/(loss) | 2,470 | (5,595) | 512 | - | (2,613) |
| Impairment losses | | | | | (25) |
| Finance costs | | | | | (2,321) |
| Interest income | | | | | 63 |
| Loss before tax | | | | | <u>(4,896)</u> |
| Tax expense | | | | | <u>(203)</u> |
| Loss after tax | | | | | <u><u>(5,099)</u></u> |
| Assets | | | | | |
| Segment assets | <u>114,932</u> | <u>89,363</u> | <u>17,790</u> | <u>1,674</u> | <u>223,759</u> |
| Liabilities | | | | | |
| Segment liabilities | <u>66,656</u> | <u>69,718</u> | <u>11,250</u> | <u>7,250</u> | <u>154,874</u> |

A8. Segment Information (Cont'd)

Segmental information for the 9 months ended 30 September 2020:

| Business Segments | Manufacturing RM'000 | Construction and Property RM'000 | Hostel Management RM'000 | Elimination RM'000 | Total RM'000 |
|----------------------------|---------------------------------|---|---|-------------------------------|-------------------------|
| External sales | 87,344 | 16,286 | 3,570 | - | 107,200 |
| Inter-segment revenue | - | 1,032 | - | (1,032) | - |
| Total revenue | <u>87,344</u> | <u>17,318</u> | <u>3,570</u> | <u>(1,032)</u> | <u>107,200</u> |
| Operating profit/(loss) | 4,273 | (5,988) | 381 | - | (1,334) |
| Impairment losses | | | | | (31) |
| Finance costs | | | | | (2,742) |
| Interest income | | | | | 166 |
| Loss before tax | | | | | <u>(3,941)</u> |
| Tax expense | | | | | <u>(671)</u> |
| Loss after tax | | | | | <u><u>(4,612)</u></u> |
| Assets | | | | | |
| Segment assets | <u>115,482</u> | <u>79,495</u> | <u>17,463</u> | <u>2,746</u> | <u>215,186</u> |
| Liabilities | | | | | |
| Segment liabilities | <u>63,754</u> | <u>60,263</u> | <u>7,591</u> | <u>8,041</u> | <u>139,649</u> |

A9. Valuation Of Property, Plant And Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.

A10. Subsequent Event

There were no material events subsequent to the end of the reporting period that have not been reflected in these interim financial statements.

A11. Changes In Composition Of The Group

On 31 March 2021, the Company had acquired 1 ordinary shares, representing 100% issued shares of Auto Equity Sdn. Bhd. ("AESB") from Jetson Development Sdn. Bhd. for a total consideration of RM1. Consequent there upon, AESB became 100% owned subsidiary of the Company.

On 30 April 2021, AESB issued 99 ordinary shares to the Company for a total consideration of RM99. Consequent there upon, AESB remained 100% owned subsidiary of the Company.

On 13 September 2021, the Company disposed 49 ordinary shares to third parties for a total consideration of RM49. Consequent there upon, AESB became 51% owned subsidiary of the Company.

Other than as disclosed above, there were no changes in the composition of the Group during the current financial period under review.

A12. Capital Commitments

| | As at 30 Sep 2021 RM'000 | As at 30 Sep 2020 RM'000 |
|--|---|---|
| Approved and contracted for:- Property, plant and equipment | <u>2,839</u> | <u>1,622</u> |
| Approved and not contracted for:- Property, plant and equipment | <u>-</u> | <u>-</u> |

A13. Changes In Contingent Liabilities And Contingent Assets

The changes in contingent liabilities were as below:-

| | As at 30 Sep 2021 RM'000 | As at 30 Sep 2020 RM'000 |
|-----------------|---|---|
| Bank guarantees | <u>9,890</u> | <u>15,807</u> |

A14. Related Party Transactions

There were no related party transactions during the period and the correspondence period.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Financial Review For The Current Quarter

| | Revenue | | Operating Results | |
|---------------------------|---|---|---|---|
| | Current Quarter Ended 30 Sep 2021 RM'000 | Corresponding Quarter Ended 30 Sep 2020 RM'000 | Current Quarter Ended 30 Sep 2021 RM'000 | Corresponding Quarter Ended 30 Sep 2020 RM'000 |
| Operating segment | | | | |
| Manufacturing | 24,296 | 39,277 | (505) | 3,686 |
| Construction and Property | 9,777 | 8,849 | (1,391) | (1,508) |
| Hostel Management | 1,137 | 1,187 | 295 | 74 |
| Elimination | (345) | (344) | - | - |
| | <u>34,865</u> | <u>48,969</u> | <u>(1,601)</u> | <u>2,252</u> |
| Impairment losses | | | (20) | - |
| Finance costs | | | (763) | (884) |
| Interest income | | | 6 | 55 |
| (Loss)/Profit before tax | | | <u>(2,378)</u> | <u>1,423</u> |

The Group recorded revenue of RM34.865 million for current quarter, a decrease of RM14.104 million or 28.8% compared to preceding year's corresponding quarter of RM48.969 million mainly due to decrease in revenue from Manufacturing Division. The Group incurred an operating loss of RM1.601 million in the current quarter compared to an operating profit of RM2.252 million in the preceding year corresponding quarter. This was mainly due to Movement Control Order ("MCO") implemented by the Government during June 2021 to August 2021, resulted minimum operation allowed and sales dragged to next quarter.

The performance of the respective divisions for the current quarter was as follows:-

a) *Manufacturing Division*

Manufacturing Division registered total revenue of RM24.296 million in the current quarter, which was RM14.981 million lower than the preceding year corresponding quarter of RM39.277 million. The decrease in revenue was mainly due to lower sales of automotive and pails products as the result of MCO implemented by the Government.

The division reported operating loss of RM0.505 million, which was RM4.191 million lower than the operating profit of RM3.686 million in the preceding year corresponding quarter. It was mainly due to lower revenue achieved as mentioned above while in the preceding year corresponding quarter the Division was in full operation.

b) *Construction and Property Division*

The division generated total revenue of RM9.777 million, which was RM0.928 million higher compared to the preceding year corresponding quarter of RM8.849 million. It was mainly due sales of few units of properties under Melawati Projects during the current quarter. Revenue for the quarter was mainly contributed by the existing projects namely Isola and APU project.

B1. Financial Review For The Current Quarter (Cont'd)

b) Construction and Property Division (Cont'd)

The division's operating loss for the current quarter decrease to RM1.391 million from RM1.508 million in preceding year corresponding quarter mainly due to higher revenue achieved and lower operating costs in current quarter.

c) Hostel Management Division

There was a decrease in revenue for the quarter by RM0.050 million from RM1.187 million in preceding year corresponding quarter to RM1.137 million reported in the current quarter was due to lower rental rate given to our customers.

The division reported lower operating profit of RM0.295 million as compared to RM0.074 million in the preceding year corresponding quarter mainly due to reversal of accruals for expenses no longer required.

B2. Financial Review For The Current Quarter Compared With Immediate Preceding Quarter

| | Revenue | | Operating Results | |
|---------------------------|---|--|---|--|
| | Current Quarter Ended 30 Sep 2021 RM'000 | Immediate Preceding Quarter Ended 31 June 2021 RM'000 | Current Quarter Ended 30 Sep 2021 RM'000 | Immediate Preceding Quarter Ended 31 June 2021 RM'000 |
| Operating segment | | | | |
| Manufacturing | 24,296 | 29,712 | (505) | 283 |
| Construction and Property | 9,777 | 15,496 | (1,391) | (2,024) |
| Hostel Management | 1,137 | 1,139 | 295 | 96 |
| Elimination | (345) | (345) | - | - |
| | <u>34,865</u> | <u>46,002</u> | <u>(1,601)</u> | <u>(1,645)</u> |
| Impairment losses | | | (20) | (5) |
| Finance costs | | | (763) | (758) |
| Interest income | | | 6 | 14 |
| Loss before tax | | | <u>(2,378)</u> | <u>(2,394)</u> |

The Group's revenue decreased from RM46.002 million in the immediate preceding quarter to RM34.865 million in the current quarter. The decrease in revenue was mainly from Construction and Property Division and Manufacturing Division due to minimum revenue recorded in July 2021 and August 2021 as MCO implemented in this period.

The Group recorded operating loss of RM1.601 million as compared to operating loss of RM1.645 million in the immediate preceding quarter despite the decrease in revenue due to MCO. It was mainly due to sales of few units of properties under Melawati Project and cost control by Manufacturing Division on variable cost.

B3. Commentary On Prospect

The core business of the Group and the prospects for year 2021 is as analysed below.

a) Manufacturing Division

The Manufacturing Division will still be the main driver for the Group's revenue in 2021.

- **Anti-vibration segment**

The anti-vibration segment which is supplying to the automotive industry will continue to be the main revenue contributor of the Manufacturing Division. For the local market, we are currently involved in the development of the anti-vibration parts for new car models for Perodua, the anti-vibration parts for new car models for Proton and the localisation of anti-vibration parts for existing Proton models.

Meanwhile the division is also expected to further expand its export market with collaborations with existing and new customers (consist of car manufacturers and major OEM automotive parts manufacturers) in Europe, Japan, US, Thailand, Indonesia, India and China.

- **Chemical segment**

The adhesive, sealant and cementitious products business will continue to be the main source of revenue of the Chemical Division and the growth is forecasted from the export market such as South East Asia, Pacific Islands, Middle East and Africa countries.

- **Plastic segment**

This segment is expected to maintain its position as one of the leading manufacturers of industrial pails for the paint, lubricant, joint compound and adhesive industry in Malaysia. At the same time, we will continue to grow our market share in packaging products for the food industries and plastic products for the agriculture sector.

b) Construction and Property Division

The division will monitor the construction market, exercise prudence in the selection of projects to participate in or tender for, with emphasis on our strengths as a Design and Build and Construction of infrastructure. At the same time this division will concentrate to complete the existing residence development, Tropika Melawati, at Taman Melawati, Selangor, APU hostel works, UPM refurbishment works and building works for Isola at KLCC.

B3. Commentary On Prospect (Cont'd)

The core business of the Group and the prospects for year 2021 is as analysed below.
(Cont'd)

c) Hostel Management Division

The division continues to operate and manage the hostels and facilities in University Putra Malaysia (UPM), Serdang under the “Build, Operate and Transfer” (BOT) arrangement with UPM for concession period of 25 years. (expiring in 2028)

A new rental agreement was signed on 21 August 2019, where UPM had agreed to pay an improved fixed half yearly rental payment for the remaining concession period (against the previously arrangement of daily rental and depending on occupancy rate by students). As part of the agreement we will undertake a major refurbishment of the hostel facilities commencing in 2019 and expected to be completed by end of 2021. This new agreement will ensure a steady income flow to the Hostel Management Division while we implementing various measures to improve the costs structure.

The Group anticipates the business operating conditions to remain challenging with the persistence of uncertainties clouding the global and local markets due to the COVID-19 pandemic. However, the Board remain steadfast as to continue to focus on the expansion plans.

B4. Profit Forecast

Not applicable as no profit forecast was published.

B5. Loss Before Tax

| | <u>Individual quarter</u> | | <u>Cumulative quarter</u> | |
|---|---------------------------|--------------------|---------------------------|--------------------|
| | <u>30 Sep 2021</u> | <u>30 Sep 2020</u> | <u>30 Sep 2021</u> | <u>30 Sep 2020</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Loss before tax is arrived after charging/(crediting):- | | | | |
| Amortisation of concession right | 719 | 641 | 2,155 | 1,908 |
| Depreciation of property, plant and equipment | 1,265 | 990 | 3,405 | 2,908 |
| Depreciation of right-of-use assets | 204 | 1 | 1,476 | 2,018 |
| Gain on disposal of property, plant and equipment | (1) | (12) | (2) | (12) |
| Impairment loss on other receivables | - | - | 5 | - |
| Impairment loss on trade receivables | 15 | - | 20 | 31 |
| Interest expense | 763 | 884 | 2,321 | 2,742 |
| Interest income | (6) | (55) | (63) | (166) |
| Inventories written back | - | - | (127) | - |
| (Gain)/Loss on foreign exchange: | | | | |
| - realised | (52) | 6 | (181) | (193) |
| - unrealised | 42 | 59 | 49 | 78 |

B6. Tax Expense

| | <u>Individual quarter</u> | | <u>Cumulative quarter</u> | |
|--------------------------------------|---------------------------|--------------------|---------------------------|--------------------|
| | <u>30 Sep 2021</u> | <u>30 Sep 2020</u> | <u>30 Sep 2021</u> | <u>30 Sep 2020</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Income tax:- | | | | |
| Based on result for current quarter | 14 | (577) | (238) | (724) |
| Under/(Over) provision in prior year | - | - | 4 | - |
| | <u>14</u> | <u>(577)</u> | <u>(234)</u> | <u>(724)</u> |
| Deferred tax:- | | | | |
| Origination of temporary differences | 5 | (8) | 31 | 53 |
| Underprovision in prior year | - | - | - | - |
| | <u>5</u> | <u>(8)</u> | <u>31</u> | <u>53</u> |
| | <u>19</u> | <u>(585)</u> | <u>(203)</u> | <u>(671)</u> |

The effective tax rate of the Group for the current year is lower than the statutory tax rate principally due mainly to losses incurred by the Company and certain operating subsidiaries.

B7. Status Of Corporate Proposal

On 2 June 2021, KAF Investment Bank Berhad ("KAF") announced on behalf of the Board of Directors ("Board") that the Company proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company to independent third party investor(s) to be identified ("Proposed Private Placement"). The Proposed Private Placement may entail the issuance of up to 46,533,402 new ordinary shares in the Company ("Placement Shares").

KAF had on 22 June 2021 announced on behalf of the Board that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 22 June 2021, approved the the listing of and quotation for up to 46,533,402 new ordinary shares in the Company to be issued pursuant to the Proposed Private Placement, subject to the following conditions:-

- i) The Company and KAF must fully comply with the relevant provisions under the Listing Requirement pertaining to the implementation of the Proposed Private Placement, including compliance with Paragraph 6.03(1) of the Listing Requirement in relation to the aggregated number of shares to be issued pursuant to shareholders general mandate during the preceding 12 months must not exceed 20% of the total number of issued shares;
- ii) The Company and KAF are required to inform Bursa Securities upon the completion of the Proposed Private Placement;
- iii) The Company and KAF are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
- iv) The Company/KAF is required to furnish Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirement as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement.

On 27 September 2021, KAF announced on behalf of the Board of Directors ("Board") that the Company has fixed the issue price for the first tranche of the Private Placement comprising 1,000,000 Placement Shares at RM0.365 per Placement Share. The said issue price of RM0.365 per Placement Share represents a discount of approximately 8.80% from the five (5)-day volume weighted average market price of the Company's shares up to and including 24 September 2021 of approximately RM0.4002 per share.

On 8 October 2021, KAF announced on behalf of the Board that the Company has fixed the issue price for the third tranche of the Private Placement comprising 1,000,000 Placement Shares at RM0.32 per Placement Share. The said issue price of RM0.32 per Placement Share represents a discount of approximately 9.58% from the five (5)-day volume weighted average market price of the Company's shares up to and including 7 October 2021 of approximately RM0.3539 per share.

On 13 October 2021, KAF announced on behalf of the Board that the Company has fixed the issue price for the fourth tranche of the Private Placement comprising 1,000,000 Placement Shares at RM0.33 per Placement Share. The said issue price of RM0.33 per Placement Share represents a discount of approximately 8.79% from the five (5)-day volume weighted average market price of the Company's shares up to and including 12 October 2021 of approximately RM0.3618 per share.

B7. Status Of Corporate Proposal (Cont'd)

On 26 October 2021, KAF announced on behalf of the Board that the Company has fixed the issue price for the fifth tranche of the Private Placement comprising 1,000,000 Placement Shares at RM0.32 per Placement Share. The said issue price of RM0.32 per Placement Share represents a discount of approximately 9.60% from the five (5)-day volume weighted average market price of the Company's shares up to and including 25 October 2021 of approximately RM0.3540 per share.

On 28 October 2021, KAF announced on behalf of the Board that the Company has fixed the issue price for the sixth tranche of the Private Placement comprising 1,000,000 Placement Shares at RM0.32 per Placement Share. The said issue price of RM0.32 per Placement Share represents a discount of approximately 9.14% from the five (5)-day volume weighted average market price of the Company's shares up to and including 27 October 2021 of approximately RM0.3522 per share.

On 2 November 2021, KAF announced on behalf of the Board that the Company has fixed the issue price for the seventh tranche of the Private Placement comprising 5,000,000 Placement Shares at RM0.33 per Placement Share. The said issue price of RM0.33 per Placement Share represents a discount of approximately 9.74% from the five (5)-day volume weighted average market price of the Company's shares up to and including 1 November 2021 of approximately RM0.3656 per share.

On 3 November 2021, KAF announced on behalf of the Board that the Company has fixed the issue price for the eighth tranche of the Private Placement comprising 1,500,000 Placement Shares at RM0.335 per Placement Share. The said issue price of RM0.335 per Placement Share represents a discount of approximately 8.97% from the five (5)-day volume weighted average market price of the Company's shares up to and including 2 November 2021 of approximately RM0.3680 per share.

Other than the above, there was no other corporate proposal announced but not completed as at 19 November 2021 (being the latest practicable date which is not earlier than 7 days from the date of this report).

B8. Group Borrowings

| | As at 30 Sep 2021 | | |
|--|-----------------------------|------------------------------|---------------------------------------|
| | Long Term RM'000 | Short Term RM'000 | Total Borrowing RM'000 |
| Secured | | | |
| Bank overdrafts | - | 4,463 | 4,463 |
| Trust receipts and bankers' acceptance | - | 32,181 | 32,181 |
| Term loans | 19,101 | 2,851 | 21,952 |
| Finance lease payables | 5,381 | 2,420 | 7,801 |
| | <u>24,482</u> | <u>41,915</u> | <u>66,397</u> |

| | As at 30 Sep 2020 | | |
|--|-----------------------------|------------------------------|---------------------------------------|
| | Long Term RM'000 | Short Term RM'000 | Total Borrowing RM'000 |
| Secured | | | |
| Bank overdrafts | - | 5,629 | 5,629 |
| Trust receipts and bankers' acceptance | - | 23,915 | 23,915 |
| Term loans | 19,255 | 7,782 | 27,037 |
| Finance lease payables | 4,048 | 2,558 | 6,606 |
| | <u>23,303</u> | <u>39,884</u> | <u>63,187</u> |

- a) The Group's total borrowing as at 30 Sep 2021 was RM66.397 million, an increase of RM2.392 million compared to preceding year corresponding quarter.
- b) The Group does not have any borrowings denominated in foreign currency.

B9. Off Balance Sheet Financial Instruments

There is no financial instrument with off balance sheet risk at the date of this report.

B10. Status Of Material Litigation

Detail of the material litigation should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 December 2020

- (a) Jetson Construction Sdn Bhd-vs-MCC Overseas (M) Sdn Bhd

A case management was fixed on 12 March 2020 for parties to fix a Hearing date. Subsequently, the hearing date fixed on 28 October 2020 was postponed to 29 June 2021 which was again postponed to 16 December 2021.

B10. Status Of Material Litigation (Cont'd)

- (b) Jetson Construction Sdn Bhd-vs-Skyscape Industries Sdn Bhd ("Skyscape) (WA-22C-81-08/2020)

Case management has been fixed on 16 October 2020 and JCSB had replied the defence paper on 20 October 2020. The Court has fixed an online mediation session between JCSB and Skyscape on 24 February 2021. The said mediation session has been postponed to a date to be fixed by the Court.

B11. Dividend Payable

No dividend has been recommended by the Board of Directors during the financial period ended 30 September 2021.

B12. Loss Per Ordinary Share

- (a) Basic

Basic (loss)/profit per ordinary share are calculated by dividing (loss)/profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

| | <u>3 Months Ended</u> | | <u>Cummulative Year To-date</u> | |
|---|-----------------------|--------------------|---------------------------------|--------------------|
| | <u>30 Sep 2021</u> | <u>31 Sep 2020</u> | <u>30 Sep 2021</u> | <u>31 Sep 2020</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Net (loss)/profit attributable to the owners of the Company | <u>(2,297)</u> | <u>955</u> | <u>(4,502)</u> | <u>(4,284)</u> |
| Adjusted weighted average number of ordinary shares in issue and issuable | <u>232,667</u> | <u>211,567</u> | <u>232,667</u> | <u>211,567</u> |
| Basic (loss)/profit per share (sen) | <u>(0.98)</u> | <u>0.46</u> | <u>(1.93)</u> | <u>(2.02)</u> |

- (b) Diluted

Diluted (loss)/profit per ordinary share for the financial period is calculated by dividing the (loss)/profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares. The Group had no dilution in its (loss)/profit per ordinary shares.

B13. Authorised For Issuance

The interim financial statements for the financial period ended 30 September 2021 has been approved by the Board of Directors on 26 November 2021 for release to the Bursa Securities.