

## **INTERIM FINANCIAL STATEMENTS**

*- For The Quarter and Year-to-date Ended  
31<sup>st</sup> March 2023 -*

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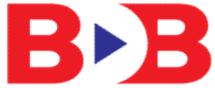
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**  
**RM'000**

	Note	31.03.2023 Unaudited	31.12.2022 Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	69,459	70,990
Investment properties		98,507	98,507
Quarry development expenditure		1,248	905
Investment in joint venture		125	125
Inventories		289,934	289,265
Deferred tax assets		4,920	4,920
Trade and other receivables		54,915	54,915
		<u>519,108</u>	<u>519,627</u>
<b>Current assets</b>			
Inventories		31,582	27,839
Contract assets		49,085	32,737
Contract costs		1,505	1,673
Trade and other receivables		46,819	50,083
Current tax assets		573	-
Other investments		1,345	1,322
Short term investments		3,925	3,868
Cash and cash equivalents		51,252	79,980
		<u>186,086</u>	<u>197,502</u>
<b>Total assets</b>		<u><u>705,194</u></u>	<u><u>717,129</u></u>
<b>Current liabilities</b>			
Trade and other payables		125,724	113,244
Contract Liabilities		8,845	11,756
Loans and borrowings	23	44,407	55,027
Current tax liabilities		-	3,947
		<u>178,976</u>	<u>183,974</u>
<b>Non-current liabilities</b>			
Trade and other payables		192	192
Deferred tax liabilities		238	214
Loans and borrowings	23	36,379	36,490
Lease liabilities		21,899	21,227
		<u>58,708</u>	<u>58,123</u>
<b>Total liabilities</b>		<u><u>237,684</u></u>	<u><u>242,097</u></u>
Share capital		331,020	331,020
Retained earnings		136,551	144,073
Non-controlling interests		(61)	(61)
<b>Total equity</b>		<u><u>467,510</u></u>	<u><u>475,032</u></u>
<b>Total equity and liabilities</b>		<u><u>705,194</u></u>	<u><u>717,129</u></u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023  
RM'000**

	Note	3 months ended 31 March	
		2023 Unaudited	2022 Unaudited
<b>Continuing Operations</b>			
Revenue		38,315	31,456
Cost of sales		(36,554)	(29,813)
<b>Gross profit</b>		<u>1,762</u>	<u>1,643</u>
Selling & Marketing expenses		(28)	(324)
Administrative expenses		(8,863)	(6,552)
Other operating income		963	556
Other operating expenses		-	(66)
<b>Loss from operating activities</b>		<u>(6,166)</u>	<u>(4,741)</u>
<b>Finance cost</b>		(1,356)	(1,256)
<b>Loss before taxation</b>	10	<u>(7,522)</u>	<u>(5,997)</u>
Tax expense	21	-	-
<b>Loss and total comprehensive expenses for the period</b>		<u><u>(7,522)</u></u>	<u><u>(5,997)</u></u>
<b>Loss and total comprehensive expenses for the period attributable to :</b>			
Owners of the Company		(7,522)	(5,997)
Non-controlling interests		-	-
<b>Loss and total comprehensive expenses for the period</b>		<u><u>(7,522)</u></u>	<u><u>(5,997)</u></u>
<b>Basic loss per ordinary share (sen)</b>	26	(2.48)	(1.92)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023  
RM'000**

	<i>Non-distributable</i>	<i>Distributable</i>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>Share capital</b>	<b>Retained earnings</b>			
<b>As at 1 January 2022</b>	331,020	140,755	471,775	(23)	471,752
<b>Total comprehensive loss</b>	-	5,597	5,597	(38)	5,559
<b>Dividend paid</b>	-	(2,279)	(2,279)	-	(2,279)
<b>As at 31 December 2022 (Audited)</b>	<u>331,020</u>	<u>144,073</u>	<u>475,093</u>	<u>(61)</u>	<u>475,032</u>
<b>As at 1 January 2023</b>	331,020	144,073	475,093	(61)	475,032
<b>Total comprehensive loss</b>	-	(7,522)	(7,522)	-	(7,522)
<b>As at 31 March 2023 (Unaudited)</b>	<u>331,020</u>	<u>136,551</u>	<u>467,571</u>	<u>(61)</u>	<u>467,510</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023  
RM'000**

	Cumulative Quarter	
	Current	Preceding
	Year-to-date ended	Year-to-date ended
	31-Mar-23 Unaudited	31-Mar-22 Unaudited
<b>Cash flows from operating activities</b>		
Loss before taxation	(7,522)	(5,997)
Adjustments for:		
Non-cash items	2,761	1,555
Non operating items	1,055	1,109
Operating loss before working capital changes	<u>(3,706)</u>	<u>(3,333)</u>
Changes in working capital:		
Contract assets	(16,348)	2,684
Contract costs	168	1
Contract liabilities	(2,911)	979
Trade and other receivables	3,264	39,967
Inventories	(4,412)	(1,308)
Trade and other payables	12,480	(26,767)
<b>Cash generated (used in)/from operations</b>	<u>(11,465)</u>	<u>12,223</u>
Interest paid	(1,356)	(1,009)
Taxes paid	(4,496)	(471)
<b>Net cash (used in)/from operating activities</b>	<u>(17,317)</u>	<u>10,743</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,225)	(505)
Purchase of other investments	(23)	-
Proceeds from disposal of :		
- Plant and equipment	6	276
- Other investments	-	297
Additions of quarry development expenditure	(343)	-
Interest received	963	99
<b>Net cash (used in)/from investing activities</b>	<u>(622)</u>	<u>167</u>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	-	-
(Repayment)/Drawdown of term loan	(7,347)	1,133
Movements of other borrowings, net	(3,534)	(10,748)
(Repayment)/Addition of hire purchase	(547)	1,126
Placement of short term investments	(57)	-
<b>Net cash used in financing activities</b>	<u>(11,485)</u>	<u>(8,489)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(29,424)	2,421
<b>Cash and cash equivalents at beginning of the period</b>	<u>69,067</u>	<u>58,316</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>39,643</u></u>	<u><u>60,737</u></u>
<b>Cash and cash equivalents comprise of the followings:</b>		
Cash and cash equivalents	51,252	71,664
Less: Bank overdrafts	(11,609)	(10,927)
	<u><u>39,643</u></u>	<u><u>60,737</u></u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.



## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

### Part A – Explanatory Notes Pursuant to MFRS 134

#### 1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134; Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Berhad (“Bursa”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

Interim financial statements other than for financial instruments have been prepared under the historical cost convention. Financial instruments have been fair valued in accordance with MFRS 9 Financial Instruments: Recognition and Measurement.

#### 2. Significant Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2022 except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:

*MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023*

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*



*MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024*

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

*MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed*

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The adoption of the above MFRSs does not have significant financial impact on the Group.

### **3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2022 was not subject to any qualification.

### **4. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and year to-date.

### **5. Changes in Estimates**

The preparation of the interim financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements.



## **6. Seasonal or Cyclical Factors**

The Group's products and services are generally dependent on the Malaysian economy, government policies and weather conditions (on the construction activities).

## **7. Dividends Paid**

There was no dividend declared and paid during the quarter under review.

## **8. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resales and repayments of equity securities except for repayment of debt in the current quarter.



## 9. Segmental Information

RM'000	Property Development	Engineering, Construction and Quarry	Leisure	Other reportable segments	Total reportable segments	Elimination	Combined
<b>3 months ended 31 March 2023</b>							
<b>Revenue</b>							
External sales	7,042	29,820	1,313	140	38,315	-	38,315
Inter-segment sales	67	7	4	2,914	2,992	(2,992)	-
<b>Total revenue</b>	<b>7,109</b>	<b>29,828</b>	<b>1,317</b>	<b>3,054</b>	<b>41,307</b>	<b>(2,992)</b>	<b>38,315</b>
<b>Segment profit/(loss)</b>	<b>(2,338)</b>	<b>(4,587)</b>	<b>(25)</b>	<b>(605)</b>	<b>(7,555)</b>	<b>33</b>	<b>(7,522)</b>
<b>3 months ended 31 March 2022</b>							
<b>Revenue</b>							
External sales	11,464	19,298	402	292	31,456	-	31,456
Inter-segment sales	72	-	82	2,914	3,068	(3,068)	-
<b>Total revenue</b>	<b>11,536</b>	<b>19,298</b>	<b>484</b>	<b>3,206</b>	<b>34,524</b>	<b>(3,068)</b>	<b>31,456</b>
<b>Segment profit/(loss)</b>	<b>(1,880)</b>	<b>(3,879)</b>	<b>(308)</b>	<b>(162)</b>	<b>(6,229)</b>	<b>232</b>	<b>(5,997)</b>



## 10. Loss before tax

Loss before tax is arrived at :

RM'000	3 months ended 31 March	
	2023	2022
<b><i>After charging :</i></b>		
Depreciation of property, plant and equipment	1,536	1,592
Expenses relating to short-term leases	53	44
Expenses relating to leases of low-value assets	11	27
Royalties and tributes	187	131
<b><i>and after crediting :</i></b>		
Rental income	259	199
Gain on disposal of plant and equipment	10	186
Interest income	316	101
Government grants (wages subsidies)	-	38
Net loss on impairment of financial instruments of financial instruments and contract assets Financial assets at amortised cost - Trade receivables	40	63

## 11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2023.

## 12. Property, Plant and Equipment

The Group acquired property, plant and equipment worth RM1,225,000 during the quarter under review.

There was no impairment loss on property, plant and equipment during the current quarter period.



### 13. Capital Commitments

The amount of commitments for the purchase of property, plant & equipment not provided for in the interim financial statements as at 31 March 2023 are as follows:

	<b>RM'000</b>
Approved and contracted for	<u>7,251</u>

### 14. Changes in Contingent Liabilities

As of 31 March 2023, the Group does not have any material contingent liability.

### 15. Material Subsequent Events to the Reporting Period

There were no material events subsequent to the end of the quarter under review up to the date of this report that have not been reflected in the interim financial statements.

### 16. Significant Related Party Transactions

	<b>3 months ended 31.03.2023 RM'000</b>
Rental of quarry land to ultimate holding corporation	9
Tributes charged by the ultimate holding corporation	78
Estate agency fee charged by a related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	-
Revenue from oil palm from related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	140
Property management paid to a related company, Darulaman Asset Sdn. Bhd	6
Insurance paid to a related company, KSDC Insurance Brokers Sdn. Bhd.	229
	<b>462</b>

All related parties' transactions had been entered into in the normal course of business and were carried out on normal commercial terms.



## Part B – Explanatory Notes Pursuant to Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Berhad

### 17. Performance Review

#### Current quarter vs previous year corresponding quarter

The Group achieved an increase in revenue, amounting to RM38.3 million, for the first quarter of 2023, compared to RM31.5 million during the corresponding period in the previous year. Nevertheless, the Group incurred a higher loss before tax of RM7.5 million for the first quarter, in contrast to the loss before tax of RM6.0 million reported in the corresponding period of last year. The higher revenue and loss before tax are primarily attributed to the Engineering, Construction, and Quarry Division.

The Property Division has reported a decrease in revenue for the current quarter, with RM7.0 million compared to the RM11.5 million achieved in the corresponding quarter of the previous financial year. This decline in revenue has consequently led to an increased loss before tax of RM2.3 million for the current financial year, in contrast to the RM1.9 million recorded during the equivalent period of the preceding financial year, primarily as a result of escalating operating costs.

The Engineering, Construction, and Quarry Division has reported a notable increase in revenue, amounting to RM29.8 million, compared to RM19.3 million in the previous financial year corresponding period. This substantial growth is largely due to the progress of Water Treatment Pelubang Project. However, the division also experienced a higher loss before tax of RM4.6 million during the current quarter under review, as opposed to RM3.9 million in the preceding financial year corresponding period. This increase in loss is mainly due to surge in material prices and labour costs.

### 18. Variation of Results against Preceding Quarter

RM'000	Current quarter ended 31 March 2023	Preceding quarter ended 31 December 2022
Revenue	38,315	97,028
Loss Before Taxation	(7,522)	12,433

The Group recorded lower revenue and lower profit before tax compared to the preceding quarter, mainly contributed by the completion of initiatives from the Property Division in the preceding quarter.



## 19. Prospects for the current financial year

Malaysia's gross domestic product (GDP) grew 5.6% in the first quarter of 2023. The Malaysian economy is expected to expand in 2023 amid slower external demand. Domestic demand will drive growth, supported by improving labour market conditions, higher tourism activity and further progress of multiyear investment projects. Domestic financial conditions also remain conducive to financial intermediation.

The Group's current projects, such as the Pelubang Water Treatment Plant project, are scheduled to be completed in 2025. This project will act as a catalyst for the development and expansion of new growth areas in Northern Kedah, including the Kedah Rubber City, the Delapan Special Border Economic Zone (Delapan SBEZ) in Bukit Kayu Hitam under Northern Gateway Sdn Bhd, the Kedah Science and Technology Park, and the Bukit Kayu Hitam halal hub. The Irrigation System Development Project awarded by the Ministry of Agricultural and Food Security is also currently on progress.

The ongoing joint venture development of the affordable housing project called Darulaman Lagenda in Bandar Amanjaya, Sungai Petani, is on track, while the development of the existing township in Bandar Darulaman continues to positively contribute to the Group. The Property division recently launched another affordable township in Darulaman Saujana, Hosba, with construction expected to begin in the fourth quarter of 2023. The township will be the first low-carbon township in Kedah.

The Group is actively expanding its operations in Langkawi, demonstrating a commitment to growth. The Property division recently introduced a new development project called Aman Nusa, comprising 203 units of affordable residential and commercial properties in Langkawi. Furthermore, the Group has executed a share sales agreement to acquire Gemi Puncak Quarry, the largest granite quarry in Langkawi. This acquisition enables the Group to offer products such as aggregates and Armor Rock to both domestic and international markets.

In conjunction with LIMA '23, a significant event in the aviation industry, the Group has launched two distinct offerings, Airventure Food Fest and The Lab Food and Fun Garden. Airventure Food Fest is strategically located beside the Langkawi International Airport runway, providing aviation enthusiasts, plane spotters, and photographers with a prime vantage point to indulge in delectable dining experiences while enjoying captivating views of aircraft. The Lab Food and Fun Garden is a trendy destination situated directly in front of the Langkawi International Airport. This vibrant location offers an array of engaging activities, a diverse selection of retailers, and an enticing assortment of cafés and food and beverage vendors.



The Group remains steadfast in its commitment to supporting the economic development agenda of Kedah State, with the aim of becoming a developed state by 2035. The Group continually enhances its performance through cost optimization, the development of human capital, and digitalization efforts, ensuring efficiency and sustainable growth.

## 20. Variance from Profit Forecast or Profit Guarantee

Not applicable for the financial period ended 31 March 2023.

## 21. Income Tax Expense

RM'000	3 Months Ended 31 March	
	2023	2022
Continuing Operations		
In respect of current financial year:		
- Current tax	-	-
- Deferred tax	-	-
In respect of prior financial years:		
- Current tax	-	-
- Deferred tax	-	-
Tax expenses	-	-

Income tax expense for the quarter and year ended under review were provided for profitable companies within the Group.

## 22. Status of Corporate Proposals

There was no outstanding corporate proposal during the quarter under review.



### 23. Group borrowings and Debt Securities

Total loans and borrowings as at 31 March 2023 were as follows:

RM'000	Short Term	Long Term	Total
Term loans	7,681	34,000	41,681
Bankers' Acceptance	1,028	-	1,028
Hire Purchase	1,788	2,379	4,167
Revolving Credit	22,300	-	22,300
Bank overdraft	11,609	-	11,609
<b>TOTAL</b>	<b>44,406</b>	<b>36,379</b>	<b>80,785</b>

### 24. Material Litigation

There has been no pending material litigation since the last annual balance sheet date of 31 December 2022.

### 25. Dividends Payable

No dividend in respect of the current financial year has been declared during the quarter under review.

### 26. Earnings / (Loss) Per Share

#### a. Basic loss per share

The basic loss per share were calculated by dividing the Group's net loss attributable to ordinary shareholders by the number of ordinary shares in issue as follows:

RM'000	3 months ended 31.03.2023	3 months ended 31.03.2022
Loss attributable to owners of the Company	(7,522)	(5,997)
Number of ordinary shares in issue	303,855	303,855
Basic loss per share (sen)	(2.48)	(1.97)

#### b. Diluted earnings per share

Not applicable.



## **27. Authorization for Issue**

The Interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 19 May 2023.