



INTERIM FINANCIAL STATEMENTS

*- For The Quarter and Year To Date Ended
30th June 2023 -*

TABLE OF CONTENTS

	Pages
<i>Condensed consolidated statement of financial position</i>	<i>1</i>
<i>Condensed consolidated statement of comprehensive income</i>	<i>2</i>
<i>Condensed consolidated statement of changes in equity</i>	<i>3</i>
<i>Condensed consolidated statement of cash flows</i>	<i>4</i>
<i>Explanatory notes pursuant to MFRS 134</i>	<i>5-10</i>
<i>Explanatory notes pursuant to Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Berhad</i>	<i>11-15</i>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023
RM'000

	Note	30.06.2023	31.12.2022
Assets			
Property, plant and equipment	12	69,808	70,990
Investment properties		100,550	98,507
Quarry development expenditure		1,485	905
Investment in joint venture		125	125
Inventories		262,705	289,265
Deferred tax assets		4,920	4,920
Trade and other receivables		51,741	54,915
Total non-current assets		<u>491,334</u>	<u>519,627</u>
Inventories		35,307	27,839
Contract assets		29,227	32,737
Contract costs		1,497	1,673
Trade and other receivables		68,409	50,083
Other investments		961	1,322
Short term investments		11,223	3,868
Cash and cash equivalents		37,807	79,980
Assets classified as held for sale		28,232	-
Total current assets		<u>212,663</u>	<u>197,502</u>
Total assets		<u><u>703,997</u></u>	<u><u>717,129</u></u>
Equity			
Share capital		331,020	331,020
Retained earnings		133,146	144,073
Equity attributable to owners of the Company		<u>464,166</u>	<u>475,093</u>
Non-controlling interests		(61)	(61)
Total equity		<u>464,105</u>	<u>475,032</u>
Liabilities			
Trade and other payables		192	192
Deferred tax liabilities		48	214
Loans and borrowings	23	35,465	36,490
Lease liabilities		21,899	21,227
Total non-current liabilities		<u>57,604</u>	<u>58,123</u>
Trade and other payables		126,751	113,244
Contract Liabilities		8,888	11,756
Loans and borrowings	23	44,793	55,027
Current tax liabilities		1,856	3,947
Total current liabilities		<u>182,288</u>	<u>183,974</u>
Total liabilities		<u>239,892</u>	<u>242,097</u>
Total equity and liabilities		<u><u>703,997</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 30 JUNE 2023
RM'000**

	Note	3 months ended		6 months ended	
		2023	30-Jun 2022	2023	30-Jun 2022
Continuing Operations					
Revenue		43,215	51,615	81,530	83,071
Cost of sales		(37,603)	(40,525)	(74,156)	(70,338)
Gross profit		<u>5,612</u>	<u>11,090</u>	<u>7,374</u>	<u>12,733</u>
Selling & Marketing expenses		(116)	(1,686)	(144)	(2,010)
Administrative expenses		(8,695)	(7,723)	(17,558)	(14,275)
Other operating income		880	507	1,843	1,063
Other operating expenses		-	(69)	-	(135)
(Loss)/Profit from operating activities		<u>(2,319)</u>	<u>2,119</u>	<u>(8,485)</u>	<u>(2,624)</u>
Finance cost		(1,086)	(985)	(2,442)	(2,241)
(Loss)/Profit before taxation	10	<u>(3,405)</u>	<u>1,134</u>	<u>(10,927)</u>	<u>(4,865)</u>
Tax expense	21	-	(2)	-	(2)
(Loss)/Profit and total comprehensive (expenses)/income for the period		<u>(3,405)</u>	<u>1,132</u>	<u>(10,927)</u>	<u>(4,867)</u>
(Loss)/Profit and total comprehensive (expenses)/income for the period attributable to :					
Owners of the Company		(3,405)	1,132	(10,927)	(4,867)
Non-controlling interests		-	-	-	-
(Loss)/Profit and total comprehensive (expenses)/income for the period		<u>(3,405)</u>	<u>1,132</u>	<u>(10,927)</u>	<u>(4,867)</u>
Basic (loss)/earning per ordinary share (sen)	26	(1.12)	0.37	(3.60)	(1.60)

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 30 JUNE 2023
RM'000**

	<i>Non-distributable</i>	<i>Distributable</i>			
	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2022	331,020	140,755	471,775	(23)	471,752
Total comprehensive income	-	5,597	5,597	(38)	5,559
Dividend paid	-	(2,279)	(2,279)	-	(2,279)
As at 31 December 2022	<u>331,020</u>	<u>144,073</u>	<u>475,093</u>	<u>(61)</u>	<u>475,032</u>
As at 1 January 2023	331,020	144,073	475,093	(61)	475,032
Total comprehensive loss	-	(10,927)	(10,927)	-	(10,927)
As at 30 June 2023	<u>331,020</u>	<u>133,146</u>	<u>464,166</u>	<u>(61)</u>	<u>464,105</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 30 JUNE 2023
RM'000**

	Cumulative Quarter	
	Current Year-to-date ended 30-Jun-23	Preceding Year-to-date ended 30-Jun-22
Cash flows from operating activities		
Loss before taxation	(10,927)	(4,865)
Adjustments for:		
Non-cash items	4,664	3,074
Non-operating items	1,262	2,162
Operating (loss)/profit before working capital changes	<u>(5,001)</u>	<u>371</u>
Changes in working capital:		
Contract assets	3,510	253
Contract costs	176	95
Contract liabilities	(2,868)	2,425
Trade and other receivables	(15,152)	17,544
Inventories	(9,140)	1,278
Trade and other payables	13,507	(16,112)
Cash (used in)/generated from operations	<u>(14,968)</u>	<u>5,854</u>
Interest paid	(2,442)	(2,333)
Tax paid	(2,257)	(585)
Net cash (used in)/generated from operating activities	<u>(19,667)</u>	<u>2,936</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,478)	(1,540)
Addition of investments properties	(2,043)	-
Proceeds from disposal of:		
- Plant and equipment	6	285
- Other investments	361	299
Additions of quarry development expenditure	(580)	-
Interest received	1,843	172
Net cash used in investing activities	<u>(3,891)</u>	<u>(784)</u>
Cash flows from financing activities		
Dividends paid to shareholders of the Company	-	(2,260)
(Repayment)/Drawdown of term loan	(10,505)	1,589
Movements of other borrowings, net	(1,603)	(9,024)
(Repayment)/Drawdown of hire purchase	(700)	113
Placement of short term investments	(7,355)	-
Net cash used in financing activities	<u>(20,163)</u>	<u>(9,582)</u>
Net decrease in cash and cash equivalents	(43,721)	(7,430)
Cash and cash equivalents at beginning of the period	<u>69,067</u>	<u>58,316</u>
Cash and cash equivalents at end of the period	<u><u>25,346</u></u>	<u><u>50,886</u></u>
Cash and cash equivalents comprise of the followings:		
Cash and cash equivalents	37,807	61,647
Less: Bank overdrafts	(12,461)	(10,761)
	<u><u>25,346</u></u>	<u><u>50,886</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 30 JUNE 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

A first and final dividend of 0.46 sen per share on 303,855,000 ordinary shares in respect of the financial year ended 31 December 2022 has been declared on 12 April 2023 and paid on 18 July 2023.

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
6 months ended 30 June 2023							
Revenue							
External sales	13,824	65,180	2,255	271	81,530	-	81,530
Inter-segment sales	135	7	4	5,829	5,975	(5,975)	-
Total revenue	13,959	65,187	2,259	6,100	87,505	(5,975)	81,530
Segment loss	(4,619)	(4,596)	(494)	(1,270)	(10,979)	52	(10,927)
6 months ended 30 June 2022							
Revenue							
External sales	30,145	51,223	945	758	83,071	-	83,071
Inter-segment sales	135	25	-	9,828	9,988	(9,988)	-
Total revenue	30,280	51,248	945	10,586	93,059	(9,988)	83,071
Segment profit/(loss)	(631)	(3,470)	(510)	3,500	(1,111)	(3,756)	(4,867)



10. Loss before tax

Loss before tax is arrived at :

RM'000	3 months ended 30 June		6 months ended 30 June	
	2023	2022	2023	2022
<i>After charging :</i>				
Depreciation of property, plant and equipment	1,629	1,582	4,664	3,174
Expenses relating to short-term leases	87	72	194	160
Expenses relating to leases of low-value assets	-	-	-	-
Royalties and tributes	207	419	394	550
<i>and after crediting :</i>				
Rental income	265	199	529	400
(Loss)/Gain on disposal of plant and equipment	(1)	48	9	48
Interest income	317	75	513	176
Government grants (wages subsidies)	-	-	-	-
Net loss on impairment of financial instruments of financial instruments and contract assets Financial assets at amortised cost - Trade receivables	20	63	60	126

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2023.

12. Property, Plant and Equipment

The Group acquired property, plant and equipment worth RM3,478,000 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 30 June 2023 are as follows:

	RM'000
Approved and contracted for	<u>1,625</u>

14. Changes in Contingent Liabilities

As of 30 June 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

	6 months ended 30.06.2023 RM'000
Rental of quarry land to ultimate holding corporation	50
Tributes charged by the ultimate holding corporation	166
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.	271
Property management paid to a related company, Darulaman Asset Sdn. Bhd	2
Insurance paid to a related company, KSDC Insurance Brokers Sdn. Bhd.	522
	1,011

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 financial year to date against previous year corresponding period

The Group has experienced a slight decrease in revenue for the current financial year to date, with RM81.5 million compared to the RM83.1 million recorded in the same corresponding period of the previous year. However, the Group's loss before tax has increased in the current financial year to date, with RM10.9 million compared to the RM4.9 million reported in the corresponding period of the previous year. The decrease in revenue and an increase in loss before tax are attributed to the Property and Engineering, Construction and Quarry Division.

The Engineering, Construction, and Quarry Division has reported a notable increase in revenue, with RM65.2 million compared to RM51.2 million in the previous year's corresponding period. This growth is mainly 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 year to date, compared to RM3.5 million in the previous year's corresponding period. This increase in loss is mainly due to a surge in material prices and labour costs.

The Property Division has recorded a significant decrease in revenue for the current year to date, with RM13.8 million compared to the RM30.3 million achieved in the previous year's corresponding period. This decrease in revenue has resulted in a higher loss before tax of RM4.6 million for the current financial year to date, as opposed to the RM0.6 million loss before tax recorded during the equivalent period of the preceding financial year. This increase in loss is mainly due to escalating operating costs.

Current quarter vs previous year corresponding quarter

The Group posted lower revenue of RM43.2 million for the second quarter ended 30 June 2023, compared to RM51.6 million achieved in the same corresponding period of last year. The Group recorded a higher loss before tax of RM3.4 million for the current quarter compared to the profit before tax of RM1.1 million in the previous year's corresponding quarter.

The Property Division posted lower revenue of RM6.8 million compared to RM19.2 million in the same quarter last year. Lower revenue was due to the completion of initiatives and sales of completed units in the second quarter of last year. However, the Division recorded a higher loss before tax of RM2.3 million for the current quarter compared to the profit before tax of RM1.0 million in the previous year's corresponding period.



The Engineering, Construction and Quarry Division posted slightly higher revenue of RM35.4 million in the current quarter of 2023 compared to RM31.9 million in the same corresponding quarter of last year due to the progress of Water Treatment Plant of Pelubang. However, the Division posted a slightly lower profit before tax of RM0.1 million in the current quarter compared to a profit before tax of RM0.4 million in the same period last year.

18. Variation of Results against Preceding Quarter

RM'000	Current quarter ended 30 June 2023	Preceding quarter ended 31 March 2023
Revenue	43,215	38,315
Loss Before Taxation	(3,404)	(7,522)

The Group revenue has increased this quarter compared to the preceding quarter due to better contributions from the Engineering, Construction and Quarry divisions. Similarly, loss before tax have significantly reduced in the current quarter compared to the preceding quarter due to the improvements made from the construction activities.

19. Prospects for the current financial year

Malaysia's economy is set to grow in the second quarter of the year vis-a-vis improvement in labour market conditions, construction activities, and recovery in the tourism industry.

Kedah state's economic activities are expected to accelerate further in the second half of 2023. The Group's major shareholder, the Kedah State Economic Development Corporation, is central in transforming the state into a high-income and developing state through the Kedah Development Plan 2035. This is in line with the National Vision to accelerate development in the northern region through the formation of the Northern Corridor Economic Region (NCER).

The Group's current constructions project, including the Pelubang Water Treatment Plant, Irrigation System Development Project and State Road Maintenance Project, are progressing as planned. The Langkawi projects have shown potential in tandem of increase in tourists arrivals.

The Property division remained focused on developing existing townships in Bandar Darulaman while unlocking the potential value of the new township in Darulaman Saujana in Hosba and Aman Nusa in Langkawi. The ongoing joint venture development of the affordable housing project, Darulaman Lagenda in Bandar Amanjaya, Sungai Petani, delivers actual results and provides affordable housing solutions for those in need.



The Group is determined to assist and to support Kedah State initiatives by continuously improving the Group's performance through cost optimization, human capital development, and digitalization efforts, a significant impact can be made on the growth and prosperity of the state. The Group are confident to help Kedah State achieve its economic goals and pave the way for a brighter future for all its people.

20. Variance from Profit Forecast or Profit Guarantee

Not applicable for the financial period ended 30 June 2023.

21. Income Tax Expense

RM'000	6 Months Ended 30 June	
	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 30 June 2023 were as follows:

RM'000	Short Term	Long Term	Total
Term loans	5,523	33,000	38,523
Bankers' Acceptance	1,259	-	1,259
Hire Purchase	1,550	2,465	4,015
Revolving Credit	24,000	-	24,000
Bank overdraft	12,461	-	12,461
TOTAL	44,793	35,465	80,258

24. Material Litigation

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

25. Dividends Payable

Except stated in note 7, no dividend in respect of the current financial year under review 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	6 months ended 30.06.2023	6 months ended 30.06.2022
Loss attributable to owners of the Company	(10,927)	(4,867)
Number of ordinary shares in issue	303,855	303,855
Basic loss per share (sen)	(3.60)	(1.60)

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 28 August 2023.