



REGAL INTERNATIONAL GROUP LTD.

(Company Registration No. 200508585R)

Condensed interim financial statements

For the six months ended 30 June 2021

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income for the financial period ended 30 June 2021

	Note	Group		Change %	Group		Change %
		Second Quarter Ended			6 Months Ended		
		30.06.2021 RM'000	30.06.2020 RM'000		30.06.2021 RM'000	30.06.2020 RM'000	
Revenue	4	13,689	5,769	137%	29,270	17,142	71%
Cost of sales		(9,862)	(5,351)	84%	(18,386)	(10,717)	72%
Gross profit		3,827	418	816%	10,884	6,425	69%
Interest income		-	3	-100%	2	6	-67%
Other gains		242	89	172%	372	141	164%
Marketing and distribution costs		(851)	(146)	483%	(1,492)	(382)	291%
Administrative expenses		(3,669)	(3,116)	18%	(7,942)	(7,281)	9%
Other losses		(193)	(15)	1187%	(224)	(15)	1393%
Finance costs		(1,560)	(1,393)	12%	(2,976)	(2,884)	3%
Share of profit (loss) from equity-accounted associate		8	28	-71%	35	136	-74%
(Loss) Profit before tax	6	(2,196)	(4,132)	-47%	(1,341)	(3,854)	-65%
Income tax (expense) benefit	7	(466)	28	N.M.	(923)	-	N.M.
(Loss) Profit, net of tax		(2,662)	(4,104)	-35%	(2,264)	(3,854)	-41%
Other comprehensive (loss) income							
<u>Items that may be reclassified subsequently to profit or loss:</u>							
Exchange difference on translating foreign operations, net of tax		(107)	(78)	37%	(153)	(25)	512%
Other comprehensive loss for the period, net of tax		(107)	(78)	37%	(153)	(25)	512%
Total comprehensive (loss) income for the period		(2,769)	(4,182)	-34%	(2,417)	(3,879)	-38%
(Loss) Profit attributable to owners of the parent, net of tax		(2,716)	(3,877)	-30%	(2,102)	(3,551)	-41%
Loss attributable to non-controlling interests, net of tax		54	(227)	N.M.	(162)	(303)	-47%
(Loss) Profit, net of tax		(2,662)	(4,104)	-35%	(2,264)	(3,854)	-41%
Total comprehensive (loss) income attributable to owners of the parent		(2,823)	(3,950)	-29%	(2,254)	(3,575)	-37%
Total comprehensive loss attributable to non-controlling interests		54	(232)	N.M.	(163)	(304)	-46%
Total comprehensive (loss) income for the period		(2,769)	(4,182)	-34%	(2,417)	(3,879)	-38%

N.M. – Not meaningful

**B. Condensed interim statements of financial position
as at 30 June 2021**

	Note	Group		Company	
		30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	10	9,797	10,541	2	4
Development rights	11	11,276	11,276	-	-
Investment in subsidiaries		-	-	26,732	26,732
Investment in associate		3,715	3,681	-	-
Investment properties	12	23,450	21,399	-	-
Deferred tax assets		370	1,015	-	-
Other assets		360	360	-	-
Total non-current assets		48,968	48,272	26,734	26,736
<u>Current assets</u>					
Inventories		129,294	135,353	-	-
Trade and other receivables		110,116	91,432	4,507	4,337
Other assets		15,982	20,573	22	84
Cash and cash equivalents		4,136	4,802	315	343
Total current assets		259,528	252,160	4,844	4,764
Total assets		308,496	300,432	31,578	31,500
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	14	144,552	144,552	381,051	381,051
Accumulated losses		(145,279)	(143,177)	(434,297)	(433,996)
Share option reserve		2,708	2,708	2,708	2,708
Foreign currency translation reserve		2,674	2,826	70,268	70,268
Merger reserve		1,563	1,563	-	-
Other reserve		1,495	1,495	-	-
Equity, attributable to owners of the parent		7,713	9,967	19,730	20,031
Non-controlling interests		(2,315)	(2,152)	-	-
Total equity		5,398	7,815	19,730	20,031
<u>Non-current liabilities</u>					
Deferred tax liabilities		9	9	-	-
Other payables		6,430	8,178	-	-
Other financial liabilities	13	36,674	37,034	-	-
Total non-current liabilities		43,113	45,221	-	-
<u>Current liabilities</u>					
Income tax payable		19,380	19,764	-	-
Trade and other payables		221,898	207,748	6,420	6,142
Other liabilities		2,133	2,315	-	-
Other financial liabilities	13	16,574	17,569	5,428	5,327
Total current liabilities		259,985	247,396	11,848	11,469
Total liabilities		303,098	292,617	11,848	11,469
Total equity and liabilities		308,496	300,432	31,578	31,500

C. Condensed interim statements of changes in equity for the financial period ended 30 June 2021

Group	Total equity	Attributable to owners of the parent subtotal	Share capital	(Accumulated losses) Retained earnings	Share option reserve	Foreign currency translation reserve	Merger reserve	Other reserve	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current period:									
Opening balance as at 1 January 2021	7,815	9,967	144,552	(143,177)	2,708	2,826	1,563	1,495	(2,152)
<u>Changes in equity:</u>									
Total comprehensive loss for the period	(2,417)	(2,254)	-	(2,102)	-	(152)	-	-	(163)
Closing balance as at 30 June 2021	5,398	7,713	144,552	(145,279)	2,708	2,674	1,563	1,495	(2,315)
Previous period:									
Opening balance as at 1 January 2020	19,201	21,398	144,552	(131,942)	2,933	2,797	1,563	1,495	(2,197)
<u>Changes in equity:</u>									
Total comprehensive loss for the period	(3,879)	(3,575)	-	(3,551)	-	(24)	-	-	(304)
Closing balance as at 30 June 2020	15,322	17,823	144,552	(135,493)	2,933	2,773	1,563	1,495	(2,501)

Company	Total equity	Share capital	(Accumulated losses) Retained earnings	Share option reserve	Foreign currency translation reserve	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Current period:						
Opening balance as at 1 January 2021		20,031	381,051	(433,996)	2,708	70,268
<u>Changes in equity:</u>						
Total comprehensive loss for the period		(301)	-	(301)	-	-
Closing balance as at 30 June 2021		19,730	381,051	(434,297)	2,708	70,268
Previous period:						
Opening balance as at 1 January 2020		22,230	381,051	(432,022)	2,933	70,268
<u>Changes in equity:</u>						
Total comprehensive loss for the period		(1,238)	-	(1,238)	-	-
Closing balance as at 30 June 2020		20,992	381,051	(433,260)	2,933	70,268

D. Condensed interim consolidated statement of cash flows for the financial period ended 30 June 2021

	Group		Group	
	Second Quarter Ended 30.06.2021 RM'000	30.06.2020 RM'000	6 Months Ended 30.06.2021 RM'000	30.06.2020 RM'000
Cash flows from operating activities				
(Loss) Profit before tax	(2,196)	(4,132)	(1,341)	(3,854)
Adjustments for:				
Depreciation of property, plant and equipment	559	656	1,172	1,309
Interest expense	1,560	1,393	2,976	2,884
Interest income	-	(3)	(2)	(6)
Gain on disposal of property, plant and equipment	-	-	-	(1)
Property, plant and equipment written off	-	-	-	-
Allowance for (Reversal of) impairment on trade and other receivables - net	190	-	190	-
Accrued tax penalties	-	-	-	34
Share of (profit) loss from equity-accounted associates	(8)	(28)	(35)	(136)
Operating cash flows before changes in working capital	105	(2,114)	2,960	230
Inventories	1,665	(650)	6,059	(571)
Trade and other receivables	(9,825)	1,790	(18,748)	7,368
Other assets	4,857	70	4,590	71
Trade and other payables	4,529	1,311	8,292	(2,258)
Other liabilities	(205)	82	(185)	(1,304)
Net cash flows from operations before tax	1,126	489	2,968	3,536
Income tax paid	(40)	-	(706)	(348)
Net cash flows from operating activities	1,086	489	2,262	3,188
Cash flows from investing activities				
Purchase of property, plant and equipment	(176)	(5)	(371)	(40)
Proceeds from disposal of property, plant and equipment	-	-	-	1
Interest received	-	3	2	6
Net cash flows used in investing activities	(176)	(2)	(369)	(33)
Cash flows from financing activities				
Repayment of borrowings	(262)	(217)	(1,053)	(1,604)
Cash restricted in use	139	(1)	171	(3)
Proceeds from substantial shareholder - net	(20)	391	(20)	493
(Repayment to) Proceeds from related parties - net	(125)	(598)	(375)	286
Proceeds from associate - net	59	6	53	552
Proceeds from (Repayment to) directors of subsidiaries - net	(36)	48	552	(112)
Proceeds from directors who are controlling shareholders of Company - net	48	678	114	809
Interest paid	(119)	(156)	(1,492)	(483)
Net cash flows from (used in) financing activities	(316)	151	(2,050)	(62)
Net increase (decrease) in cash and cash equivalents	594	638	(157)	3,093
Cash and cash equivalents, statement of cash flows, beginning balance	901	6,348	1,647	3,891
Effect of exchange rate changes on cash and cash equivalents	11	(5)	16	(3)
Cash and cash equivalents, statement of cash flows, ending balance	1,506	6,981	1,506	6,981
Cash and cash equivalents comprised of :				
Cash and bank balances	4,136	10,114	4,136	10,114
Bank overdraft	(1,166)	(1,494)	(1,166)	(1,494)
Cash restricted in use	(1,464)	(1,639)	(1,464)	(1,639)
	1,506	6,981	1,506	6,981

E. Notes to the condensed interim consolidated financial statements 30 June 2021

1. Corporate information

Regal International Group Ltd (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are property development, construction, trading of construction materials, real estate and property management, property investment.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Malaysia Ringgit which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The adoption of these standards did not have significant impact on the condensed consolidated interim financial statements of the Group.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last audited consolidated financial statements as at and for the year ended 31 December 2019.

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

2.3. Basis for going concern

The Group incurred a net loss of RM2,264,000 for the reporting period ended 30 June 2021. The Company incurred a net loss of RM301,000 for the reporting period ended 30 June 2021. The Group did not fully pay instalments for borrowings as stated in Note 13.

Notwithstanding the above, the Group had net current liabilities of RM457,000 and net assets position of RM5,398,000 respectively as at 30 June 2021. The Company had a net current liabilities position of RM7,004,000 and net assets of RM19,730,000 respectively as at 30 June 2021.

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet their obligations as and when they fall due in the next 12 months from the financial period end based on the following factors:

- (a) the Group being able to manage their working capital and generate sufficient cash flows from its operations;
- (b) the Group being able to work closely with authorities and creditors in relation to the repayment or restructuring plans for its obligations;
- (c) the directors who are the controlling shareholders not demanding repayment of the balances owed to them for the foreseeable future; and
- (d) the Group and the Company were able to continue as a going concern in the financial year ended 31 December 2020 in spite of the COVID-19 pandemic.

Based on the above, the Board is of the opinion that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
Financial assets				
<u>Financial assets at amortised cost:</u>				
Trade and other receivables	93,655	73,857	4,510	4,338
Cash and cash equivalents	4,136	4,802	315	343
	97,791	78,659	4,825	4,681
Financial liabilities				
<u>Financial liabilities at amortised cost:</u>				
Other financial liabilities	53,248	54,603	5,428	5,327
Other liabilities	2,133	2,315	-	-
Trade and other payables	191,472	176,385	6,421	6,142
	246,853	233,303	11,849	11,469

5. Segment and revenue information

For management purposes, the Group is organised into the following major strategic operating segments that offer different products and services as follows:

- The property development segment is involved in developing and sale of residential and commercial properties;
- The construction segment is involved in construction works;
- The trading segment is involved in trading of construction materials and providing painting works; and
- The others segment is engaged in rental of machines and properties, real estate and property management, sales commissions and other services.

These operating segments are reported in a manner consistent with internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

The management reporting system evaluates performances based on a number of factors. The primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes ("EBITDA"); and (2) operating results before income tax and other unallocated items ("ORBIT").

5.2. Disaggregation of revenue

Group	Property development RM'000	Construction RM'000	Trading RM'000	Others RM'000	Total RM'000
1 January 2021 - 30 June 2021					
Types of goods or service:					
Sale of development properties	17,266	-	-	-	17,266
Sale of goods	-	-	1,416	-	1,416
Revenue from construction contracts	-	9,193	-	-	9,193
Revenue from rendering of services	-	-	-	690	690
Rental income	-	-	-	402	402
Others	-	-	-	303	303
Total revenue	17,266	9,193	1,416	1,395	29,270
Timing of revenue recognition:					
At a point in time	-	-	1,416	139	1,555
Over time	17,266	9,193	-	1,256	27,715
Total revenue	17,266	9,193	1,416	1,395	29,270
Geographical information:					
Singapore	-	-	-	469	469
Malaysia	17,266	9,193	1,416	926	28,801
Total revenue	17,266	9,193	1,416	1,395	29,270
1 January 2020 - 30 June 2020					
Types of goods or service:					
Sale of development properties	8,475	-	-	-	8,475
Sale of goods	-	-	2,369	-	2,369
Revenue from construction contracts	-	5,016	-	-	5,016
Revenue from rendering of services	-	-	-	753	753
Rental income	-	-	-	434	434
Others	-	-	-	95	95
Total revenue	8,475	5,016	2,369	1,282	17,142
Timing of revenue recognition:					
At a point in time	1,708	-	2,369	-	4,077
Over time	6,767	5,016	-	1,282	13,065
Total revenue	8,475	5,016	2,369	1,282	17,142
Geographical information:					
Singapore	-	-	-	451	451
Malaysia	8,475	5,016	2,369	831	16,691
Total revenue	8,475	5,016	2,369	1,282	17,142

6. Profit (Loss) before tax

6.1. Significant items

	Group		Group	
	Second Quarter Ended		6 Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Income				
Interest income	-	3	2	6
Government grants	24	-	24	-
Gain on disposal of property, plant and equipment	-	-	-	1
Expenses				
Interest expenses	1,560	1,393	2,976	2,884
Depreciation of property, plant and equipment	559	656	1,172	1,309
Allowance for (Reversal of) impairment loss for trade and other receivables, net	190	-	190	-
Foreign exchange (gains) losses, net	3	18	34	15

6.2. Related party transactions

	Group		Group	
	Second Quarter Ended		6 Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
<u>Substantial shareholder</u>				
Revenue from construction contracts	3,239	2,172	4,422	4,033
Notional interest expenses	(84)	(78)	(168)	(155)
Revenue from rendering of services	38	-	53	-
<u>Related parties</u>				
Sale of construction materials	-	1	-	51
Rental expenses	-	(13)	-	(27)
Notional interest expenses	(2)	(2)	(4)	(4)
Revenue from construction contracts	378	-	1,964	-
<u>Associate</u>				
Notional interest expenses	(61)	(57)	(123)	(114)
<u>Directors of the Company</u>				
Rental expenses	-	(81)	-	(162)
Notional interest expenses	(51)	(48)	(102)	(94)
<u>Directors of subsidiaries</u>				
Notional interest expenses	(13)	(12)	(27)	(25)

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group		Group	
	Second Quarter Ended 30.06.2021 RM'000	30.06.2020 RM'000	6 Months Ended 30.06.2021 RM'000	30.06.2020 RM'000
Current income tax expense	(67)	-	277	-
Deferred income tax expense relating to origination and reversal of temporary differences	533	-	646	-
	<u>466</u>	<u>-</u>	<u>923</u>	<u>-</u>

8. Earnings (Losses) per share

	Group		Group	
	Second Quarter Ended 30.06.2021	30.06.2020	6 Months Ended 30.06.2021	30.06.2020
(Loss) Profit attributable to the owners of the parent during the financial period (RM'000)	(2,716)	(3,877)	(2,102)	(3,551)
Weighted average number of ordinary shares in issue	224,917,251	224,917,251	224,917,251	224,917,251
Basic and diluted (losses) earnings per share for profit attributable to owners of the parent during the financial period (sen)	<u>(1.21)</u>	<u>(1.72)</u>	<u>(0.93)</u>	<u>(1.58)</u>

9. Net asset value

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Net asset value attributable to the owners of the parent (RM'000)	7,713	9,967	19,730	20,031
Number of ordinary shares in issue	224,917,251	224,917,251	224,917,251	224,917,251
Net asset value per ordinary share (sens)	<u>3.43</u>	<u>4.43</u>	<u>8.77</u>	<u>8.91</u>

10. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to RM371,000 (30 June 2020: RM945,000) and disposed of assets amounting to RM Nil (30 June 2020: RM17,000).

11. Development rights

	Group	
	30.06.2021	31.12.2020
	RM'000	RM'000
Cost:		
At beginning and end of the period	11,276	11,276

This relates to the rights to develop, construct and complete the buildings to be built on parcels of land totalling approximately 1.35 hectares in the Samarahan District in Sarawak, Malaysia with a total of 515 units comprising of two blocks of residential/retail units (the "Project").

There has been no amortisation for the development rights as the construction of the project has not commenced yet.

11.1. Valuation

The value in use was measured by management in December 2020 based on discounted cash flow method. The fair value of the Group's development rights is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy.

12. Investment properties

	Group	
	30.06.2021	31.12.2020
	RM'000	RM'000
Under construction, at cost:		
At beginning of the period	21,399	13,680
Additions	2,030	7,719
At end of the period	23,429	21,399

The investment properties consist of 5 (2018: 5) blocks of commercial and office spaces that are still under construction as at period end.

The investment properties are pledged by the substantial shareholder to obtain financing.

12.1. Valuation

The fair value of each investment property was measured in December 2020 based on the highest and best use method to reflect the actual market state and circumstances as of end of the reporting year. The fair value for disclosure purposes was based on a valuation made by Management on a systematic basis at least once yearly. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

13. Other financial liabilities

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
<u>Amount repayable within one year or on demand</u>				
Secured	16,574	17,569	5,428	5,327
<u>Amount repayable after one year</u>				
Secured	36,674	37,034	-	-
Total	53,248	54,603	5,428	5,327

The borrowings and credit facilities of the Group are covered by:

- i. Joint and several guarantees of certain directors of the Company;
- ii. Joint and several guarantee by directors of certain subsidiaries of the Group;
- iii. Assignment over the rights, title and interest or legal charges and/or power of attorney the properties held for sale and/or leasehold property;
- iv. Corporate guarantees provided by certain subsidiaries of the Group;
- v. Legal charge or deed of assignment and/or power of attorney over certain subsidiaries' or associate's properties held for sale;
- vi. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS);
- vii. Pledged of cash and cash equivalents of subsidiary.
- viii. Deed of assignment of development properties units of the Group;
- ix. Personal guarantees provided by certain directors of the Company;
- x. Deed of assignment of properties units by associate and related parties of the Group; and
- xi. Corporate guarantees provided by certain subsidiary of the Group.

At the end of the reporting period, there were defaults in payment of instalments of RM111,000 (31 December 2020: RM169,000) on the borrowings of RM3,780,000 (31 December 2020: RM2,921,000). Due to callable clauses in the borrowing agreements, Management has classified the affected borrowings as current. However, the lenders have not recalled these facilities. The Group has paid the defaults at the date of this financial statements.

14. Share Capital

	Group		Company	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
<u>Ordinary shares issued and fully paid</u>				
At beginning and end of the period	224,917	144,552	224,917	381,051

The Company did not hold any treasury shares as at 30 June 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other information required by Listing Rule Appendix 7.2 for the financial period ended 30 June 2021

1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The condensed consolidated statement of financial position of Regal International Group Ltd. and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Applicable to companies that have received modified audit opinions (excludes material uncertainty relating to going concern if it is the only reason for the modified opinion):

- (a) Updates on the efforts taken to resolve each outstanding audit issue; and**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

- (a) The Company has proposed to appoint Moore Stephens LLP as the auditors of the Company in respect of the FY2020. However, the Firm has withdrawn the Consent to Act as auditors due to the prolonged status. The Company is now in the process of having to look for and appoint new auditors.

The Audit Committee of the Company has, in consultation with SGX RegCo, appointed Deloitte & Touche Financial Advisory Services Pte Ltd as the special auditor of the Company on 28 July 2021 to conduct an independent review into the Disposal of Upright Strategy Sdn Bhd as well as all transactions involving the Company and Twin Revenue Sdn Bhd as highlighted in FY2019 audit report. The special audit was completed on 29 September 2023.

The Group will endeavour its ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate as well as to produce the outstanding quarterly unaudited results and rectify the internal control weaknesses highlighted in the report.

- (b) The Board confirmed that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

3. Review of performance of the Group

Statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 (6M2021)

Revenue has increased by RM12.2 million or 71% from RM17.1 million in 6M2020 to RM29.3 million in 6M2021. This was mainly attributed by the increase in sale of development properties by approximately RM8.8 million and increase in revenue from construction contracts by approximately RM4.2 million. Such increase was partially offset by the decrease in sale of construction materials by approximately RM1.0 million.

The gross profit margins of the Group were 37.5% in 6M2020 and 37.2% in 6M2021 respectively.

Marketing and distribution costs has increased by RM1.1 million mainly contributed by the higher amortisation of contract costs in 6M2021.

Administrative expenses increased by RM0.6 million in 6M2021 was mainly resulted by the penalty charges of late payments.

Increase in income tax expense for 6M2021 was mainly arising from the deferred tax expense during the period.

Statement of financial position

Non-current assets of the Group slightly increased by RM0.7 million from RM48.3 million as at FY2020 to RM49.0 million as at 30 June 2021. This was contributed by the increase in investment properties under construction by RM2.0 million. Such increase was partially offset by the decrease in property, plant and equipment by RM0.7 million mainly arising from depreciation for the period and decrease in deferred tax assets by RM0.7 million.

Current assets of the Group increased by RM7.4 million from RM252.2 million as at FY2020 to RM260.0 million as at 30 June 2021 was mainly due to increase in trade and other receivables by RM18.7 million for construction contracts and development properties. On the other hand, there was decrease in inventories by RM6.1 million as a result of sale and progressive recognition of property development projects. Other assets also decreased by RM4.6 million due to decrease in deposit to secure land for development.

Non-current liabilities of the Group decreased by RM2.1 million from RM45.2 million as at FY2020 to RM43.1 million as at 30 June 2021 was mostly due to reclassification of other payables and other financial liabilities from non-current to current.

Current liabilities of the Group have increased by RM12.6 million from RM247.4 million as at FY2020 to RM260.0 million as at 30 June 2021. The increase was mostly due to increase in trade and other payables by RM14.2 million as a result of increase in amount due to substantial shareholder of the Group and the reclassification from non-current other payables. Such increase was partially offset by the decrease in other financial liabilities by RM1.0 million.

Overall, the Group's net asset stood at RM5.4 million as at 30 June 2021 as compared to RM7.8 million as at FY2020.

Statement of cash flows for the six months ended 30 June 2021

Net cash and cash equivalents held by the Group were RM1.6 million as at FY2020 to RM1.5 million as at 30 June 2021 respectively. There was approximately RM2.3 million generated from the operating activities while RM2.1 million was utilised for repayment of the borrowings and interests during the period.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement have been previously disclosed.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

This year continues to be a recovery year for the property market as it attempted to shake off the fall-out from the adverse impact of the pandemic of the past couple of years. The slowdown in investments and economic activities translated into the market's unwillingness to purchase properties of a certain market pricing, and purchasers who purchased for investment purposes were far more wary and less likely to do so because of high interest rates imposed on financing.

Nonetheless, the Group persevered on and continued on with the completion of key projects. Recovery of our business activities and sustainability remain the Group's key focus.

6. Dividend information**6a. Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

No.

6b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

5c. Date Payable

Not applicable.

5d. Books Closure Date

Not applicable.

5e. If no dividend has been declared/recommended, a statement to that effect.

After considering the Group's condition, no dividend has been declared.

7. Interested person transactions

The Group has obtained a general mandate from shareholders of the Company for Interested Person Transactions.

8. Confirmation pursuant to Rule 705(5)

The board of directors of the Company confirmed to the best of its knowledge that nothing has come to its attention which may render the interim financial results for the six months ended 30 June 2021 to be false or misleading in any material aspect.

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

10. Acquisition and realisations pursuant to Rule 706A

There is no acquisition or disposal for the period.

BY ORDER OF THE BOARD

Su Chung Jye
Chairman and Chief Executive Officer

Wong Pak Kiong
Executive Director

28 March 2024