

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 2nd Quarter Ended 31 December 2020

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/12/2020	Preceding Year Corresponding Quarter 31/12/2019	Changes	Current Year To Date 31/12/2020	Preceding Year Corresponding Period 31/12/2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	20,969	103,467	-80	70,242	153,860	-54
Cost of Sales	(9,301)	(55,561)	-83	(40,420)	(100,820)	-60
Gross Profit	11,668	47,906	-76	29,822	53,040	-44
Other Income	3,261	312		3,900	606	
Interest Income	276	212		583	430	
Operating Expenses	(5,425)	(6,906)		(11,929)	(13,512)	
Finance Costs	(146)	(11,356)		(276)	(12,052)	
Share of results of associates	(260)	(132)		360	(324)	
Profit/(Loss) Before Tax	9,374	30,036	-69	22,460	28,188	-20
Tax Expenses	(2,532)	(6,793)		(6,363)	(7,764)	
Profit/(Loss) for the period	6,842	23,243	-71	16,097	20,424	-21
Profit/(Loss) attributable to :						
Owners of the Company	6,395	23,023	-72	12,207	20,826	-41
Non-controlling interest	447	220	103	3,890	(402)	1068
	6,842	23,243	-71	16,097	20,424	-21
Weighted average no. of shares ('000)	370,807	372,812		370,807	372,812	
Earnings per share attributable to Owners of the Company (sen)						
- Basic	1.72	6.18		3.29	5.59	
- Diluted	1.72	6.18		3.29	5.59	

(The unaudited Consolidated Statement of Profit or Loss And Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 2nd Quarter Ended 31 December 2020

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/12/2020	Preceding Year Corresponding Quarter 31/12/2019	Changes	Current Year To Date 31/12/2020	Preceding Year Corresponding Period 31/12/2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Profit/(Loss) for the period	6,842	23,243	-71	16,097	20,424	-21
Other comprehensive income/(loss) :						
Net gain on other investment						
- Gain/(loss) on fair value changes	17,901	-		23,004	1,177	
Foreign currency translation						
- Gain/(loss) on currency translation	27	8		30	(7)	
Total Comprehensive income/(loss)	24,770	23,251	7	39,131	21,594	81
Total comprehensive income/(loss) attributable to :						
Owners of the Company	24,310	23,027	6	35,227	22,000	60
Non-controlling interest	460	224	105	3,904	(406)	1062
	24,770	23,251	7	39,131	21,594	81

(The unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2020**

	(Unaudited)	(Audited)
	As At End of Current Quarter 31/12/2020	As At Financial Year Ended 30/06/2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	29,388	36,543
Right-of-use assets	8,043	5,396
Investment properties	44,129	44,129
Investment securities	29,134	10,601
Investment in associates	8,131	4,767
Intangible assets	216	216
Bearer plant	6	-
Other receivables & prepayments	11,847	13,543
Goodwill	7	7
	130,901	115,202
Current assets		
Inventories	121,035	113,896
Trade receivables	36,683	43,099
Other receivables	24,868	31,434
Contract Assets	29,656	26,823
Tax recoverable	5,392	7,838
Amount due from associates	32,201	30,791
Short-term investments	19,129	27,661
Fixed deposits with licensed banks	12,690	12,601
Cash and bank balances	50,408	36,044
	332,062	330,187
TOTAL ASSETS	462,963	445,389
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	194,303	194,303
Treasury shares	(1,655)	(1,655)
Other reserves	1,110	1,110
Fair value reserves	17,311	(1,222)
Foreign currency translation reserves	(698)	(714)
Retained profits	128,149	117,960
Equity attributable to owners of the Company	338,520	309,782
Non-Controlling interests	15,314	17,290
TOTAL EQUITY	353,834	327,072
Non-current liabilities		
Deferred tax liabilities	7,794	7,774
Loans and borrowings	3,626	2,502
	11,420	10,276
Current liabilities		
Loans and borrowings	45,236	29,707
Trade payables	23,361	36,151
Other payables	24,144	24,686
Contract liabilities	4,835	17,496
Provision of taxation	133	1
	97,709	108,041
TOTAL LIABILITIES	109,129	118,317
TOTAL EQUITY AND LIABILITIES	462,963	445,389
Net assets per share attributable to owners of the Company (RM)	0.9129	0.8354
No. of Shares issued (net of treasury shares)	370,806,692	370,806,692

(The unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 31 DECEMBER 2020**

	End of Current Quarter	End of Preceding Corresponding Quarter
	31/12/2020	31/12/2019
	RM'000	RM'000
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit/(Loss) before taxation	22,460	28,188
Adjustment for :		
Amortisation of intangible assets	1	2
Depreciation on property, plant and equipment	6,088	6,717
Depreciation on right-of-use assets	1,161	-
(Gain) / Loss on disposal of property, plant and equipment	(45)	-
(Gain) / Loss on disposal of quoted investment	(1,667)	-
(Gain) / Loss on investment fund	(214)	(125)
Interest income	(369)	(305)
Dividend income	(12)	-
Finance costs	275	12,052
Share of results of associates	(360)	324
Unrealise (gain) / loss on foreign exchange differences	(1,409)	344
Unrealise (gain) / loss on investment fund	5	-
Operating profit before working capital changes	25,914	47,197
Change in working capital		
(Increase)/Decrease in inventories	1,394	4,230
(Increase)/Decrease in receivables	12,487	(38,847)
Increase/(Decrease) in payables	(21,623)	679
Decrease/(Increase) in contract assets/liabilities	(12,132)	11,507
Cash generated from / (used in) operations	6,040	24,766
Taxes paid	(3,785)	(6,633)
Interest paid	(71)	(1,389)
Net cash flow (used in)/ generated from operating activities	2,184	16,744
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Interest received	385	279
Dividend received	12	-
Additional net cash outflow for acquisition of associates	(3,005)	-
Proceeds from disposal of property, plant and equipment	45	-
Proceeds from disposal of other investment	6,139	-
Additional of right-of-use assets	(3,809)	-
Purchase of property, plant and equipment	1,069	(164)
Repayment/(Advance) to associates	(1,410)	343
Net cash generated from / (used in) investing activities	(574)	458
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Finance cost paid	(22)	(70)
Dividends paid on ordinary shares	(6,489)	(5,592)
Dividend paid by subsidiary to non controlling interest	(5,880)	(6,615)
Proceeds from exercise of warrants	-	28
Proceeds from hire purchase	2,934	-
Repayment of lease liabilities	(289)	-
Repayment of hire purchase	(932)	(823)
(Repayment)/Drawdown of loan and borrowings	15,763	14,773
Net cash generated from / (used in) financing activities	5,085	1,701
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVAL	6,695	18,903
Effect of exchange rate changes on cash and cash equivalents	49	(12)
CASH AND BANK BALANCES AS AT 1 JULY	75,483	51,611
CASH AND BANK BALANCES AS AT 31 DECEMBER	82,227	70,502
Less : Fixed deposit under lien	(12,690)	(12,438)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	69,537	58,064

(The unaudited Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

FAJARBARU BUILDER GROUP BHD (281645-U)

**Unaudited Consolidated Statement of Changes in Equity
For the 2nd Quarter Ended 31 December 2020**

	Share Capital (RM'000)	Treasury Shares (RM'000)	Other reserve (RM'000)	Warrant reserve (RM'000)	Employee share option reserve (RM'000)	Fair value reserve (RM'000)	Foreign exchange translation reserve (RM'000)	Retained profit (RM'000)	Attributable to Owners of the Company (RM'000)	Non-Controlling Interest (RM'000)	Total Equity (RM'000)
As at 1 July 2020	194,303	(1,655)	1,110	-	-	(1,222)	(714)	117,960	309,782	17,290	327,072
Total comprehensive income/(loss) for the year	-	-	-	-	-	23,004	16	12,207	35,227	3,904	39,131
Transactions with owners											
Dividends	-	-	-	-	-	-	-	(6,489)	(6,489)	(5,880)	(12,369)
Disposal of quoted investment	-	-	-	-	-	(4,471)	-	4,471	-	-	-
As at 31 December 2020	<u>194,303</u>	<u>(1,655)</u>	<u>1,110</u>	<u>-</u>	<u>-</u>	<u>17,311</u>	<u>(698)</u>	<u>128,149</u>	<u>338,520</u>	<u>15,314</u>	<u>353,834</u>
As at 1 July 2019	194,275	(1,141)	1,110	7,674	2,628	(1,616)	(716)	92,085	294,299	20,181	314,480
Total comprehensive income for the year	-	-	-	-	-	1,177	(3)	20,826	22,000	(406)	21,594
Transactions with owners											
Dividends	-	-	-	-	-	-	-	(5,592)	(5,592)	(6,615)	(12,207)
Issue of ordinary shares: - pursuant to warrant exercised	28	-	-	-	-	-	-	-	28	-	28
Warrant expired	-	-	-	(7,674)	-	-	-	7,674	-	-	-
As at 31 December 2019	<u>194,303</u>	<u>(1,141)</u>	<u>1,110</u>	<u>-</u>	<u>2,628</u>	<u>(439)</u>	<u>(719)</u>	<u>114,993</u>	<u>310,735</u>	<u>13,160</u>	<u>323,895</u>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

Notes to the Interim Financial Report

A1 Basis of preparation

The unaudited interim financial report has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020. These explanatory notes attached to the interim financial report 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 30 June 2020.

A2 Changes of accounting policies

The significant accounting policies, methods of computation and basis of consolidation adopted are consistent with those of the most recent audited financial statements for the year ended 30 June 2020, except for the adoption of the following Amendments to MFRSs and IFRIC Agenda Decision that are effective for the Group from 1 July 2020:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 16: COVID-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The initial application of the above new or revised standards is not expected to have any significant impact on the results and financial position of the Group and the Company.

A2.1 Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year ended 30 June 2021:-

A2.1 Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group (Cond't):

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The Group will apply the above MFRSs, Amendments/Improvements to MFRSs and IC Interpretations that are applicable once they become effective. The adoption of the above MFRSs, Amendments/Improvements to MFRSs and IC Interpretations is not expected to have any material impact on the financial statements of the Group.

A3 Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the year ended 30 June 2020 was not subject to any qualification.

A4 Seasonal or cyclical factors

The operations of the Group are not subject to seasonality / cyclicity of operations.

A5 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review because of their nature, size, or incidence.

A6 Changes in estimates

Not applicable.

A7 Significant related party transactions

There were no significant related party transactions during the financial period under review.

A8 Movement in debt and equity securities

There were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter under review.

The details of shares held as treasury shares for the period ended 31 December 2020 are as follow:

	Number of Treasury shares	Total Considerations RM
Balance as at 30 September 2020	3,075,764	1,654,910
Repurchased during the quarter	-	-
Balance as at 31 December 2020	3,075,764	1,654,910

The shares purchased are being held as treasury shares in accordance with Section 127 (16) of the Companies Act, 2016.

A9 Dividend paid

An interim single tier dividend of 1.75 sen per ordinary share amounting to RM6,489,108.96 in respect of the financial year ending 30 June 2021 was paid on 30 December 2020.

A10 Carrying Amount of revalued property, plant and equipment

The valuation of property, plant and equipment has been brought forward without amendment from the financial statement for the year ended 30 June 2020.

A11 Segmental reporting

The segmental information of the Group analysed by activities is as follows:-

6 months ended 31.12.20	← Before Group's Eliminations →							Adjustment and Eliminations RM'000	Total RM'000
	Construction RM'000	Logging and timber trading RM'000	Property development RM'000	Trading RM'000	Logistic RM'000	Investment holding RM'000	Plantation RM'000		
Revenue									
External Sales	37,514	20,186	6,833	344	875	28	-	4,462	70,242
Inter-segment sales	3,562	-	-	5,649	-	7,814	-	(17,025)	-
Total revenue	<u>41,076</u>	<u>20,186</u>	<u>6,833</u>	<u>5,993</u>	<u>875</u>	<u>7,842</u>	<u>-</u>	<u>(12,563)</u>	<u>70,242</u>
Results									
Profit/(Loss) from operation	5,133	22,459	2,219	(314)	43	8,808	(20)	(15,952)	22,376
Finance costs	(215)	(3)	(19)	(28)	(11)	-	-	-	(276)
Share of results in associates	-	364	(4)	-	-	-	-	-	360
Profit/(Loss) before tax	<u>4,918</u>	<u>22,820</u>	<u>2,196</u>	<u>(342)</u>	<u>32</u>	<u>8,808</u>	<u>(20)</u>	<u>(15,952)</u>	<u>22,460</u>
Total assets									
Segment assets/ Consolidated total assets	<u>178,382</u>	<u>36,854</u>	<u>167,173</u>	<u>6,830</u>	<u>1,067</u>	<u>463,843</u>	<u>6</u>	<u>(391,192)</u>	<u>462,963</u>

6 months ended 31.12.19	← Before Group's Eliminations →							Adjustment and Eliminations RM'000	Total RM'000
	Construction RM'000	Logging and timber trading RM'000	Property development RM'000	Trading RM'000	Logistic RM'000	Investment holding RM'000	Plantation RM'000		
Revenue									
External Sales	97,384	15,130	33,557	5,717	611	168	-	1,293	153,860
Inter-segment sales	22,552	-	-	6,481	-	8,405	-	(37,438)	-
Total revenue	<u>119,936</u>	<u>15,130</u>	<u>33,557</u>	<u>12,198</u>	<u>611</u>	<u>8,573</u>	<u>-</u>	<u>(36,145)</u>	<u>153,860</u>
Results									
Profit/(Loss) from operation	35,604	14,801	4,034	(8)	(74)	6,326	-	(20,119)	40,564
Finance costs	(1,335)	(10)	(10,678)	(2)	(27)	-	-	-	(12,052)
Share of results in associates	-	(324)	-	-	-	-	-	-	(324)
Profit/(Loss) before tax	<u>34,269</u>	<u>14,467</u>	<u>(6,644)</u>	<u>(10)</u>	<u>(101)</u>	<u>6,326</u>	<u>-</u>	<u>(20,119)</u>	<u>28,188</u>
Total assets									
Segment assets/ Consolidated total assets	<u>249,374</u>	<u>38,874</u>	<u>173,572</u>	<u>11,501</u>	<u>1,179</u>	<u>432,149</u>	<u>-</u>	<u>(393,040)</u>	<u>513,609</u>

A12 Events subsequent to the balance sheet date

There were no material events subsequent to the end of the period under review that have not been reflected in the quarterly financial statements.

A13 Changes in composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A14 Capital commitments

The outstanding commitments in respect of capital expenditure at the quarter under review provided for in the financial statements are as follows :

<u>Property, Plant & Equipment</u>	31 December 2020 RM'000
Approved and contracted for - Denominated in RM	<u>6,507</u>

A15 Changes in contingent liabilities

	The Group		The Company	
	As at 31.12.20 RM'000	As at 30.06.20 RM'000	As at 31.12.20 RM'000	As at 30.06.20 RM'000
Performance and tender bond granted to contract customers	53,662	54,993	-	-

B Bursa Securities Listing Requirements (Part A of Appendix 9B)

B1 Review of performance

	Individual Period (2nd quarter)			Cumulative Period		
	Current Year Quarter 31/12/2020 (RM'000)	Preceding Year Corresponding Quarter 31/12/2019 (RM'000)	Changes (%)	Current Year To-date 31/12/2020 (RM'000)	Preceding Year Corresponding Period 31/12/2019 (RM'000)	Changes (%)
Revenue	20,969	103,467	(80)	70,242	153,860	(54)
Profit/(loss) from operation	9,780	41,524	(76)	22,376	40,564	(45)
Profit/(loss) before interest and tax	9,520	41,392	(77)	22,736	40,240	(43)
Profit/(loss) before tax	9,374	30,036	(69)	22,460	28,188	(20)
Profit/(loss) after tax	6,842	23,243	(71)	16,097	20,424	(21)
Profit/(loss) attributable to Owners of the Company	6,395	23,023	(72)	12,207	20,826	(41)

The Group recorded a lower revenue of RM20.97 million in the current quarter as compared to RM103.47 million in the preceding year corresponding quarter. The Group's profit before tax decreased to RM9.37 million as compared to RM30.03 million in the preceding year corresponding quarter. The lower revenue was across all the Group's segments but mainly contributed by the Property and Construction segments. The decrease in profit before tax was mainly due to the Construction segment.

Detailed analysis of the performance for the respective operating business segments for the period ended 31 December 2020 are as follow:

	Revenue			Profit / (Loss) before tax		
	Current Year Quarter 31/12/2020 (RM'000)	Preceding Year Corresponding Quarter 31/12/2019 (RM'000)	Changes (RM'000)	Current Year Quarter 31/12/2020 (RM'000)	Preceding Year Corresponding Quarter 31/12/2019 (RM'000)	Changes (RM'000)
<u>Segment</u>						
Construction	17,349	75,111	(57,762)	6,686	36,464	(29,778)
Logging & timber trading	3,191	9,753	(6,562)	987	2,102	(1,115)
Property development	14	14,466	(14,452)	(439)	(8,249)	NM
Trading	128	3,748	(3,620)	(107)	119	(226)
Logistic	274	305	(31)	(156)	(107)	NM
Investment holding	13	84	(71)	2,423	(293)	2,716
Plantation	-	-	-	(20)	-	(20)
Total	20,969	103,467		9,374	30,036	

* NM = Non-meaningful

Construction Segment

For the current quarter, revenue decreased to RM17.35 million as compared to RM75.11 million in the preceding year corresponding quarter. The segment recorded a lower profit before tax of RM6.69 million in the current quarter as compared to a profit before tax of RM36.46 million in the preceding year corresponding quarter.

The notable reason for the higher revenue and profit before tax for the preceding year corresponding quarter was mainly derived from the recognition of higher profit margin upon conclusion of final accounts.

Logging and Timber Trading Segment

The Logging and Timber Trading segment recorded a lower revenue of RM3.19 million for the current quarter as compared RM9.75 million in the preceding year same quarter. There was a decrease in profit before tax of RM0.99 million in the current quarter as compared to a profit before tax of RM2.10 million in the preceding year same quarter. The lower revenue and decrease in profit before tax were due to the current block has ended production and poor weather conditions which affected production.

Property Development Segment

In the current quarter, the Property Development segment recorded a revenue of RM0.01 million and loss before tax of RM0.44 million as compared to a revenue of RM14.47 million and loss before tax of RM8.25 million in the preceding year corresponding quarter.

The decrease in revenue and the loss before tax in the current quarter were due to lesser work progress for Rica Residence @ Sentul development. The development is in its completion stage and was issued certificate of practical completion (CPC) on 15 September 2020.

Trading and Logistic Segments

In the current quarter, the Trading segment registered a revenue of RM0.13 million as compared to RM3.75 million in the same quarter preceding year. The segment recorded a loss before tax of RM0.11 million as compared to a profit before tax in the same quarter preceding year of RM0.12 million. The lower revenue for the current quarter was due to lower procurement from the construction segment. The loss before tax in the current quarter was due to lower margins obtained from the trading of construction materials.

The Logistic segment registered a revenue of RM0.27 million as compared to RM0.31 million in the preceding year corresponding quarter. It recorded a loss before tax of RM0.16 million in the current year as compared to a loss of RM0.11 million in the preceding year same quarter. The decrease in revenue was in concurrence with the decrease in the Logging and Timber Trading segment as the Logistic segment provides services to this segment.

B2 Variation of result against preceding quarter

	Current Year Quarter 31/12/2020 (RM'000)	Immediate Preceding Quarter 30/09/2020 (RM'000)	Changes (%)
Revenue	20,969	49,273	(57)
Profit/(loss) from operation	9,780	12,597	(22)
Profit/(loss) before interest and tax	9,520	13,216	(28)
Profit/(loss) before tax	9,374	13,086	(28)
Profit/(loss) after tax	6,842	9,255	(26)
Profit/(loss) attributable to Owners of the Company	6,395	5,812	10

In the current quarter ended 31 December 2020, the Group registered a lower revenue of RM20.97 million and a lower profit before tax of RM9.37 million as compared to a revenue of RM49.27 million and a profit before tax of RM13.09 million in the preceding quarter ended 30 September 2020.

The decrease in revenue and profit before tax were mainly due to the Logging and Timber Trading segment and Property Development segment.

B3 **Current year prospects**

The Malaysian economy registered a negative growth of 3.4% in the fourth quarter as compared to a negative growth of 2.6% in the third quarter of 2020 as reported by Bank Negara. The negative growth is attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. The negative growth for Malaysia's GDP in the fourth quarter of 2020 was influenced by all economic sectors except for the manufacturing sector which recorded growth. As a whole, the Malaysian economy contracted by 5.6% in 2020 as compared to growth of 4.3% in 2019.

The construction industry contracted 13.9% in the fourth quarter from a negative 12.4% in the third quarter 2020. The contraction was due to project delays caused by labour shortages and Covid-19 related shutdown of sites. The Group's Construction segment will focus on our current order book of approximately RM392.8 million and continue its effort to bid for future rail construction and infrastructure works.

In the Property Development segment, the Group's maiden Malaysian project Rica Residence @ Sentul has obtained Certificate of Completion and Compliance (CCC) in February 2021. Sales remained at 74% and efforts to sell the remaining units are ongoing and response are encouraging. The launch of the Group's other parcels of land is on hold until the market condition improves. The Group's project in Melbourne, the Paragon is scheduled for completion in the first quarter of 2021. The sales rate for Paragon remained at 92% and on-going efforts to sell the remaining units are in progress.

In the Logging and Timber Trading segment, the Group's contribution of revenue is projected to be lower due to lesser acreage of working blocks left to log. However, we have approximately 14,000 acres left of working block from our associate company yet to be logged and this will continue to contribute to the Group's earnings in the future.

In the short term for 2021, growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. According to Bank Negara, growth is projected to improve from the second quarter onwards. Growth will also be supported by a turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, 2021 Budget and PERMAI. While the Group's operations have been adversely affected, we will continue to explore more business opportunities and is committed to continue capitalising our strengths to generate sustainable revenue from its existing or new businesses.

B4 **Profit forecast**

Not applicable.

B5 Profit guarantee

Claim by the Company against Cashrep Holdings Sdn. Bhd. (“Cashrep”) and Cita Jati Sdn. Bhd. (“Cita Jati”) based on Profit Guarantee Agreement.

On 23 November 2006 and 11 April 2007, the Company has obtained Winding-Up Orders from the Court against Cita Jati and Cashrep respectively. The Official Receiver from the Jabatan Insolvensi, Wilayah Persekutuan was appointed as liquidator for both companies.

B6 Income tax

Income tax includes:

	Individual Quarter		Cumulative Quarter	
	6 months ended 31/12/2020 RM'000	6 months ended 31/12/2019 RM'000	6 months ended 31/12/2020 RM'000	6 months ended 31/12/2019 RM'000
Current period's provision	2,532	5,556	6,363	6,527
Under / (Over) provision for the prior years	-	1,237	-	1,237
	2,532	6,793	6,363	7,764
Deferred taxation	-	-	-	-
Under / (Over) provision for the prior years	-	-	-	-
	2,531	6,793	6,363	7,764

Taxation is computed after taking into consideration the available capital allowances and the adjusted business losses carried forward from previous years to set off against taxable profit.

B7 Purchase or disposal of quoted securities

A disposal of quoted securities-Warrants of 70,249,400 units for RM6,138,935.26 during current quarter.

Investment in quoted shares as at 31 December 2020 were as follows :

	RM'000
At cost	11,822
At market value - Shares	28,288
- Warrants	846

B8 Status of corporate proposals announced

There were no corporate proposal announced during the financial period to date.

B9 Borrowings

The tenure of the Group borrowings classified as follows:-

<u>Secured</u>	31 December 2020		31 December 2019	
	Short term RM'000	Long term RM'000	Short term RM'000	Long term RM'000
Term loan	-	-	19,496	-
Lease liabilities	-	629	-	-
Hire purchase	2,788	2,996	1,908	2,520
Invoice Finance	1,048	-	7,686	-
Revolving Credit	41,400	-	44,900	-
	<u>45,236</u>	<u>3,626</u>	<u>73,990</u>	<u>2,520</u>

B10 Off balance sheet financial instruments

The Group does not have any financial instrument with off balance sheet risk as at 31 December 2020.

B11 Trade receivables

The age analysis of trade receivables is as follow :

	Current Quarter Ended 31/12/2020 RM'000
Not past due	20,887
Past due:	
- less than 3 months	4,191
- 3 to 6 months	321
- over 6 months	-
- more than 1 year	11,284
	<u>36,683</u>

The Group is satisfied that recovery of the amount is possible, therefore there is no impairment for past due trade receivables.

B12 Material litigation

There were no any other proceeding, pending or threatened litigation or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group as at 31 December 2020 except as disclosed in the following:-

- a) **Fajarbaru Builder Sdn. Bhd. (“Claimant”) vs Tan Wee Meng (“Respondent”)**
The Claimant had filed a Claimant’s Statement of Case dated 13 December 2019 against the Respondent for a sum of RM10,000,000.00 (“the Claim”).

The Claim was made pursuant to a Director’s Guarantee dated 8 August 2017 given by the Respondent in favour of the Claimant, whereby the Respondent irrevocably and unconditionally undertook to immediately pay on demand to the Claimant any amount due and owing by TYL Land & Development Sdn Bhd (“TYL Land”), up to the maximum guarantee amount of RM10,000,000.00, in respect of the whole of the obligations of TYL Land in relation to the Podium Block works of L’Marq Semenyih Project carried out by the Claimant.

b) Fajarbaru Builder Sdn. Bhd. (“Claimant”) vs Shaw Plaza Sdn. Bhd. (“Respondent”)

On 19 April 2019, the Claimant was served with a Solicitor Letter of agreeable to resolve their differences and disputes by way of arbitration proceedings to the Respondent.

The Solicitor Letter to the Respondent to refer the disputes or differences arising from the Contract and Mutual Termination Agreement dated 25 May 2015 (“MTA”), relating to the Shaw Parade Project to arbitration. The Claimant has indicated to the Respondent that they have a claim against the Respondent amounting to RM22.8 million, in addition to other damages, costs, interests and other expense claims.

B13 Dividend

No dividend were declared for the second quarter ended 31 December 2020.

B14 Earnings per share

The **basic earnings per share** is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issued at the end of the period.

The **diluted earnings per share** is calculated by dividing the net profit attributable to equity holders of the Company for the current individual quarter and the current cumulative quarter by the adjusted weighted average number of ordinary shares in issue during the current individual quarter and the current cumulative quarter plus the weighted average number of ordinary shares which deemed to be issued on conversion of warrants and ESOS into ordinary shares.

	Individual Quarter		Cumulative Quarter	
	6 months Ended 31/12/2020 RM'000	6 months Ended 31/12/2019 RM' 000	6 months Ended 31/12/2020 RM000	6 months Ended 31/12/2019 RM'000
Net profit attributable to Owners of the Company	6,395	23,023	12,207	20,826
Weighted Average Number of shares at the end of the period ('000)	370,807	372,812	370,807	372,812
Basic (loss) / earnings per share (sen)	1.72	6.18	3.29	5.59

Diluted earnings per ordinary share is not applicable as the Company does not have any convertible instruments.

B15 Profit before taxation

	Current Year Quarter 31/12/2020 RM'000 Unaudited	Current Year To-date 31/12/2020 RM'000 Unaudited
Profit before tax is arrived at after charging/(crediting):-		
Interest income	(276)	(583)
Depreciation	2,705	6,133
Interest expense	135	253
(Gain)/Loss on disposal of property, plant & equipment	-	(45)
(Gain)/Loss on disposal of quoted securities	(1,667)	(1,667)
Unrealised (gain)/loss on foreign exchange	(1,287)	(1,409)
Unrealised (gain)/loss on investment fund	3	5

B16 Authorisation for issue

The Board of Directors authorised the issue of this unaudited interim financial report on 23 February 2021.

By Order of the Board
Fajarbaru Builder Group Bhd (281645-U)

Dato' Ir Low Keng Kok
Chairman

Kuala Lumpur
23 February 2021