

Interim Financial Report

FIRST QUARTER
ENDED 30TH SEPTEMBER 2022

**BAYAN LEPAS
WATERFRONT**

PENANG



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INTERIM FINANCIAL REPORT

FIRST QUARTER | ENDED 30TH SEPTEMBER 2022



TITIJAYA LAND BERHAD

Registration No. 201201024624 (1009114-M)

N-16-01, Penthouse, Level 16
First Subang, Jalan SS15/4G
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

Tel : 603-8022 9999

Fax : 603-8022 9888

www.titijaya.com.my

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022 (UNAUDITED) ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2022 TO 30.09.2022 RM'000	01.07.2021 TO 30.09.2021 RM'000	01.07.2022 TO 30.09.2022 RM'000	01.07.2021 TO 30.09.2021 RM'000
Revenue	78,113	68,712	78,113	68,712
Costs of sales	(61,211)	(54,503)	(61,211)	(54,503)
Gross Profit	16,902	14,209	16,902	14,209
Other Income	369	1,056	369	1,056
Selling and distribution expenses	(730)	(351)	(730)	(351)
Administrative expenses	(4,351)	(4,649)	(4,351)	(4,649)
Other expenses	(2,143)	(2,229)	(2,143)	(2,229)
Operating Profit	10,047	8,036	10,047	8,036
Finance income	872	372	872	372
Finance costs	(2,772)	(3,225)	(2,772)	(3,225)
Share of results of associates, net of tax	-	-	-	-
Profit before tax	8,147	5,183	8,147	5,183
Income tax expense	(4,597)	(3,317)	(4,597)	(3,317)
Net profit for the period	3,550	1,866	3,550	1,866
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	3,550	1,866	3,550	1,866
Profit attributable to:				
- Owners of the Company	1,635	1,181	1,635	1,181
- Non-controlling interests	1,915	685	1,915	685
	3,550	1,866	3,550	1,866
Profit per share (sen) attributable to owners of the Company				
- Basic ⁽²⁾	0.13	0.09	0.13	0.09
- Diluted ⁽³⁾	0.13	0.09	0.13	0.09

Notes:

(1) The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.

(2) Based on weighted average number of ordinary shares in issue (as detailed in Note B11 (a)).

(3) Based on weighted average number of ordinary shares in issue (as detailed in Note B11 (b)).

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022
(UNAUDITED) ⁽¹⁾**

	UNAUDITED	AUDITED
	As At	As At
	30.09.2022	30.06.2022
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	10,078	10,255
Inventories - Property held for development	1,032,801	1,021,646
Investment in associates	355	355
Investment properties	169,233	161,699
Goodwill on consolidation	2,063	2,063
Trade receivables	546	546
Deferred tax assets	4,892	5,332
Total non-current assets	1,219,968	1,201,896
Current assets		
Inventories - Property under development	320,483	343,318
Inventories - Completed properties	117,515	132,867
Trade and other receivables	338,266	389,197
Contract assets	3,321	6,297
Contract costs	8,665	8,630
Current tax assets	27,768	31,473
Cash and short-term deposits	214,869	177,748
Total current assets	1,030,887	1,089,530
TOTAL ASSETS	2,250,855	2,291,426

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022
(UNAUDITED) (CONTINUED) ⁽¹⁾**

	UNAUDITED As At 30.09.2022 RM'000	AUDITED As At 30.06.2022 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	844,604	786,278
Irredeemable convertible preference shares	-	58,326
Other reserves	(47,426)	(47,426)
Treasury Shares	(27,091)	(25,782)
Retained earnings	342,341	340,706
Equity attributable to equity holders of the Company	1,112,428	1,112,102
Redeemable preference shares	129	129
Non-controlling interests	21,369	19,455
Total equity	1,133,926	1,131,686
Non-current liabilities		
Trade and other payables	66,682	66,940
Loans and borrowings	218,401	222,936
Deferred tax liabilities	30,044	33,605
Total non-current liabilities	315,127	323,481
Current liabilities		
Trade and other payables	393,539	423,124
Contract liabilities	220,645	224,038
Loans and borrowings	187,618	189,097
Total current liabilities	801,802	836,259
Total liabilities	1,116,929	1,159,740
TOTAL EQUITY AND LIABILITIES	2,250,855	2,291,426
Net assets per share attributable to owners of the Company (RM)	0.87 ⁽¹⁾	0.83

Notes:

(1) The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022 (UNAUDITED) ⁽¹⁾

	Share Capital RM'000	Treasury Shares RM'000	Reserve arising from Reverse Acquisition RM'000	Irredeemable Convertible Preference Shares RM'000	Retained Earnings RM'000	Total RM'000	Redeemable Preference Shares RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
Group									
Balance at 30 June 2021	785,292	(25,291)	(47,426)	59,312	359,209	1,131,096	141	16,399	1,147,636
Conversion of ICPS	986	-	-	(986)	-	-	-	-	-
NCI shares of purchase of subsidiary	-	-	-	-	-	-	-	(3)	(3)
Redemption of the RPS during the financial year	-	-	-	-	(18,988)	(18,988)	(12)	-	(19,000)
Purchase of treasury shares during the year	-	(491)	-	-	-	(491)	-	-	(491)
Total comprehensive income for the financial year	-	-	-	-	485	485	-	3,058	3,543
Balance at 30 June 2022	786,278	(25,782)	(47,426)	58,326	340,706	1,112,102	129	19,454	1,131,685
Conversion of ICPS	58,326	-	-	(58,326)	-	-	-	-	-
Purchase of treasury shares during the year	-	(1,309)	-	-	-	(1,309)	-	-	(1,309)
Total comprehensive income for the financial year	-	-	-	-	1,635	1,635	-	1,915	3,550
Balance at 30 September 2022	844,604	(27,091)	(47,426)	-	342,341	1,112,428	129	21,369	1,133,926

Notes:

(1) The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL PERIOD 30 SEPTEMBER 2022 (UNAUDITED) ⁽¹⁾

	01.07.2022 TO 30.09.2022 RM'000	01.07.2021 TO 30.09.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	8,147	5,183
Adjustments for:		
Non cash item	2,105	2,926
Operating Profit Before Working Capital Changes	10,252	8,109
Net changes in working capital		
Inventories - property under development	11,681	(10,694)
Inventories - completed properties	15,352	28,226
Receivables and others	50,478	79,916
Payables	(29,843)	(19,435)
Net Cash Generated from Operations	57,920	86,122
Interest paid	(2,772)	(3,225)
Interest received	872	372
Tax paid	(4,013)	(4,520)
Net Operating Cash Flows	52,007	78,749
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5)	(404)
Proceed from disposal of a property, plant and equipment	-	140
Investment properties costs incurred	(7,558)	(473)
Net Investing Cash Flows	(7,563)	(737)
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in hire purchase payables	(104)	57
Purchase of treasury shares	(1,309)	-
Changes in bank borrowings	(5,910)	(55,814)
Placement of fixed deposits	(18)	(6)
Net Financing Cash Flows	(7,341)	(55,763)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL PERIOD 30 SEPTEMBER 2022 (UNAUDITED) (CONTINUED) ⁽¹⁾

	01.07.2022	01.07.2021
	TO	TO
	30.09.2022	30.09.2021
	RM'000	RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	37,103	22,249
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	119,469	86,458
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>156,572</u>	<u>108,707</u>
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	196,526	177,684
Short term deposits	18,343	17,648
Islamic commercial paper	(40,000)	(70,000)
	<u>174,869</u>	<u>125,332</u>
Less: Fixed deposit pledged to licensed banks	(16,353)	(16,254)
Less: Deposits with maturity more than 3 months	(1,944)	(371)
	<u>156,572</u>	<u>108,707</u>

Notes:

- (1) *The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements*

A EXPLANATORY NOTES

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board, and paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 June 2022 and the explanatory notes attached therein.

These explanatory notes attached to these 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 30 June 2022.

A2. Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the financial year ended 30 June 2022 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2022. The adoption of the new MFRSs, amendments to MFRSs and IC Interpretations did not have any material impact on the financial position and results of the Group.

A3. Auditors’ Report on Preceding Annual Financial Statements

There was no audit qualification reported in the Auditors’ Report on the financial statements for the financial year ended 30 June 2022.

A4. Seasonality or Cyclicity of Operations

The Group’s operations were not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no significant items affecting the assets, liabilities, equity, net income or cash flows for the current financial period-to-date.

A6. Changes in Estimates

There were no changes in the estimates that have had a material effect in the current quarter and current financial period-to-date results.

A7. Debt and Equity Securities

Save for the following, there was no issuance, cancellation, share buyback, resale or repayment of debt and equity securities during the current financial period under review.

Repurchase of shares

During the quarter under review, the Company has repurchased 5,328,600 of its ordinary shares from the open market price at average RM 0.246 per shares.

As at 30 September 2022, the Company held a total of 90,941,700 or RM 27,090,678 treasury shares at average price of RM 0.298 per share.

Conversion of irredeemable convertible preferences shares (“ICPS”)

During the financial period, the Company converted 70,697,679 new ordinary shares of RM0.825 each arising from the conversion of 706,976,790 units of ICPS on the basis of 1 new ordinary shares for every 10 units of ICPS.

A EXPLANATORY NOTES (CONTINUED)**A8. Dividend Paid**

There was no dividend paid in the current quarter under review.

A9. Valuation of Property, Plant and Equipment

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

A10. Material Events subsequent to the End of the Interim Period

There was no material events subsequent to the end of the financial period reported that have not been reflected in the financial statement.

A11. Changes in Composition of the Group

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

A12. Changes in Contingent Liabilities and Contingent Assets**Contingent Liabilities**

	As At 30.09.2022 RM'000	As At 30.06.2022 RM'000
Corporate guarantees for credit facilities granted to subsidiaries	366,264	365,260

Contingent Assets

The Group does not have any material contingent assets to be disclosed as at 30 September 2022.

A13. Significant Related Party Transactions

There was no significant related party transaction in the current quarter under review.

A EXPLANATORY NOTES (CONTINUED)

A14. Segmental Information

The segmental analysis for the financial period ended 30 September 2022 was as follows.

Analysis by Operating Divisions:-

	Property Development RM'000	Investment Holding & others RM'000	Total RM'000
Segment profit	14,354	(6,207)	8,147
Included in the measure of segment profit are:-			
Revenue from external customers	78,100	13	78,113
Inter-segment revenue	22,090	245	22,335
Elimination	(22,090)	(245)	(22,335)
Total revenue	78,100	13	78,113
Finance income	840	32	872
Finance costs	(2,275)	(497)	(2,772)
Depreciation	(111)	(94)	(205)
Not included on the measure of segment profit but provided to the Management :-			
Tax expense	(4,606)	9	(4,597)
Segment assets	2,370,538	(119,683)	2,250,855
Segment liabilities	1,524,333	(407,404)	1,116,929

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property Development	78,100	68,653	78,100	68,653
Other Operations	13	59	13	59
	78,113	68,712	78,113	68,712
Profit / (Loss) before tax				
Property Development	14,354	13,527	14,354	13,527
Other Operations	(6,207)	(8,344)	(6,207)	(8,344)
	8,147	5,183	8,147	5,183

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)

B1. Review of Group Performance (continued)

Performance of the first quarter against the same quarter in the preceding year (Q1 FY2023 vs Q1 FY2022)

(a) Property Development

The Group's recorded revenue of RM78.10 million for the current quarter which is significant higher by 14% or RM9.45 million as compared to the revenue of RM68.65 million registered in the previous year's corresponding quarter. Revenue in current quarter mainly attributable by the on-going projects namely The Riv @ KL Sentral, TheShore @ Kota Kinabalu and Neu Suites @ Off Jalan Ampang.

In tandem with higher revenue generated, the profit before tax had a slight increase by RM0.83 million or 6%.

(b) Other Operations

Revenue from Other Operations mainly contributed by rental business. Losses before tax were mainly due to the operating expenses and staff payroll and staff related costs.

B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter

	INDIVIDUAL QUARTER		CHANGES
	01.07.2022 TO 30.09.2022	01.04.2022 TO 30.06.2022	
	RM'000	RM'000	RM'000
Revenue	78,113	67,401	10,712
Gross Profit/(Loss)	16,902	(792)	17,694
Profit/(Loss) before interest and tax	10,047	(11,341)	21,388
Profit/(Loss) before tax	8,147	(8,518)	16,665
Profit/(Loss) after tax	3,550	(4,531)	8,081
Profit/(Loss) attributable to owners of the Company	1,635	(4,056)	5,691

Overall, the performance of the Group in current quarter are improved compared to preceding quarter with the revenue generated from the on-going projects namely, The Riv @ KL, TheShore @ Kota Kinabalu and Neu Suites @ Off Jalan Ampang. In line with higher revenue generated, the profit after tax and profit attributable to owners of the Company is higher in comparison with preceding quarter.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)

B3. Prospects and progress on previously announced financial estimate

(a) Prospects

The Malaysian economy registered a stronger growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). While there were base effects from the negative growth in the third quarter of 2021, growth was also driven by underpinned by improvements in labour market, strong domestic demand and income conditions, as well as ongoing policy support.

Headline inflation is likely to be at the tip of the year at 4.5% during the quarter (2Q 2022: 2.8%) while core inflation increased further to 3.7% (2Q 2022: 2.5%). Prophesized by the analysts, the largely driven headline inflation was due to the discount on the electricity bill implemented in the third quarter of 2021, and the linear increment in core inflation and price-volatile items. Cost pressure, mainly food-related items, have confluently reflected on the inflationary pressure under strong demand conditions.

Nevertheless, the Group continues to remain prudent but resilient with its current on-going development projects whilst continuing to sell its completed property inventory, concomitantly re-strategising and pursuing other opportunities.

(b) Progress and steps to achieve financial estimate, forecast, projection and internal targets

There was no financial estimate previously announced by the Group.

B4. Statement of the Board of Directors' opinion on achievability of financial estimate, forecast, projection and internal targets previously announced

Not applicable.

B5. Financial estimate, forecast or projection

No profit forecast has been issued by the Group previously in any public document.

B6. Dividend

The Board of Directors does not recommend any interim dividend for the current financial period 30 September 2022.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)

B7. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income

The profit before tax has been arrived at after charging / (crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation of property, plant and equipment	182	188	182	188
Depreciation of investment properties	23	23	23	23
Directors' remuneration	405	326	405	326
Interest expenses	2,772	3,225	2,772	3,225
Expenses relating to low value assets	32	35	32	35
Staff costs	2,027	2,226	2,027	2,226
Unwinding of discount on payables	279	279	279	279
After crediting:				
Bank interest income	(429)	(60)	(429)	(60)
Fixed deposit interest income	(422)	(272)	(422)	(272)
Other interest income	(21)	(40)	(21)	(40)
Gain on disposal of a property, plant and equipment	-	(140)	-	(140)
Rental income	(516)	(602)	(516)	(602)

There is no exception item for the current financial quarter under review.

B8. Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense	8,070	3,086	8,070	3,086
Deferred taxation	(3,473)	231	(3,473)	231
	4,597	3,317	4,597	3,317

The Group's effective tax rate for the current financial period is higher than the statutory tax rate of 24% by the Inland Revenue Board mainly due to certain expenses are not tax deductible and non-recognition of deferred tax on tax losses.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)

B9. Status of Corporate Proposal

There were no material transactions or events subsequent to the current quarter ended 30 September 2022 until 23 November 2022 (the latest practicable date which is not earlier than 7 calendar days from the date of issue of this quarterly report).

B10. Group Loans and Borrowings and Debt Securities

The Group's total loans and borrowings and debt securities as were as follows:-

	30.09.2022 RM'000	30.06.2022 RM'000
Non-current:		
Bank borrowings	217,607	222,118
Finance lease liabilities	794	818
	218,401	222,936
Current:		
Bank borrowings	187,271	188,670
Finance lease liabilities	347	427
	187,618	189,097
Total loans and borrowings	406,019	412,033

All borrowings were denominated in Ringgit Malaysia.

B11. Earnings per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial period-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021
Profit attributable to owners of the company (RM'000)	1,635	1,181	1,635	1,181
Weighted average number of ordinary shares in issue ('000)	1,275,500	1,276,251	1,275,500	1,275,280
Basic earning per share (sen)	0.13	0.09	0.13	0.09

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B11. Earnings per Share (continued)**

(b) Diluted Earnings Per Share

Dilutive earnings per share of current quarter have been calculated by dividing the profit attributable to owners of the Company for the financial period by the weighted average number of shares that would have been issued upon full conversion of the remaining Irredeemable Convertible Preference Shares (“ICPS”) on the basis of one (1) ordinary share for every ten (10) ICPS held.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021	01.07.2022 TO 30.09.2022	01.07.2021 TO 30.09.2021
Profit attributable to owners of the Company (RM'000)	1,635	1,181	1,635	1,181
Weighted average number of ordinary shares in issue ('000)	1,275,500	1,276,251	1,275,500	1,275,280
Effect of dilution: Irredeemable Convertible Preference Shares ('000)	-	71,287	-	71,287
Adjusted weighted average number of ordinary shares ('000)	1,275,500	1,347,538	1,275,500	1,346,567
Diluted earning per share (sen)	0.13	0.09	0.13	0.09