

Interim Financial Report

SECOND QUARTER
ENDED 31ST DECEMBER 2021



INTERIM FINANCIAL REPORT

SECOND QUARTER | ENDED 31ST DECEMBER 2021



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 31 DECEMBER 2021 (UNAUDITED) ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.10.2021 TO 31.12.2021 RM'000	01.10.2020 TO 31.12.2020 RM'000	01.07.2021 TO 31.12.2021 RM'000	01.07.2020 TO 31.12.2020 RM'000
Revenue	84,646	47,383	153,358	94,007
Costs of sales	(67,214)	(38,142)	(121,717)	(69,500)
Gross Profit	17,432	9,241	31,641	24,507
Other Income	2,965	6,897	4,021	7,603
Selling and distribution expenses	(385)	(519)	(736)	(1,441)
Administrative expenses	(3,570)	(3,779)	(8,219)	(7,503)
Other expenses	(1,172)	(3,919)	(3,401)	(6,959)
Operating Profit	15,270	7,921	23,306	16,207
Finance income	380	148	752	274
Finance costs	(6,522)	(1,771)	(9,747)	(4,562)
Share of results of associates, net of tax	-	-	-	-
Profit before tax	9,128	6,298	14,311	11,919
Income tax expense	(4,202)	(2,167)	(7,519)	(5,696)
Net profit for the period	4,926	4,131	6,792	6,223
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	4,926	4,131	6,792	6,223
Profit attributable to:				
- Owners of the Company	3,229	1,570	4,410	1,680
- Non-controlling interests	1,697	2,561	2,382	4,543
	4,926	4,131	6,792	6,223
Profit per share (sen) attributable to owners of the Company				
- Basic ⁽²⁾	0.25	0.12	0.35	0.13
- Diluted ⁽³⁾	0.24	0.12	0.33	0.13

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 2021 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 31 DECEMBER 2021
(UNAUDITED) ⁽¹⁾**

	UNAUDITED	AUDITED
	As At	As At
	31.12.2021	30.06.2021
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	10,012	9,981
Inventories - Property held for development	985,200	964,647
Investment in associates	360	360
Investment properties	138,520	135,232
Goodwill on consolidation	2,063	2,063
Trade receivables	251	251
Deferred tax assets	5,473	3,857
Total non-current assets	1,141,879	1,116,391
Current assets		
Inventories - Property under development	408,136	421,282
Inventories - Completed properties	155,813	211,449
Trade and other receivables	414,763	512,078
Contract assets	5,241	-
Contract costs	9,221	10,440
Current tax assets	19,740	18,527
Cash and short-term deposits	194,276	173,082
Total current assets	1,207,190	1,346,858
TOTAL ASSETS	2,349,069	2,463,249

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021
(UNAUDITED) (CONTINUED) ⁽¹⁾**

	UNAUDITED	AUDITED
	As At	As At
	31.12.2021	30.06.2021
	RM'000	RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	785,870	785,292
Treasury Shares	58,734	59,312
Irredeemable convertible preference shares	(47,426)	(47,426)
Other reserves	(25,291)	(25,291)
Retained earnings	363,619	359,209
Equity attributable to equity holders of the Company	1,135,506	1,131,096
Redeemable preference shares	141	141
Non-controlling interests	18,781	16,399
Total equity	1,154,428	1,147,636
Non-current liabilities		
Trade and other payables	65,282	60,691
Loans and borrowings	319,817	329,978
Deferred tax liabilities	34,139	34,033
Total non-current liabilities	419,238	424,702
Current liabilities		
Trade and other payables	417,234	434,822
Contract liabilities	235,263	273,048
Loans and borrowings	117,128	179,043
Current tax liabilities	5,778	3,998
Total current liabilities	775,403	890,911
Total liabilities	1,194,641	1,315,613
TOTAL EQUITY AND LIABILITIES	2,349,069	2,463,249
Net assets per share attributable to owners of the Company (RM)	0.84 ⁽¹⁾	0.84

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD 31 DECEMBER 2021 (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 2020	784,412	(25,291)	(47,426)	60,192	373,161	1,145,048	10,141	10,079	1,165,268
Conversion of ICPS	880	-	-	(880)	-	-	-	-	-
Redemption of the RPS during the financial year	-	-	-	-	-	-	(10,000)	-	(10,000)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(13,952)	(13,952)	-	6,320	(7,632)
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	578	-	-	(578)	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	4,410	4,410	-	2,382	6,792
Balance at 31 December 2021	785,870	(25,291)	(47,426)	58,734	363,619	1,135,506	141	18,781	1,154,428

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL PERIOD 31 DECEMBER 2021 (UNAUDITED) ⁽¹⁾

	01.07.2021 TO 31.12.2021 RM'000	01.07.2020 TO 31.12.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	14,311	11,919
Adjustments for:		
Non cash item	12,443	(661)
Operating Profit Before Working Capital Changes	<u>26,754</u>	<u>11,258</u>
Net changes in working capital		
Inventories - property under development	13,145	(44,771)
Inventories - completed properties	55,637	12,508
Receivables and others	52,339	68,515
Payables	(12,998)	17,341
Net Cash Generated from Operations	<u>134,877</u>	<u>64,851</u>
Interest paid	(9,747)	(4,562)
Interest received	752	274
Tax paid	(8,462)	(10,610)
Net Operating Cash Flows	<u>117,420</u>	<u>49,953</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(404)	(6)
Proceed from disposal of an investment property	-	3,378
Proceed from disposal of a property, plant and equipment	140	-
Investment properties costs incurred	(3,334)	(10,897)
Property held for development costs incurred	(20,552)	(39,942)
Net Investing Cash Flows	<u>(24,150)</u>	<u>(47,467)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in hire purchase payables	8	(114)
Changes in bank borrowings	(62,079)	8,736
Withdrawal of fixed deposits	(485)	998
Net Financing Cash Flows	<u>(62,556)</u>	<u>9,620</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL PERIOD 31 DECEMBER 2021 (UNAUDITED) (CONTINUED) ⁽¹⁾

	01.07.2021	01.07.2020
	TO	TO
	31.12.2021	31.12.2020
	RM'000	RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	30,714	12,106
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	86,458	73,238
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	117,172	85,344
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	176,129	101,173
Short term deposits	18,147	70,320
Islamic commercial paper	(60,000)	(70,000)
	134,276	101,493
Less: Fixed deposit pledged to licensed banks	(16,262)	(16,149)
Less: Deposits with maturity more than 3 months	(842)	-
	117,172	85,344

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 2021 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 2021 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 2021.

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 2021 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 2021. 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 2021.

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, there was no repurchase of the Company’s issued ordinary shares, nor any resale, cancellation or distribution of treasury shares.

As at 31 December 2021, the Company held a total of 83,572,100 or RM 25,290,710 treasury shares at average price of RM 0.303 per share.

Conversion of irredeemable convertible preferences shares (“ICPS”)

During the financial period, the Company converted 701,000 new ordinary shares of RM0.825 each arising from the conversion of 7,010,000 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 31.12.2021 RM'000	As At 30.06.2021 RM'000
Corporate guarantees for credit facilities granted to subsidiaries	368,750	384,625

Contingent Assets

The Group does not have any material contingent assets to be disclosed as at 31 December 2021.

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 31 December 2021 was as follows.

Analysis by Operating Divisions:-

	Property Development RM'000	Investment Holding & others RM'000	Total RM'000
Segment profit	24,302	65,864	90,166
Included in the measure of segment profit are:-			
Revenue from external customers	153,232	126	153,358
Inter-segment revenue	8,418	75,856	84,274
Finance income	689	63	752
Finance costs	(6,831)	(2,916)	(9,747)
Depreciation	(95)	(324)	(419)
Not included on the measure of segment profit but provided to the Management :-			
Tax expense	(7,338)	(181)	(7,519)
Segment assets	2,510,835	1,629,488	4,140,323
Segment liabilities	1,588,951	303,953	1,892,904
			Total RM'000
Total revenue for reportable segments			237,632
Elimination of inter-segment revenue			(84,274)
Consolidated total			153,358
Total profit or loss for reportable segment			90,166
Elimination of inter-segment profits			(75,855)
Consolidated profit before tax			14,311
Total reportable segment assets			4,140,323
Elimination of inter-segment transactions or balances			(1,791,254)
Consolidated total			2,349,069
Total reportable segments liabilities			1,892,904
Elimination of inter-segment transactions or balances			(698,263)
Consolidated total			1,194,641

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

B1. Review of Group Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.10.2021 TO 31.12.2021	01.10.2020 TO 31.12.2020	01.07.2021 TO 31.12.2021	01.07.2020 TO 31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property Development	84,579	47,192	153,232	93,624
Other Operations	67	191	126	383
	84,646	47,383	153,358	94,007
Profit / (Loss) before tax				
Property Development	12,803	10,274	26,330	22,624
Other Operations	(3,675)	(3,976)	(12,019)	(10,705)
	9,128	6,298	14,311	11,919

Performance of the second quarter against the same quarter in the preceding year (Q2 FY2022 vs Q2 FY2021)

(a) Property Development

The Group's recorded revenue of RM84.58 million for the current quarter which is higher by 79% or RM37.39 million as compared to the revenue of RM47.19 million registered in the previous year's corresponding quarter. Revenue mainly generated from the sales of completed properties at Mizu & H2O @ Ara Damansara. In addition, revenue also attributable by the on-going projects namely The Riv @ KL Sentral and Aster & Adam @ Klang.

In line with the higher revenue generated, profit before tax has increased by RM 2.53 million or 25% for the current quarter as compared to the previous year's corresponding quarter.

(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.

Performance of the second quarter cumulative year against the same period in the preceding year (Q2 YTD FY2022 vs Q2 YTD FY2021)

(a) Property Development

The Group's recorded revenue of RM153.23 million for the current financial period which is higher by 64% or RM59.61 million as compared to the revenue of RM93.62 million registered in the previous financial period. Revenue mainly generated from the sales of completed properties at Mizu & H2O @ Ara Damansara and completion of one-off sale of a parcel of land @ Bukit Padang. In addition, revenue also attributable by the on-going projects namely The Riv @ KL Sentral and Aster & Adam @ Klang.

In tandem with the higher revenue generated, profit before tax has increased by RM 3.71 million or 16% for the current financial period.

(b) Other Operation

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.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter**

	INDIVIDUAL QUARTER		CHANGES
	01.10.2021 TO 31.12.2021	01.07.2021 TO 30.09.2021	
	RM'000	RM'000	RM'000
Revenue	84,646	68,712	15,934
Gross Profit	17,432	14,209	3,223
Profit before interest and tax	15,270	8,036	7,234
Profit before tax	9,128	5,183	3,945
Profit after tax	4,926	1,866	3,060
Profit attributable to owners of the Company	3,229	1,181	2,048

Overall, the performance of the Group is better compared to preceding quarter with the high revenue generated from the completed sales in Mizu & H2O @ Ara Damansara together with the on-going projects namely The Riv @ KL Sentral and Aster & Adam @ Klang. 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.

B3. Prospects and progress on previously announced financial estimate**(a) Prospects**

The Government's containment measures and projection of attaining herd immunity on the acceleration of the COVID-19 booster vaccination programme and vaccination of children above 5 years old, coupled with sufficient capacity in the healthcare system, would improve domestic economic activities, thus strengthening the recovery momentum. Barring unforeseen circumstances, the expected re-opening of Malaysia's borders will accelerate the economy growth and rejuvenate market pulse.

For the second half, the Group continues to remain prudent and resilient with its current on-going development projects whilst continuing to sell the existing completed property inventory. The Group is also re-strategising and seeking other opportunities to diversify within the property development segment.

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

There was no financial forecast 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.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B6 Dividend**

The Board of Directors does not recommend any interim dividend for the current financial period 31 December 2021.

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	
	01.10.2021 TO 31.12.2021	01.10.2020 TO 31.12.2020	01.07.2021 TO 31.12.2021	01.07.2020 TO 31.12.2020
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation of property, plant and equipment	184	189	372	425
Depreciation of investment properties	24	212	47	378
Directors' remuneration	475	337	801	680
Interest expenses	6,522	1,771	9,747	4,562
Expenses relating to low value assets	22	(27)	57	(1)
Staff costs	1,806	3,081	4,032	5,418
Unwinding of discount on payables	279	488	558	767
After crediting:				
Bank interest income	(342)	(33)	(402)	(82)
Fixed deposit interest income	(55)	66	(327)	(9)
Other interest income	17	(181)	(23)	(183)
Gain on disposal of a property, plant and equipment	-	-	140	-
Gain on disposal of an investment property	-	(3,090)	-	(3,090)
Reversal of liquidated damages income	-	-	-	428
Rental income	(705)	(737)	(1,307)	(1,643)

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

B8. Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.10.2021 TO 31.12.2021	01.10.2020 TO 31.12.2020	01.07.2021 TO 31.12.2021	01.07.2020 TO 31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense	5,868	3,696	8,954	6,812
Deferred taxation	(1,666)	(1,529)	(1,435)	(1,116)
	4,202	2,167	7,519	5,696

The Group's effective tax rate for the current financial year is higher than the statutory tax rate of 24% by the Inland Revenue Board mainly due certain expenses are not tax deductible.

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 31 December 2021 until 18 February 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:-

	31.12.2021 RM'000	30.06.2021 RM'000
Non-current:		
Bank borrowings	319,207	329,466
Finance lease liabilities	610	512
	319,817	329,978
Current:		
Bank borrowings	116,947	178,772
Finance lease liabilities	181	271
	117,128	179,043
Total loans and borrowings	436,945	509,021

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	
	01.10.2021 TO 31.12.2021	01.10.2020 TO 31.12.2020	01.07.2021 TO 31.12.2021	01.07.2020 TO 31.12.2020
Profit attributable to owners of the company (RM'000)	3,229	1,570	4,410	1,680
Weighted average number of ordinary shares in issue ('000)	1,275,272	1,276,237	1,274,931	1,275,258
Basic earning per share (sen)	0.25	0.12	0.35	0.13

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	
	01.10.2021 TO 31.12.2021	01.10.2020 TO 31.12.2020	01.07.2021 TO 31.12.2021	01.07.2020 TO 31.12.2020
Profit attributable to owners of the Company (RM'000)	3,229	1,570	4,410	1,680
Weighted average number of ordinary shares in issue ('000)	1,275,272	1,276,237	1,274,931	1,275,258
Effect of dilution: Irredeemable Convertible Preference Shares ('000)	58,734	59,832	58,734	59,832
Adjusted weighted average number of ordinary shares ('000)	1,334,006	1,336,069	1,333,665	1,335,090
Diluted earning per share (sen)	0.24	0.12	0.33	0.13