

Interim Financial Statements for the Second Quarter Ended 31 December 2020

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the Second Quarter Ended 31 December 2020

(Unaudited)

	CURRENT QUARTER		CUMULATIVE PERIOD	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	6,250	32,396	12,399	57,374
Operating expenses	(15,024)	(39,194)	(26,077)	(70,415)
Impairment gain/(loss) of financial assets	3,065	(6,120)	4,133	(8,028)
Other operating income	4,129	384	4,360	659
Loss from operations	(1,580)	(12,534)	(5,185)	(20,410)
Finance costs	(664)	(1,045)	(1,424)	(2,205)
Finance income	318	567	613	733
Loss before tax	(1,926)	(13,012)	(5,996)	(21,882)
Tax expense	(36)	(3)	(48)	(17)
Loss after tax from continued operations	(1,962)	(13,015)	(6,044)	(21,899)
Profit after tax from discontinued operations	-	-	-	404
Loss after tax for the period	(1,962)	(13,015)	(6,044)	(21,495)
Other comprehensive income/(loss)				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Fair value changes of other investments	38	7	40	(18)
Total comprehensive loss	(1,924)	(13,008)	(6,004)	(21,513)
(Loss)/Profit for the period attributable to:				
Owners of the Company	(1,962)	(13,017)	(6,043)	(21,622)
Non-controlling interests	-	2	(1)	127
	(1,962)	(13,015)	(6,044)	(21,495)
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(1,924)	(13,010)	(6,003)	(21,640)
Non-controlling interests	-	2	(1)	127
	(1,924)	(13,008)	(6,004)	(21,513)
Basic/Diluted (loss)/profit for the period per ordinary share (sen)				
- from continued operations	(2.66)	(17.96)	(8.27)	(30.22)
- from discontinued operations	-	-	-	0.38
	(2.66)	(17.96)	(8.27)	(29.84)

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial year ended 30 June 2020.

Interim Financial Statements for the Second Quarter Ended 31 December 2020

Condensed Consolidated Statements of Financial Position as at 31 December 2020

	AS AT END OF CURRENT QUARTER <u>31/12/2020</u> Unaudited RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED <u>30/6/2020</u> Audited RM'000
Non-current Assets		
Property, plant and equipment	7,949	8,469
Right-of-use assets	7,386	7,483
Investment properties	51,740	51,740
Land held for property development	9,174	9,174
Investment in an associate	7	7
Other investments	602	561
	<u>76,858</u>	<u>77,434</u>
Current Assets		
Inventories	3,829	4,115
Trade and other receivables	22,757	34,871
Tax recoverable	428	433
Cash and cash equivalents	9,868	3,629
Assets classified as held for sale	776	1,912
	<u>37,658</u>	<u>44,960</u>
Current Liabilities		
Trade and other payables	21,054	26,217
Overdraft and short term borrowings	23,639	52,447
Tax payable	46	26
	<u>44,739</u>	<u>78,690</u>
NET CURRENT LIABILITIES	<u>(7,081)</u>	<u>(33,730)</u>
	<u>69,777</u>	<u>43,704</u>
FINANCED BY:		
Total Equity		
Share capital	79,944	75,926
Reserves	(46,225)	(40,222)
Equity attributable to owners of the Company	33,719	35,704
Non-controlling interests	(266)	(265)
	<u>33,453</u>	<u>35,439</u>
Non-current Liabilities		
Term Financing/Loan	33,856	5,797
Deferred tax liabilities	2,468	2,468
	<u>36,324</u>	<u>8,265</u>
	<u>69,777</u>	<u>43,704</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements for the financial year ended 30 June 2020.

Interim Financial Statements for the Second Quarter Ended 31 December 2020

Condensed Consolidated Statements of Changes in Equity for the Second Quarter Ended 31 December 2020

(Unaudited)

	← Attributable to Owners of the Company →					
	← Non-Distributable →		Distributable		Non-Controlling Interests	Total Equity
	Share Capital	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended						
31 December 2020						
At 1 July 2020	75,926	13	(40,235)	35,704	(265)	35,439
Issuance of shares pursuant to private placements	4,018	-	-	4,018	-	4,018
Loss after taxation for the financial period	-	-	(6,043)	(6,043)	(1)	(6,044)
Other comprehensive income for the financial period	-	40	-	40	-	40
Total comprehensive income/(loss) for the financial period	4,018	40	(6,043)	(1,985)	(1)	(1,986)
At 31 December 2020	79,944	53	(46,278)	33,719	(266)	33,453
6 months ended						
31 December 2019						
At 1 July 2019	75,926	38	(2,172)	73,792	8,196	81,988
(Loss)/profit after taxation for the financial period	-	-	(21,622)	(21,622)	127	(21,495)
Loss on disposal of subsidiary	-	-	-	-	(7,668)	(7,668)
Other comprehensive loss for the financial period	-	(18)	-	(18)	-	(18)
Total comprehensive loss for the financial period	-	(18)	(21,622)	(21,640)	(7,541)	(29,181)
At 31 December 2019	75,926	20	(23,794)	52,152	655	52,807

Note

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Interim Financial Statements for the Second Quarter Ended 31 December 2020

Condensed Consolidated Statements of Cash Flows for the Second Quarter 31 December 2020

(Unaudited)

	1/7/2020 to 31/12/2020 RM'000	1/7/2019 to 31/12/2019 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax from		
- continuing operations	(5,996)	(21,882)
- discontinued operations	-	532
Adjustments for:-		
Non-cash items	(6,779)	9,117
Non-operating items	(788)	(265)
Operating loss before working capital changes	<u>(13,563)</u>	<u>(12,498)</u>
Net change in current assets	16,247	(15,303)
Net change in current liabilities	<u>(4,697)</u>	<u>10,192</u>
Cash flows used in operations	(2,013)	(17,609)
Tax (paid)/refunded	(11)	1,080
Net cash used in operating activities	<u>(2,024)</u>	<u>(16,529)</u>
Cash flows from investing activities		
Equity investments	6	6
Other investments	6,175	6,658
Net cash from investing activities	<u>6,181</u>	<u>6,664</u>
Cash flows for financing activities		
Finance service revenue account	(11)	-
Private placement	4,018	-
Term financing/loan	2,553	(3,566)
Hire purchase financing	-	5
Short term bank borrowings	(974)	6,513
Net cash from financing activities	<u>5,586</u>	<u>2,952</u>
Net increase/(decrease) in cash and cash equivalents	9,743	(6,913)
Cash and cash equivalents at beginning of financial period	(9,979)	(1,414)
Cash and cash equivalents at end of financial period	<u>(236)</u>	<u>(8,327)</u>

Cash and cash equivalent at the end of the financial period comprise of:

	31/12/2020 RM'000	31/12/2019 RM'000
Cash and bank balances	9,868	9,224
Bank overdrafts	(8,248)	(15,747)
Finance service revenue account	(1,856)	(1,804)
	<u>(236)</u>	<u>(8,327)</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial year ended 30 June 2020.

A EXPLANATORY NOTES AS PER MFRS 134

A1. Accounting Policies

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial report.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements of the Group for the year ended 30 June 2020.

Adoption of Amendments and Annual Improvements to Standards

The Group has adopted the following amendments to MFRS for annual financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3 Business Combinations (Definition of a Business)
- Amendments to MFRS 7, MFRS 9 and MFRS 139 Financial Instruments: Interest rate benchmark reform
- Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The adoption of the above amended standards did not have any significant effect on the financial performance or position of the Group.

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards and Amendments to Standards were issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group –

Effective for financial periods beginning on or after 1 June 2020

- Amendments to MFRS 16 Leases (Covid-19-Related Rent Concessions)

Effective for financial periods beginning on or after 1 June 2021

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, MFRS 16 Interest rate benchmark reform – Phase 2

Effective for financial periods beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment–Proceeds before Intended Use)
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts–Cost of Fulfilling a Contract)
- Annual Improvements to MFRS Standards 2018–2020

A1. Accounting Policies (cont'd)

Effective for financial periods beginning on or after 1 January 2023

- Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 17 Insurance Contracts

MFRSs, Interpretations and Amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

There are no other new or revised MFRSs and amendments to MFRSs not yet effective that would likely have a material impact on the Group and the Company in the current or future reporting periods.

A2. Audit Report

The audit report of the most recent annual financial statements was not subject to any qualification.

A3. Seasonal or Cyclical Factors

There is no major seasonality or cyclical in the Group's operations.

A4. Exceptional Items

Malaysia has implemented Movement Control Order ("MCO") and Conditional MCO ("CMCO") in an effort to curb the spread of the COVID-19 pandemic and MCO was reintroduced on 13 January 2021 and is extended to 4 March 2021. MCO will be lifted and replaced by CMCO from 5 March 2021 to 18 March 2021 for Selangor, Kuala Lumpur, Johor and Penang at the time the report is prepared. Our Group's major business activities are deemed as not essential business and as a result slowed down the revenue grown of the overall trading segment.

The COVID-19 outbreak is a global crisis that is having an increasing impact on the global economy.

Bank Negara Malaysia (BNM) announced that the country's GDP shrank by 2.7% in the third quarter of 2020 (3Q20) compared with a sharper contraction of 17.1% in 2Q20. The growth expects to remain between our projected range of -3.5% to -5.5% for 2020, albeit closer to the lower end of the range as this forecast range has already incorporated the assumption of resurgence in Covid-19 cases.

(Source: Malaysia Economic Performance Third Quarter 2020 and GDP Forecast for year 2020, Bank Negara Malaysia)

Please refer to Note B3 on the prospects of the Company.

Interim Financial Statements for the Second Quarter Ended 31 December 2020

A5. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current interim period.

A6. Debt and Equity Securities

The Company has completed the first tranche of the Private Placement of 7,175,000 on 17 December 2020.

There were no other share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim period.

A7. Payment of Dividend

There was no payment of dividend for the quarter under review.

A8. Segmental Reporting

Segment information for the second quarter ended 31 December 2020 is as follows: -

	Trading	Contract (exclude discontinuing operations)	Property Development	Property and Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	12,197	82	-	120	-	12,399
Loss from operations	(1,834)	(38)	(3,237)	(63)	(13)	(5,185)
Finance income						613
Finance costs						(1,424)
Loss before tax						(5,996)
Tax expense						(48)
Loss after tax from continuing operations						(6,044)
Result from discontinuing operations						-
Loss after tax						(6,044)

Segment information for the second quarter ended 31 December 2019 is as follows: -

	Trading	Contract (exclude discontinuing operations)	Property Development	Property and Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	57,320	-	-	54	-	57,374
Loss from operations	(19,787)	(244)	(200)	(167)	(12)	(20,410)
Finance income						733
Finance costs						(2,205)
Loss before tax						(21,882)
Tax expense						(17)
Loss after tax from continuing operations						(21,899)
Result from discontinuing operations						404
Loss after tax						(21,495)

A9. Property, Plant and Equipment

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses and is not depreciated.

A10. Material Significant Events and Subsequent Events

Status of Engineering, Procurement, Construction and Commissioning (“EPCC”) contract with Coara Marang Sdn. Bhd.

On 4 September 2020, Ipmuda Rensol Sdn. Bhd. (“Ipmuda Rensol”), a wholly-owned subsidiary of the Company, has executed an EPCC contract with Coara Marang Sdn. Bhd. for Ipmuda Rensol to undertake the onshore contract on the design, procurement, erection, connection, commissioning and testing as well as the supply of equipment for the construction of a ground mounted photovoltaic solar generation facility with an installed capacity of 100 MWac Solar Park in Marang, Terengganu, Malaysia at the total contract price of RM78 million.

As at the date of this announcement, the Company has commenced the above project.

Bank Guarantee claim

On 24 October 2020, Ministry of Local Government and Housing of Sabah made a claim on Bank Guarantee of RM3,342,000 provided by Maybank Islamic Berhad to Ipmuda Properties Sdn Bhd, a wholly-owned subsidiary of the Company, in relation to a residential development project undertaken by Ipmuda Properties Sdn Bhd. The Group had recognised the impact as liabilities and expense subsequent to the claim during the quarter under review.

On 11 March 2021, the said Ministry has issued a letter to cancel the bank guarantee claim upon resolving the issue relating to the renewal of developer license with the said Ministry. Accordingly, the bank guarantee claim expense will be reversed in quarter 3, FY 2021.

Disposal of five units of shop lots located along Gat Lebu Macallum within a commercial development known as Harbour Trade Centre

On 8 March 2021, the Company entered into five Sale and Purchase Agreements with PB Trustee Services Berhad as trustee for Public Bank Group Officers’ Retirement Benefits Fund for the disposal of five units of shop lots located along Gat Lebu Macallum within a commercial development known as Harbour Trade Centre in Georgetown, Penang for an aggregate consideration of RM2,900,000. Barring any unforeseen circumstances, the disposal is expected to be completed within 90 days) from the Commencement Date as mentioned in Paragraph 2.5(i)(c) and 2.5(ii)(b) in the announcement dated 8 March 2021.

A11. Changes in Composition of the Group

Global Allied Sdn Bhd, a subsidiary of Ipmuda Group has commenced members' voluntary winding up on 24 January 2020 pursuant to Section 439(1)(b) of the Companies Act 2016. The subsidiary has ceased its business operations and is currently dormant and has no intention to carry on business or operations in the future. The voluntary winding up of the subsidiary is part of Ipmuda Group's continuing rationalisation effort to improve efficiency within the Ipmuda Group and will enable the Ipmuda Group to save future costs associated with maintaining the subsidiary.

The voluntary winding up is expected to be completed in approximately twelve months from the announcement date.

Saved as disclosed above, there are no other changes in composition of the Group as at the date of the report.

A12. Capital Commitments

There were no material capital commitments for the current quarter under review.

A13. Contingent Liabilities

Material Litigation

Industrial Court Case No: 12/4-913/20

Lim Swee Khim, the former President had commenced a legal action for unfair dismissal effective from 7 January 2020 against Ipmuda Buildermart Sdn Bhd, a wholly-owned subsidiary of Ipmuda at the Industrial Court. The main remedy claimed by Lim Swee Khim is reinstatement into former employment. The first mention date called by the Industrial Court was on 11 August 2020.

The potential maximum exposure of liability by Ipmuda Buildermart is estimated to be a sum of RM1,300,000.

Ipmuda Buildermart's solicitors are of the opinion that at this juncture, it is too early to tell the chances of success. The chances of success will depend on availability of witnesses and documentary evidence to support the decision to terminate an employee's services. At this juncture, the solicitors had taken a conservative stand that the chances of success would at best be 50:50.

The matter has been fixed for hearing on 22 and 23 March 2021.

Other than disclosed above, there were no material contingent liabilities for the current quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B1. Review of Performance

Turnover has declined by 81% to RM6.25 million compared to prior year corresponding quarter of RM32.4 million.

The lower sales in the current quarter were mainly stemming from the implementation of the MCO and CMCO by the Malaysian Government. Despite less stringent CMCO during the quarter under review, trade for building materials and finishing products remained slow following the slow recovery pace of the construction and property development industries. The decline in sales volume during the quarter under review was due to the Group's focus on high margin products such as finishing products and other general building products, instead of high-volume low margin products such as steel bars and cement.

The Group registered a loss before tax of RM1.9 million compared to a loss before tax of RM13.0 million in the prior year corresponding quarter, an improvement achieved during the quarter by RM11.1 million. This is mainly due to net reversal of impairment of receivables of RM3.1 million during the quarter compared to impairment of receivables of RM6.1 million made in the prior year corresponding period, and a gain on disposal of a property of RM3.9 million this quarter. The improvement was marginally reduced by bank guarantee claim expense of RM3.3 million.

Additionally, the gross margin of the Group also improved to 14% compared to 6% in prior year corresponding quarter due to the Group's focus on higher margin products, i.e. finishing products during the quarter that generated approximately 21% margin on average whereas in the corresponding quarter, the average margin was 6%.

B2. Comparison with Preceding Quarter's Result

The Group managed to generate turnover of RM6.25 million during the quarter under review compared to quarter 1, FY 2021 of RM6.15 million, a slight growth of 1.6% growth in turnover during the quarter.

The Group registered a loss before tax of RM1.9 million compared to a loss before tax of RM4.1 million in the last quarter. This is mainly due to net reversal of impairment of financial assets of RM2.0 million in the current quarter, and bank guarantee claim expense of RM3.3 million and gain on disposal of a property of RM3.9 million in current quarter.

The Group managed to maintain same gross margin of 14% for current quarter compared to last quarter.

B3. Current Year Prospects

The Board foresees that the trading business segment will continue to face various challenges in the current business environment including longer credit period for customers to make payment, pricing competition and timely supply of products due to the impact of the Coronavirus Disease (“COVID-19”) pandemic on its product supply chain. Nevertheless, the trading business segment remains as the main contributor of revenue to the Group and the management of Ipmuda expects that it will continue to contribute to the earnings of the Group.

Whilst the Company is continuing to undertake a business efficiency exercise for its trading division, it has recently ventured into sourcing and supplying medical and healthcare products such as personal protective equipment and providing disinfection and sanitisation services to both its existing and new customers in an effort to enhance its products and servicing offering and not relying solely on building materials.

Given the above, the Group has been actively identifying other alternatives to improve its financial performance and thus agreed to plan to diversify its existing businesses to include the Renewable Energy Business and Healthcare Business as well as to monetise the existing assets.

The Group announced a Proposed Diversification on 4 November 2020 and it is expected to further expand the revenue stream and earnings base of the Group and the Board anticipates that the Proposed Diversification may contribute 25% or more of the net profits of the Group in the future.

Upon the completion of the Proposed Diversification, the Group will undertake to expand its business to include the owning, developing, maintaining, operating, designing and constructing of power plants, involving the generation of energy and electricity using sustainable and renewable energy sources.

Further to that, the Renewable Energy Business also comprises the development of greenfield and brownfield projects which includes independent power producers (IPP) projects involving other sustainable energy including but not limited to biomass, biogas, small hydro, solar and geothermal.

Meanwhile, the Healthcare Business will involve the following:

- (i) developing, owning and operating of private healthcare services involving facilities such as private hospitals, healthcare specialists and clinics, retirement and aged-care resorts/homes/villages, as well as healthcare related tourism under the Malaysia My Second Home Programme;
- (ii) developing, owning and operating wellness resorts and other related facilities; and
- (iii) sourcing and supplying of medical and healthcare related products.

The Proposed Diversification has been approved by the shareholders at an Extraordinary General Meeting (“EGM”) held on 18 December 2020.

B4. Variances from Profit Forecast and Profit Guarantee

The Company did not make a profit forecast and therefore comments on variances with forecast profit are not applicable.

Interim Financial Statements for the Second Quarter Ended 31 December 2020

B5. Loss Before Tax

The loss before tax is stated after charging/(crediting):

	CURRENT QUARTER		CUMULATIVE PERIOD	
	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(318)	(567)	(613)	(733)
Other income	(937)	(253)	(1,166)	(508)
Interest expenses	664	1,045	1,424	2,205
Depreciation and amortisation	358	331	719	667
Gain on disposal of property, plant & equipment	(3,192)	(131)	(3,194)	(145)
Gain on disposal of investment properties	-	59	-	53
Effects on disposal of a subsidiary	-	886	-	886
Inventories written down	(193)	37	(193)	55
(Reversal of impairment)/impairment loss on receivables	(3,065)	6,120	(4,133)	8,058

B6. Tax Expense

Tax comprises the following:

	CURRENT QUARTER		CUMULATIVE PERIOD	
	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current year tax	(36)	(3)	(36)	(17)
Prior years	-	-	(12)	-
Total tax expense	<u>(36)</u>	<u>(3)</u>	<u>(48)</u>	<u>(17)</u>

Corporate tax was provided for non-business source for the quarter under review.

B7. Sale of Investments Properties

On 25 August 2020, the Company entered into a Sale and Purchase Agreement for the disposal of a leasehold office and warehouse for a total consideration RM5,500,000. The sales has been completed on 23 December 2020.

B8. Purchase or Disposal of Quoted Securities

There is no purchase or disposal of quoted securities for the current under review. Total investments in quoted shares as at 31 December 2020 are at carrying value/market value of RM153,599.

B9. Status of Corporate Proposals

(a) Save for the following, there were no other corporate proposals announced but not completed as at the date of this announcement.

(i) On 23 November 2020, MIDF Amanah Investment Bank Berhad (“MIDF”) had, on behalf of the Board, announced that Bursa Securities has resolved to approve the listing and quotation of up to 14,493,900 new Ipmuda Shares (“Restricted Issue Shares”) representing up to 20% of the existing total number of issued Ipmuda Shares to Beroz Nikmal Bin Mirdin, being the Executive Chairman of the Company, Jeeфри Bin Muhamad Yusup, being the Chief Executive Officer (“CEO”) of the Company, Teh Foo Hock, Baevinraj Thiagarajah, Dato’ Amiruddin Bin Abdul Satar and Abdul Halim Bin Jantan, being the independent non-executive directors of the Company (collectively, the “Interested Directors”) (“Proposed Restricted Issue”).

(ii) On 23 January 2021, MIDF had, on behalf of the Board, announced that Bursa Securities has, resolved to approve the listing and quotation of up to 7,246,950 Placement Shares to be issued pursuant to the Second 10% Proposed Private Placement.

(iii) On 10 March 2021, MIDF had, on behalf of the Board, announced that the Board has on 10 March 2021 fixed the issue price for both the Restricted Issue and second tranche of Private Placement at RM0.68 per Restricted Issue Share and Placement Share (“Price-Fixing Date”).

The abovementioned issue price of RM0.68 per Restricted Issue Share and Placement Share represents a discount of approximately RM0.0737 or 9.78% to the 5-day volume weighted average market price of Ipmuda Shares up to and including 9 March 2021, being the market day immediately preceding to the Price-Fixing Date of RM0.7537.

(iv) As mentioned in Note B3, the Group announced a Proposed Diversification on 4 November 2020, and it is expected to further expand the revenue stream and earnings base of the Group and the Board anticipates that the Proposed Diversification may contribute 25% or more of the net profits of the Group in the future. The Proposed Diversification has been approved by the shareholders at an EGM held on 18 December 2020.

B9. Status of Corporate Proposals (cont'd)

(b) Status of utilisation of proceeds of the first private placement of 7,246,950

In the quarter under review, the Company successfully raised a total of approximately RM4.018 million from the private placement of shares, which was completed on 17 December 2020.

Purpose	Proposed Utilisation	Actual Utilisation as at 31 Dec 2020	Remaining Balance	Intended Timeframe for Utilisation
Trade payables	2,392	2,268	124	within 6 months
Working capital	1,448	741	707	within 1 month
Estimate expenses in relation to the Private Placement	178	178	-	
Total	4,018	3,187	831	

B10. Group Borrowings and Debt Securities

The Group borrowings and debt securities which are denominated in Ringgit Malaysia as at 31 December 2020 are as below:

	As at <u>31/12/2020</u> RM'000	As at <u>30/06/2020</u> RM'000
Secured	8,798	23,188
Unsecured	14,841	29,259
Total short-term borrowings	<u>23,639</u>	<u>52,447</u>
Secured	33,006	5,797
Unsecured	850	-
Total long-term borrowings	<u>33,856</u>	<u>5,797</u>
Total borrowings	<u>57,495</u>	<u>58,244</u>

10. Group Borrowings and Debt Securities (cont'd)

As at the dated of this announcement, the debts restructuring of the Group were completed except the trade facilities and overdraft with Ambank (M) Berhad and Bank Islam Malaysia Berhad.

All letters of offer from the abovementioned two banks have been acknowledged and agreed by both parties and completed but pending legal charges to be completed. The following are the estimated impact to the financial position of the Group once the charges have been completed:

	Upon completion of charges RM'000
Secured short-term borrowings	<u>8,798</u>
Secured long-term borrowings	47,847
Unsecured long-term borrowings	<u>850</u>
Total long-term borrowings	<u>48,697</u>
Total borrowings	<u>57,495</u>

The charges are expected to be completed by the end of quarter 3, FY 2021.

B11. Off Balance Sheet Financial Instruments

There are no off-balance sheet financial instruments as at the date of this report.

B12. Dividend

No dividend has been recommended by the Board of Directors.

Interim Financial Statements for the Second Quarter Ended 31 December 2020

B13. Earnings Per Share

The basic earnings per share for the financial period have been calculated by dividing the Group's losses by the weighted average number of ordinary shares issued.

	CURRENT QUARTER		CUMULATIVE PERIOD	
	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
(Loss)/Profit attributable to owners of the Company (RM'000)				
- from continuing operations	(1,962)	(13,017)	(6,043)	(21,897)
- from discontinued operations	-	-		275
	<u>(1,962)</u>	<u>(13,017)</u>	<u>(6,043)</u>	<u>(21,622)</u>
Weighted average number of shares outstanding ('000)	73,639	72,469	73,054	72,469
Basic/Diluted (loss)/profit per share (sen)				
- from continuing operations	(2.66)	(17.96)	(8.27)	(30.22)
- from discontinued operations	-	-	-	0.38
	<u>(2.66)</u>	<u>(17.96)</u>	<u>(8.27)</u>	<u>(29.84)</u>

The Company has issued 7,175,000 ordinary shares on 17 December 2020.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

BY ORDER OF THE BOARD

Chan Lai Choon
Secretary

Kuala Lumpur
15 March 2021