



# **AXTERIA GROUP BERHAD**

(FORMERLY KNOWN AS ACOUSTECH BERHAD)

Company No. 199901021765 (496665-W)

(Incorporated in Malaysia)

## **Interim Financial Report For the Year Ended 31 December 2021 (Quarter 4, 2021)**

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(FORMERLY KNOWN AS ACOUSTECH BERHAD)  
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**Interim Financial Report for the Year Ended 31 December 2021  
(Quarter 4, 2021)**

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 31 DECEMBER 2021**

*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
Revenue	5,765	3,358	25,349	5,186
Operating expenses	(7,925)	(26,057)	(30,884)	(32,978)
Other operating income	4,842	463	5,170	789
Profit/(loss) from operations	2,682	(22,236)	(365)	(27,003)
Finance costs	(222)	3,421	(1,130)	(1,178)
Share of results in associate	(109)	(1,355)	183	(1,355)
<b>Profit/(loss) before tax</b>	<b>2,351</b>	<b>(20,170)</b>	<b>(1,312)</b>	<b>(29,536)</b>
Taxation	(88)	582	(418)	507
<b>Profit/(loss) for the year / Total comprehensive profit/(loss)</b>	<b>2,263</b>	<b>(19,588)</b>	<b>(1,730)</b>	<b>(29,029)</b>
<b>Profit/(loss) for the year / Total comprehensive profit / (loss) attributable to :</b>				
- Equity holders of the parent	2,263	(19,588)	(1,730)	(29,029)
- Non-controlling interests	-	-	-	-
	<b>2,263</b>	<b>(19,588)</b>	<b>(1,730)</b>	<b>(29,029)</b>
<b>Earnings/(loss) per share attributable to equity holders of the parent :</b>				
- Basic earnings/(loss) per share (sen)	0.63	(9.77)	(0.48)	(14.48)
- Diluted earnings/(loss) per share (sen)	0.63	(6.58)	(0.48)	(9.75)

*The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited consolidated financial statements of Axteria Group Berhad ("AGB" or the "Company") for the financial year ended 31 December 2020 and the accompanying explanatory notes to the interim financial statements.*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

*(The figures have not been audited)*

	(Unaudited) As at 31/12/2021	(Restated) As at 31/12/2020	(Restated) As at 01/01/2020
	RM'000	RM'000	RM'000
<b>ASSETS</b>			
Property, plant and equipment	16,844	700	946
Right-of-use assets	1,014	1,693	1,029
Investment property	11,645	4,091	2,500
Goodwill	19,469	19,469	21,469
Investment in associate	4,055	1,094	48
Other receivables	-	-	2,606
Keymen insurance	1,866	-	-
<b>Total non-current assets</b>	<b>54,893</b>	<b>27,047</b>	<b>28,598</b>
Inventories	81,197	85,490	79,934
Trade and other receivables	7,416	7,017	15,482
Contract assets	65	65	785
Current tax assets	1,623	323	232
Cash and bank balances	5,237	1,150	2,269
Amount owing by an associate	1,619	-	-
<b>Total current assets</b>	<b>97,157</b>	<b>94,045</b>	<b>98,702</b>
<b>TOTAL ASSETS</b>	<b>152,050</b>	<b>121,092</b>	<b>127,300</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	150,459	105,503	99,503
Treasury shares	(92)	(92)	(92)
Accumulated losses	(33,060)	(31,330)	(2,301)
Equity holders of the parent	117,307	74,081	97,110
Non-controlling interest	-	-	-
<b>Total equity</b>	<b>117,307</b>	<b>74,081</b>	<b>97,110</b>
Borrowings	5,933	8,298	15,876
Lease liabilities	721	1,474	761
Deferred tax liabilities	217	9	740
<b>Total non-current liabilities</b>	<b>6,871</b>	<b>9,781</b>	<b>17,377</b>
Trade and other payables	15,567	26,990	10,303
Provisions	380	-	-
Contract liabilities	2,474	656	1,355
Lease liabilities	228	348	316
Current tax liabilities	-	159	299
Borrowings	9,223	9,077	540
<b>Total current liabilities</b>	<b>27,872</b>	<b>37,230</b>	<b>12,813</b>
<b>TOTAL LIABILITIES</b>	<b>34,743</b>	<b>47,011</b>	<b>30,190</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>152,050</b>	<b>121,092</b>	<b>127,300</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS</b>	<b>0.27</b>	<b>0.33</b>	<b>0.50</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of AGB for the financial year ended 31 December 2020 and the accompanying explanatory notes to the interim financial statements.*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2021**

*(The figures have not been audited)*

	----- Attributable to equity holders of the parent -----				
	----- Non-distributable -----			----- Distributable -----	
	Share Capital	Redeemable Convertible Preference Shares ("RCPS")	Tresury Shares	Retained Earnings/ (Accumulated Losses)	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2020</b>	99,503	-	(92)	1,577	100,988
Effects of adoption of the Agenda Decision	-	-	-	(3,878)	(3,878)
<b>Balance as at 1 January 2020 (restated)</b>	99,503	-	(92)	(2,301)	97,110
Loss for the financial year	-	-	-	(29,029)	(29,029)
<b>Transaction with owners</b>					
Issuance of RCPS	-	6,000	-	-	6,000
Conversion of RCPS	6,000	(6,000)	-	-	-
<b>Balance as at 31 December 2020</b>	105,503	-	(92)	(31,330)	74,081
<b>Balance as at 1 January 2021</b>	105,503	-	(92)	(26,458)	78,953
Effects of adoption of the Agenda Decision	-	-	-	(4,872)	(4,872)
<b>Balance as at 1 January 2021 (restated)</b>	105,503	-	(92)	(31,330)	74,081
Loss for the financial year	-	-	-	(1,730)	(1,730)
<b>Transaction with the owners</b>					
Issuance of RCPS	-	36,500	-	-	36,500
Conversion of RCPS	36,500	(36,500)	-	-	-
Issuance of new shares	8,456	-	-	-	8,456
<b>Balance as at 31 December 2021</b>	150,459	-	(92)	(33,060)	117,307

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements of AGB for the financial year ended 31 December 2020 and the accompanying explanatory notes to the interim financial statements.*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

*(The figures have not been audited)*

	(Unaudited) Year ended 31/12/2021	(Restated) Year ended 31/12/2020
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(1,312)	(29,536)
Net adjustments for non-cash items	(2,584)	24,041
Operating loss before changes in working capital	(3,896)	(5,495)
Changes in working capital		
Net change in contract assets, trade and other receivables	(173)	8,655
Net change in inventories	(1,336)	(19,088)
Net change in contract liabilities, trade and other payables	(7,092)	15,986
Cash (used in) / generated from operations	(12,497)	58
Tax paid	(1,668)	(454)
<b>Net cash (used in) / from operating activities</b>	<b>(14,165)</b>	<b>(396)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additional investment in associates	(2,778)	(2,400)
Advances to an associate	(1,619)	-
Purchase of keymen insurance	(2,210)	-
Purchase of right-of-use assets	(76)	(34)
Proceeds from disposal of right-of-use assets	777	-
Acquisition of investment properties	(3,385)	(2,900)
Purchase of property, plant and equipment	(13,130)	(26)
<b>Net cash used in investing activities</b>	<b>(22,421)</b>	<b>(5,360)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown/(repayment) of loan	(2,548)	959
Interest paid	(639)	(1,946)
Payment of lease liabilities	(1,096)	(376)
Proceeds from issuance of new ordinary shares	44,956	6,000
<b>Net cash from financing activities</b>	<b>40,673</b>	<b>4,637</b>
Net increase/(decrease) in cash and cash equivalents	4,087	(1,119)
Cash and cash equivalents at beginning of financial year	1,150	2,269
Cash and cash equivalents at end of financial year	5,237	1,150

*The above Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the financial year ended 31 December 2020.*

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS FINANCIAL YEAR ENDED 31 DECEMBER 2021**

**A1. Basis of Preparation**

The condensed interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and issuers communication no. 1/2017 – Guidance on Disclosures in Notes to Quarterly Reported issued by Bursa Securities.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. The explanatory notes attached to these condensed interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

**A2. Summary of Significant Accounting Policies**

The significant accounting policies and method of computation adopted in these condensed interim financial statements are consistent with those adopted and disclosed in the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020, except for the adoption of the following new amendments/improvements to MFRSs and IFRS Interpretations Committee (“IFRIC”)’s Agenda Decision on IAS 23 Borrowing Costs (“Agenda Decision”) which are effective from the annual periods beginning on or after 1 January 2021.

- Amendments to MFRS 16, Leases – Covid-19 Related Rent Concession
- IFRIC’s Agenda Decision on IAS 23 Borrowing Costs
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Adoption of the above amendments to MFRS did not have any material financial impact to the Group except for the adoption of Agenda Decision, as discussed below:-

**Agenda Decision**

In March 2019, IFRIC concluded that any inventory which are available for its intended sale and still subject to transfer of control over time are not qualifying assets. Accordingly, the borrowing costs on those units should not be capitalised according to the principles and requirement in IAS 23 (MFRS 123).

In the prior financial years, borrowing costs incurred were capitalised in inventory – project development cost until the completion of the units. Effective from 1 January 2021, the Group had retrospectively applied the Agenda Decision and comparative figures have been restated as a result of transition requirement under the Agenda Decision.

The effects of the adoption of the Agenda Decision on the consolidated statement of financial position are as follows:-

**Consolidated Statement of Financial Position**  
**As at 31 December 2020**

	As previously reported	Effects of the adoption of Agenda Decision	As restated
	RM'000	RM'000	RM'000
<b>ASSETS</b>			
Property, plant and equipment	700	-	700
Right-of-use assets	1,693	-	1,693
Investment property	4,091	-	4,091
Goodwill	19,469	-	19,469
Investment in associate	1,094	-	1,094
Other receivables	-	-	-
<b>Total non-current assets</b>	<b>27,047</b>	<b>-</b>	<b>27,047</b>
Inventories	90,362	(4,872)	85,490
Trade and other receivables	7,017	-	7,017
Contract assets	65	-	65
Current tax assets	323	-	323
Cash and bank balances	1,150	-	1,150
<b>Total current assets</b>	<b>98,917</b>	<b>(4,872)</b>	<b>94,045</b>
<b>TOTAL ASSETS</b>	<b>125,964</b>	<b>(4,872)</b>	<b>121,092</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	105,503	-	105,503
Treasury shares	(92)	-	(92)
Accumulated loss	(26,458)	(4,872)	(31,330)
<b>Total equity</b>	<b>78,953</b>	<b>(4,872)</b>	<b>74,081</b>
Borrowings	8,298	-	8,298
Lease liabilities	1,474	-	1,474
Deferred tax liabilities	9	-	9
<b>Total non-current liabilities</b>	<b>9,781</b>	<b>-</b>	<b>9,781</b>
Trade and other payables	26,990	-	26,990
Contract liabilities	656	-	656
Lease liabilities	348	-	348
Current tax liabilities	159	-	159
Borrowings	9,077	-	9,077
<b>Total current liabilities</b>	<b>37,230</b>	<b>-</b>	<b>37,230</b>
<b>TOTAL LIABILITIES</b>	<b>47,011</b>	<b>-</b>	<b>47,011</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>125,964</b>	<b>(4,872)</b>	<b>121,092</b>



The effects of the adoption of the Agenda Decision on the consolidated statement of financial position are as follows:-

**Consolidated Statement of Financial Position**  
**As at 1 January 2020**

	As previously reported	Effects of the adoption of Agenda Decision	As restated
	RM'000	RM'000	RM'000
<b>ASSETS</b>			
Property, plant and equipment	946	-	946
Right-of-use assets	1,029	-	1,029
Investment property	2,500	-	2,500
Goodwill	21,469	-	21,469
Investment in associate	48	-	48
Other receivables	2,606	-	2,606
<b>Total non-current assets</b>	<b>28,598</b>	<b>-</b>	<b>28,598</b>
Inventories	83,812	(3,878)	79,934
Trade and other receivables	15,482	-	15,482
Contract assets	785	-	785
Current tax assets	232	-	232
Cash and bank balances	2,269	-	2,269
<b>Total current assets</b>	<b>102,580</b>	<b>(3,878)</b>	<b>98,702</b>
<b>TOTAL ASSETS</b>	<b>131,178</b>	<b>(3,878)</b>	<b>127,300</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	99,503	-	99,503
Treasury shares	(92)	-	(92)
Accumulated loss	1,577	(3,878)	(2,301)
<b>Total equity</b>	<b>100,988</b>	<b>(3,878)</b>	<b>97,110</b>
Borrowings	15,876	-	15,876
Lease liabilities	761	-	761
Deferred tax liabilities	740	-	740
<b>Total non-current liabilities</b>	<b>17,377</b>	<b>-</b>	<b>17,377</b>
Trade and other payables	10,303	-	10,303
Contract liabilities	1,355	-	1,355
Lease liabilities	316	-	316
Current tax liabilities	299	-	299
Borrowings	540	-	540
<b>Total current liabilities</b>	<b>12,813</b>	<b>-</b>	<b>12,813</b>
<b>TOTAL LIABILITIES</b>	<b>30,190</b>	<b>-</b>	<b>30,190</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>131,178</b>	<b>(3,878)</b>	<b>127,300</b>

The effects of the adoption of the Agenda Decision on the consolidated statement of profit and loss and other comprehensive income are as follows:-

**Consolidated statement of profit and loss and other comprehensive income**

	<u>For 3 months ended 31/12/2020</u>			<u>For 12 months ended 31/12/2020</u>		
	Effects of the		As Restated	Effects of the		As Restated
	As previously reported	adoption of Agenda Decision		As previously reported	adoption of Agenda Decision	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,358	-	3,358	5,186	-	5,186
Operating expenses	(26,057)	-	(26,057)	(32,978)	-	(32,978)
Other operating income	463	-	463	789	-	789
<b>Loss from operations</b>	<b>(22,236)</b>	<b>-</b>	<b>(22,236)</b>	<b>(27,003)</b>	<b>-</b>	<b>(27,003)</b>
Finance costs	3,695	(274)	3,421	(184)	(994)	(1,178)
Share of results in associate	(1,355)	-	(1,355)	(1,355)	-	(1,355)
<b>Loss before tax</b>	<b>(19,896)</b>	<b>(274)</b>	<b>(20,170)</b>	<b>(28,542)</b>	<b>(994)</b>	<b>(29,536)</b>
Taxation	582	-	582	507	-	507
<b>Loss for the period / Total comprehensive loss</b>	<b>(19,314)</b>	<b>(274)</b>	<b>(19,588)</b>	<b>(28,035)</b>	<b>(994)</b>	<b>(29,029)</b>
<b>Loss for the period / Total comprehensive loss attributable to:</b>						
- Equity holders of the parent	(19,314)	(274)	(19,588)	(28,035)	(994)	(29,029)
- Non-controlling interests	-	-	-	-	-	-
	<b>(19,314)</b>	<b>(274)</b>	<b>(19,588)</b>	<b>(28,035)</b>	<b>(994)</b>	<b>(29,029)</b>
<b>Loss per share attributable to equity holders of the parent :</b>						
- Basic loss per share (sen)	(9.63)		(9.77)	(13.98)		(14.48)
- Diluted loss per share (sen)	(6.49)		(6.58)	(9.42)		(9.75)

**Consolidated Statement of Cash Flow**

The adoption of the Agenda Decision did not have any financial impact on the consolidated statement of cash flows for the 12 months period ended 31 December 2020.

**A2.1 Amendment to MFRSs and IC Interpretations (including the Consequential Amendments) which were issued but not yet effective**

The Group and the Company have yet to apply the following amendments to the MFRSs as they will only be effective for annual periods beginning on or after 1 January 2022: -

	<b><u>Effective Date</u></b>
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
• Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimates	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
• Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The Group is currently assessing the impact of implementing these amendments and plans to adopt these standards on the respective effective dates.

**A3. Audit Report of Preceding Year's Annual Financial Statements**

The preceding year annual audited financial statements were not subjected to any qualification.

**A4. Seasonal or Cyclical Factors**

The Group's performance during the financial period under review was not materially affected by seasonal or cyclical factors.

**A5. Extraordinary and Exceptional Items**

There was no item which is extraordinary and exceptional because of its size or incidences that has affected the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review.

**A6. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior interim periods or prior financial years that have a material effect in the current financial quarter and year-to-date.

**A7. Debt and Equity Securities**

During the current quarter, the Company has issued an additional 40,000,000 RCPS at RM0.10 per share for a total of RM4,000,000. These RCPS were converted into 18,181,818 ordinary shares during the current quarter and hence, there was no outstanding RCPS at the end of the current quarter.

As at 31 December 2021, the total number of outstanding warrants was 97,211,694 units.

Except for the above, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

**A8. Dividend Paid**

No dividend has been declared or paid by the Group during the current quarter.

**A9. Segmental Information**

The Group's segmental information are as follows: -

	<b>Property development &amp; construction</b>	<b>Investment holding</b>	<b>Total</b>
	<b>(Unaudited) RM'000</b>	<b>(Unaudited) RM'000</b>	<b>(Unaudited) RM'000</b>
<b>12-months ended 31 December 2021</b>			
<b>Revenue</b>			
External revenue	25,349	-	25,349
<b>Result</b>			
Operating loss	(1,632)	(3,903)	(5,535)
Finance costs	(1,121)	(9)	(1,130)
Interest income	-	119	119
Other income	579	4,472	5,051
Share of results in an associate	-	183	183
Loss before tax	(2,174)	862	(1,312)
Tax expense	(105)	(313)	(418)
Loss for the year	(2,279)	549	(1,730)

**A9. Segmental Information (Cont'd)**

	<b>Property development &amp; construction</b>	<b>Investment holding</b>	<b>Total</b>
	<b>(Unaudited) RM'000</b>	<b>(Unaudited) RM'000</b>	<b>(Unaudited) RM'000</b>
<b>12-months ended 31 December 2020</b>			
<b>Revenue</b>			
External revenue	5,186	-	5,186
<b>Result</b>			
Operating loss	(19,157)	(8,635)	(27,792)
Finance costs	(1,057)	(121)	(1,178)
Interest income	50	-	50
Other income	737	2	739
Share of results in an associate	-	(1,355)	(1,355)
Loss before tax	(19,427)	(10,109)	(29,536)
Tax income	74	433	507
Loss for the year	(19,353)	(9,676)	(29,029)

**A10. Valuation of Property, Plant and Equipment**

The property, plant and equipment are stated at cost less depreciation and impairment loss, if any.

**A11. Significant Events During the Reporting Period**

The significant events for the current financial quarter under review are summarised as follows:-

- (i) On 15 October 2021, the Board of Directors of the Company announced that the Company had signed a non-binding Letter of Intent ("LOI") with Far East Hospitality Management (S) Pte. Ltd. ("FEH") on 15 October 2021, expressing its intent in managing the hotel and serviced suites located in Kota Laksamana, Melaka, Malaysia (the "Properties") vide the projects currently undertaken by the wholly-owned subsidiaries, Axteria Assets Sdn. Bhd. ("AASB") (encompassing a 16-storey development building with 241 hotel rooms) and Axteria Eco Sdn. Bhd. ("AESB") (encompassing a 44-storey development building with 306 serviced suites), both proposed to be managed under the FEH brands.
- (ii) On 15 November 2021, Axteria Properties Sdn. Bhd. ("APSB"), a wholly-owned subsidiary of AGB, had entered into a master sale and purchase agreement ("Master SPA") with Jaya Mapan Sdn Bhd to acquire 16 retail units located in Kota Laksamana, Melaka Darul Ehsan for a total cash consideration of RM11,008,000, subject to the terms and conditions as stipulated in the Master SPA.
- (iii) The Company had also entered into a share sale agreement ("SSA") with Jaya Dormitory Sdn Bhd on 15 November 2021 to acquire the 1,500,000 ordinary shares ("Sale Shares"), representing 15% of the total issued share capital of Harum Eco Dormitory Sdn Bhd ("HED") for a cash consideration of RM2,778,137.84 only, subject to the terms and conditions as stipulated in the Master SPA. Upon completion of the acquisition, the Company's investment in HED will increase from 30% to 45%.

**A12. Material Events After the End of the Interim Financial Period**

- (i) On 10 January 2022, the Company proposed to undertake a private placement of up to 43,051,003 new ordinary shares in AGB (“Proposed Private Placement”), representing 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investors. Bursa Securities has, vide its letter dated 24 January 2022, granted their approval for the listing and quotation of new ordinary shares to be issued pursuant to the Proposed Private Placement, subject to conditions set out by Bursa Securities.

On 9 February 2022, the Company announced that the first tranche of 22,761,600 shares in AGB pursuant to the Proposed Private Placement had been listed on the Main Market, with gross proceeds of RM4,600,119.36 raised.

- (ii) Following the signing of LOI on 15 October 2021 as disclosed in item A11, AASB and AESB had on 17 February 2022 entered into five (5) agreements (collectively referred to as the “Definitive Agreements”) with FEH in relation to the management of the hotel and serviced suites. Axteria Capital Sdn. Bhd, being the newly incorporated wholly owned subsidiary of the Company, will be the master lessee of the guest rooms within the serviced suites via project currently undertaken and to be sold by AESB.

Upon the execution of the Definitive Agreements, the LOI shall cease with immediate effect.

Save for the above, there were no other significant event after the end of the quarter up to the date of this announcement.

**A13. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter other than as disclosed below:-

- (i) All conditions precedent pursuant to the SSA with JDSB for acquisition of additional 15% of total issued share capital of HED has been fulfilled on 25 November 2021, marking the completion of the SSA and transfer of legal and beneficial ownership of Sale Shares to the Company. As of 31 December 2021, the Company holds 45% equity interest in HED.
- (ii) On 16 December 2021, the Company incorporated a new wholly owned subsidiary, Axteria Capital Sdn. Bhd. (“ACSB”), with an issued and paid-up share capital of RM2.00. ACSB will principally engage in the business of property management.

**A14. Contingent Liabilities and Contingent Assets**

(a) Contingent liabilities

	<b>Company</b>	
	<b>As at 31/12/2021 (Unaudited) RM'000</b>	<b>As at 31/12/2020 (Audited) RM'000</b>
<b><u>Limit:</u></b>		
Corporate guarantees given to financial institutions for credit facilities granted to a subsidiary – unsecured	41,914	38,605
Corporate guarantees given to financial institutions for credit facilities granted to an associate – unsecured	9,709	9,709
<b><u>Utilised:</u></b>		
Corporate guarantees given to financial institutions for credit facilities granted to a subsidiary – unsecured	15,157	17,375
Corporate guarantees given to financial institutions for credit facilities granted to an associate – unsecured	9,225	9,243

(b) Contingent assets

There were no contingent assets as at the end of current financial quarter.

**A15. Capital Commitments**

There were no outstanding capital commitments for the Group as at the end of the current quarter.

**A16. Related Party Transactions**

The Group had the following transactions with the related parties for the 12 months period ended 31 December 2021:-

	<b>RM'000</b>
(i) Transactions with an associate	
- Interest received and receivables	118
- Advances given	1,619
(ii) Transaction with director of the Company and its subsidiary companies, and with companies in which they have interests	
- Proceed from disposal of motor vehicle	515

**B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 3 months ended	Preceding Year 3 months ended	Current Year 12 months ended	Preceding Year 12 months ended
	31/12/2021 (Unaudited) RM'000	31/12/2020 (Restated) RM'000	31/12/2021 (Unaudited) RM'000	31/12/2020 (Restated) RM'000
Revenue	5,765	3,358	25,349	5,186
Profit/(loss) before tax	2,351	(20,170)	(1,312)	(29,536)

(i) Revenue

For the quarter ended 31 December 2021, the Group recorded total revenue of RM5.77 million, representing growth of 71.73% as compared to RM3.36 million in the corresponding quarter last year. The significant rise in revenue was mainly driven by the development progress of both Project Desa 88 and Project Sentrio following the resumption construction activities in 3Q 2021 based on the Malaysia Government's National Recovery Plan.

For the financial year ended 31 December 2021, the Group recorded total revenue of RM25.34 million, which was 388.25% higher than the revenue of RM5.19 million in the preceding financial year. The growth was attributed to the revenue generated from Phase 2 of Project Desa 88 and Project Sentrio, of which the construction stage have reached 71.99% and 18.76% respectively, and recognition of revenue from sale of a parcel of land in Project Desa 88.

The Group is also expecting to continue its revenue trend as the Group is optimistic of continued growth in the coming quarters.

(ii) Profit/(loss) before tax

The Group recorded a profit before tax of RM2.35 million for 4Q 2021 as compared to a loss before tax of RM20.17 million in 4Q 2020. Cumulatively, the Group recorded a decreased loss before tax of RM1.31 million for the financial year ended 31 December 2021 as compared to RM29.54 million for the financial year ended 31 December 2020.

In addition to the revenue generated from the Group's existing projects, the Company has also recognised a one-off compensation of about RM4.17 million during the current quarter for the shortfall in the profit guaranteed pursuant to the Share Sale Agreement dated 29 May 2015 entered into by the Company and the former shareholders of its subsidiary, AESB (formerly known as Teras Eco Sdn Bhd).

With the reopening of economic sections and resumption of business activities, the Board does not foresee any significant impairments which will adversely impact the financial result of the Group for this current year.



**B2. Comparison with Preceding Quarter's Results**

	<b>Current Quarter ended 31/12/2021 (Unaudited) RM'000</b>	<b>Preceding Quarter ended 30/09/2021 (Unaudited) RM'000</b>
Revenue	5,765	10,960
Profit before tax	2,351	1,349

The Group recorded a decreased revenue of about RM5.77 million for the current quarter as compared to RM10.96 million in the preceding quarter mainly due to recognition of additional revenue of RM6.40 million from sale of a parcel of land in the preceding quarter.

The Group continuously registered profit before tax of RM2.35 million in the current quarter. The positive contributing factor leading to the higher profit in the current quarter was due to the recognition of other profit guarantee income as disclosed in B1 above.

**B3. Prospects for the Current Financial Year**

The economic outlook for 2022 continues to be challenging with the recent surge of new COVID-19 infections since February 2022. Nevertheless, the Group have since adequately equipped itself to operate under the "new normal" whilst complying with all the necessary standard operating procedures and guidelines. The Group expects the operational performance for the current financial year to be better and is committed to explore other real estate and investment opportunities to ensure a sustainable real estate portfolio for the Group.

Our Group's property development segment is expected to be driven by our existing on-going projects. Status of the Group's existing projects are set out as follows:

(a) Project Desa 88 – Phase 1

As of the date of this report, the international units are fully sold while the Bumiputra Units are 85% sold.

The construction stage for Phase 1 has reached 94.46%. The Certificate of Completion and Compliance ("CCC") is targeted to be obtained in 1Q 2022.

(b) Project Desa 88 – Phase 2

The Phase 2 of Project Desa 88 is also showing satisfactory prospects with promising purchasers' response. As of the date of this report, all international unit are sold and booked.

In term of the construction progress, it is envisaged that the project will be completed by 2Q 2022 with CCC by end of 2022. With the resumption of construction activities, the Group is confident that the units will be handed over to the purchasers ahead of schedule. Currently, the construction stage for Phase 2 has reached 71.99%.

(c) Project Sentrio, Pasir Gudang

As at 31 December 2021, the construction stage of the Project Sentrio has reached 18.76%.

70% of the international units has been sold and booked as of the date of this report. With the resumption of social and business activities, the Group is optimistic that the number of sales and bookings will increase further in the coming quarters.

(d) Project Axteria, Melaka

The construction works for Project Axteria, which consists of the 241-room hotel building (the "Hotel") and the 44-storey 306 service apartment units (the "Service Apartments") have also resumed as of the date of this report.

The construction stage for the Hotel and the Service Apartment have reached 66.85% and 31.50%, respectively. It is envisaged that the Hotel will be completed by 4Q 2022 whilst the Service Apartments will be also be launched by 3Q 2022 and completed by 4Q 2023.

**B4. Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review and the financial year-to-date.

**B5. Status of Corporate Proposals**

Other than as disclosed in Note A12, there was no corporate proposal announced but not completed as of the date of this report.

*[The remainder of this page is intentionally left blank.]*

**B6. Profit before Taxation**

The profit before taxation is arrived at after charging the following items: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 3 months ended	Preceding Year 3 months ended	Current Year 12 months ended	Preceding Year 12 months ended
	31/12/2021 (Unaudited) RM'000	31/12/2020 (Restated) RM'000	31/12/2021 (Unaudited) RM'000	31/12/2020 (Restated) RM'000
Interest income	(34)	-	(119)	(50)
Other income including investment income	(4,808)	-	(5,051)	(739)
Interest expenses	222	1,108	1,130	1,178
Depreciation and amortisation	101	98	509	517
Provision for write off of receivables	-	-	-	-
Provision for write off of inventories	-	-	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange loss/(gain)	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

*[The remainder of this page is intentionally left blank.]*

**B7. Taxation**

Taxation comprises the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 3 months ended	Preceding Year 3 months ended	Current Year 12 months ended	Preceding Year 12 months ended
	31/12/2021 (Unaudited) RM'000	31/12/2020 (Restated) RM'000	31/12/2021 (Unaudited) RM'000	31/12/2020 (Restated) RM'000
Current tax expense	103	223	210	223
Deferred taxation	(15)	(805)	208	(730)
	88	(582)	418	(507)
Effective tax rate	3.74%	2.89%	(31.86%)	1.72%

The deferred taxation was primarily provided for interest charged on advances given to subsidiaries.

The Group's effective tax rate were lower than the statutory tax rate mainly due to the loss-making position of the Group. The tax expenses arose mainly from certain profitable entities within the Group but the profit has been offset with the losses from other entities in the Group at the consolidated level.

**B8. Group Loans and Borrowings**

The Group's loans and borrowings as at 31 December 2021 are as follows: -

	As at 31 December 2021		
	Long Term Borrowings (Unaudited) RM'000	Short Term Borrowings (Unaudited) RM'000	Total Borrowings (Unaudited) RM'000
<b>Secured</b>			
Term loans and bridging finance	5,933	9,223	15,156
Lease liabilities	721	227	948
	6,654	9,450	16,104

	As at 31 December 2020 (Restated)		
	Long Term Borrowings (Audited) RM'000	Short Term Borrowings (Audited) RM'000	Total Borrowings (Audited) RM'000
<b>Secured</b>			
Term loans and bridging finance	8,298	9,077	17,375
Lease liabilities	1,474	348	1,822
	9,772	9,425	19,197

**B9. Financial Instruments**

Forward foreign exchange contracts are entered into by the Group in currencies other than the functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

Forward foreign exchange contracts are recognised on the contract dates and are measured at fair values at the end of the financial period under review with changes in fair values being recognised as profit or loss.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate risk, credit risk, liquidity risk and foreign currency risk.

As at 31 December 2021, the Group does not have any financial instrument.

**B10. Material Litigation**

There was no material litigation during the current financial period under review.

**B11. Proposed Dividend**

There was no dividend declared for the current financial period under review.

**B12. Earnings/(loss) per ordinary share ("EPS" or "LPS")**

**Basic EPS/(LPS)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 3 months ended	Preceding Year 3 months ended	Current Year 12 months ended	Preceding Year 12 months ended
	31/12/2021 (Unaudited)	31/12/2020 (Restated)	31/12/2021 (Unaudited)	31/12/2020 (Restated)
Profit/(loss) attributable to equity holders of the parent (RM'000)	2,263	(19,588)	(1,730)	(29,029)
Weighted average number of shares in issue ('000)	361,125	200,520	361,125	200,520
Basic EPS/(LPS) (sen)	0.63	(9.77)	(0.48)	(14.48)

**Diluted EPS/(LPS)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 3 months ended	Preceding Year 3 months ended	Current Year 12 months ended	Preceding Year 12 months ended
	31/12/2021 (Unaudited)	31/12/2020 (Restated)	31/12/2021 (Unaudited)	31/12/2020 (Restated)
Profit/(loss) attributable to equity holders of the parent (RM'000)	2,263	(19,588)	(1,730)	(29,029)
Weighted average number of shares in issue ('000)	361,125	297,732	361,125	297,732
Cumulative Redeemable Convertible Preference Shares	-	-	-	-
Shares deemed issued for no consideration ('000) – Warrants	-	-	-	-
Weighted average number of shares for diluted EPS ('000)	361,125	297,732	361,125	297,732
Diluted EPS/(LPS) (sen)	0.63	(6.58)	(0.48)	(9.75)

BY ORDER OF THE BOARD OF  
 AXTERIA GROUP BERHAD

Date: 24 February 2022