

Unaudited Financial Statements and Related Announcement for the First Quarter Ended 31 March 2019

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income	Group		Change %
	1Q2019 RM'000	1Q2018 RM'000	
Revenue	15,550	30,588	-49%
Cost of sales	(8,431)	(21,688)	-61%
Gross profit	7,119	8,900	-20%
Interest income	4	1	300%
Other gains	885	295	200%
Marketing and distribution costs	(307)	(576)	-47%
Administrative expenses	(4,877)	(6,120)	-20%
Other losses	(3)	(24)	-88%
Finance costs	(1,732)	(1,030)	68%
Share of loss from equity-accounted associates	(12)	(3)	300%
Profit before tax	1,077	1,443	-25%
Income tax expenses	(337)	(759)	-56%
Profit, net of tax	740	684	8%
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations, net of tax	59	34	74%
Other comprehensive income for the period, net of tax	59	34	74%
Total comprehensive income for the period	799	718	11%
Profit attributable to owners of the parent, net of tax	865	723	
Loss attributable to non-controlling interests, net of tax	(125)	(39)	
Profit, net of tax	740	684	
Total comprehensive income attributable to owners of the parent	922	759	
Total comprehensive loss attributable to non-controlling interests	(123)	(41)	
Total comprehensive income for the period	799	718	

N.M. – Not meaningful

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1(a)(ii) Notes to statement of comprehensive income

Loss before tax is stated after (charging) / crediting:

	Group		
	1Q2019 RM'000	1Q2018 RM'000	Change %
Interest income	4	1	300.0%
Interest expense	(1,732)	(1,030)	68.2%
Depreciation of property, plant and equipment	(633)	(695)	-8.9%
Depreciation of right-to-use asset	(75)	-	N.M.
Foreign exchange adjustment net gain (loss)	730	(24)	N.M.

N.M. - Not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position	Group		Company	
	As at	As at	As at	As at
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	14,144	14,663	-	-
Development rights	11,276	11,276	-	-
Investment in subsidiaries	-	-	54,859	54,859
Investment in associate	4,330	4,342	-	-
Investment properties	11,412	11,286	-	-
Deferred tax assets	63	417	-	-
Other assets	5,472	2,045	1,551	1,551
Total non-current assets	46,697	44,029	56,410	56,410
<u>Current assets</u>				
Inventories	142,075	128,919	-	-
Trade and other receivables	172,826	89,968	3,428	4,364
Other assets	14,067	14,689	147	62
Cash and cash equivalents	8,158	6,090	668	569
Total current assets	337,126	239,666	4,243	4,995
Total assets	383,823	283,695	60,653	61,405
EQUITY AND LIABILITIES				
<u>Equity attributable to owners of the parent</u>				
Share capital	144,552	144,552	381,051	381,051
Accumulated losses	(134,812)	(135,677)	(406,428)	(405,677)
Foreign currency translation reserve	2,883	2,826	70,268	70,268
Share option reserve	3,398	3,398	3,398	3,398
Merger reserve	1,563	1,563	-	-
Other reserve	1,220	1,495	-	-
Equity, attributable to owners of the parent	18,804	18,157	48,289	49,040
Non-controlling interests	(1,619)	(1,496)	-	-
Total equity	17,185	16,661	48,289	49,040
<u>Non-current liabilities</u>				
Other payables	17,679	8,979	-	-
Other liabilities	55	55	-	-
Other financial liabilities	16,284	21,284	-	-
Total non-current liabilities	34,018	30,318	-	-
<u>Current liabilities</u>				
Income tax payable	20,285	19,948	-	-
Trade and other payables	249,810	159,132	4,080	3,990
Other liabilities	3,248	2,680	-	-
Other financial liabilities	59,277	54,956	8,284	8,375
Total current liabilities	332,620	236,716	12,364	12,365
Total liabilities	366,638	267,034	12,364	12,365
Total equity and liabilities	383,823	283,695	60,653	61,405

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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Borrowings and Debt Securities	Group	
	As at 31.03.2019	As at 31.12.2018
	RM'000	RM'000
Amount repayable in one year or less, or on demand		
- secured	59,277	54,956
	59,277	54,956
Amount repayable after one year		
- secured	16,284	21,284
	16,284	21,284

Details of any collateral:

The banking facilities of the Group comprised of bank overdrafts, term loans, finance leases and trade lines.

The bank overdrafts are covered by:-

1. Joint and several guarantees of certain directors of the Company;
2. Assignment over the rights, title and interest to the properties held for sale;
3. Corporate guarantees provided by certain subsidiaries of the Company;
4. Legal charges on some of the subsidiaries' projects land and properties held for sale;
5. Legal charge or deed of assignment and power of attorney over properties held for sale; and
6. Pledge at restricted in use cash and cash equivalents of the Group.

The banker acceptance are covered by:

1. Joint and several guarantees of certain directors of the Company;
2. Corporate guarantees provided by certain subsidiaries of the Group; and
3. Legal charge or deed of assignment and power of attorney over the associate's properties held for sale.

The term loans are covered by the following:

4. Upfront fixed deposit of RM260,000 and interest;
5. Joint and several guarantee by certain directors of the Company;
6. Joint and several guarantee by ex-director of one of the subsidiaries of the Company;
7. Corporate guarantees provided by certain subsidiaries of the Company;
8. Legal charges on some of the subsidiaries' projects land and properties held for sale and leasehold property;
9. Legal charge or power of attorney over properties held for sale;
10. Assignment over the rights, titles and interest to the properties held for sale; and
11. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS).

The preference shares are covered by the following:-

1. Deed of assignment of development properties units; and
2. Personal guarantees provided by certain directors of the Company.

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows	1Q2019	1Q2018
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	1,528	1,443
Adjustments for:		
Depreciation of property, plant and equipment	633	695
Depreciation of right-to-use asset	75	-
Interest expense	1,281	1,030
Interest income	(4)	(1)
Property, plant and equipment written off	3	-
Share of loss from equity-accounted associates	12	3
Operating cash flows before changes in working capital	3,528	3,170
Inventories	(13,156)	3,668
Trade and other receivables	(82,858)	(13,144)
Other assets	(2,525)	(226)
Trade and other payables	94,288	6,414
Other liabilities	131	103
Net cash flows used in operations before tax	(592)	(15)
Income tax paid	-	(26)
Net cash flows used in operating activities	(592)	(41)
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(170)	(116)
Investment properties	(126)	(11)
Interest received	4	1
Net cash flows used in investing activities	(292)	(126)
<u>Cash flows from financing activities</u>		
Repayment of borrowings	(594)	(761)
Cash restricted in use	(508)	-
Proceeds from (Repayment to) Shareholders	4,161	(229)
Proceeds from Associate	769	707
Interest paid	(1,295)	(1,030)
Net cash flows from (used in) financing activities	2,533	(1,313)
Net increase (decrease) in cash and cash equivalents	1,649	(1,480)
Cash and cash equivalents, statement of cash flows, beginning balance	1,512	3,319
Effect of exchange rate changes on cash and cash equivalents	(3)	(3)
Cash and cash equivalents, statement of cash flows, ending balance	3,158	1,836
Cash and cash equivalents comprised of :		
Cash and bank balances	8,158	7,691
Bank overdraft	(3,186)	(4,594)
Cash restricted in use	(1,814)	(1,261)
	3,158	1,836

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity	Total equity	Attributable to parent	Share capital	Accumulated losses	Foreign exchange reserve	Share option reserve	Merger reserve	Other reserve	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Current period:									
Opening balance at 1 January 2019	16,661	18,157	144,552	(135,677)	2,826	3,398	1,563	1,495	(1,496)
<u>Movement in equity:</u>									
Total comprehensive income (loss) for the period	799	922	-	865	57	-	-	-	(123)
Reversal of other reserve	(275)	(275)	-	-	-	-	-	(275)	-
Closing balance at 31 March 2019	17,185	18,804	144,552	(134,812)	2,883	3,398	1,563	1,220	(1,619)
Previous period:									
Opening balance at 1 January 2018	52,142	52,497	144,552	(100,120)	2,902	3,600	1,563	-	(355)
<u>Movement in equity:</u>									
Total comprehensive income (loss) for the period	(383)	759	-	723	36	-	-	-	(1,142)
Closing balance at 31 March 2018	51,759	53,256	144,552	(99,397)	2,938	3,600	1,563	-	(1,497)

	Total equity	Share capital	Accumulated losses	Foreign exchange reserve	Share option reserve
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Current period:					
Opening balance at 1 January 2019	49,040	381,051	(405,677)	70,268	3,398
<u>Movement in equity:</u>					
Total comprehensive loss for the period	(751)	-	(751)	-	-
Closing balance at 31 March 2019	48,289	381,051	(406,428)	70,268	3,398
Previous period:					
Opening balance at 1 January 2018	431,764	381,051	(23,155)	70,268	3,600
<u>Movement in equity:</u>					
Total comprehensive loss for the period	(1,841)	-	(1,841)	-	-
Closing balance at 31 March 2018	429,923	381,051	(24,996)	70,268	3,600

Note : The Foreign Exchange Reserve and Merger Reserve are not available for distribution as cash dividends.

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There have been no changes in the Company's share capital since the end of the previous period reported on.

As at 31 March 2019 and 31 March 2018, the Company did not hold any treasury shares and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31.03.2019	As at 31.12.2018
Total number of issued shares excluding treasury shares	<u>224,917,251</u>	<u>224,917,251</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There are no subsidiary holdings as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to its audited financial statements as at 31 December 2018, except as explained in item 5 below.

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- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

SFRS(I) 16 Leases

The Group has applied SFRS(I) 16 *Leases* that is effective from 1 January 2019.

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease, and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group and the Company have applied the changes in accounting policies using the modified retrospective approach. The impact of adoption is adjusted against the opening balance of retained earnings on 1 January 2019, which is the date of initial application. Comparatives are not restated.

As a result of the application of SFRS(I) 16, the Group recorded the right-of-use assets under other assets and lease liabilities under other payables. Depreciation of right-of-use assets and interest expenses of lease liabilities were charged to profit or loss accordingly.

IAS 23

On 6 March 2019, the International Financial Reporting Standards (“IFRS”) Interpretation Committee has finalised the agenda decision on IAS 23 Borrowing Costs – Revenue recognised over time. It was concluded that borrowing costs would not be capitalised when the borrowings relate to the construction of a residential multi-unit real estate development for which revenue is recognised over time. The Group has ceased capitalisation of certain borrowing costs on development properties and construction contracts in FY2018.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.
- (a) Based on the weighted average number of ordinary shares on issue;

Earnings Per Share	Group	
	1Q2019	1Q2018
Profit attributable to the owners of the parent during the financial period (RM'000)	865	723
Weighted average number of ordinary shares on issue	224,917,251	224,917,251
Basic profit per share for profit attributable to owners of the parent during the financial period (sen)	0.38	0.32

- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

Diluted earnings per share is not presented as there is no potential dilutive ordinary share existing during the relevant financial periods presented.

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- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -
- (a) current financial period reported on; and
 - (b) immediately preceding financial year.

Net Asset Value	Group		Company	
	As at 31.03.2019	As at 31.12.2018	As at 31.03.2019	As at 31.12.2018
Net asset value (RM'000)	17,185	16,661	48,289	49,040
Number of issued shares excluding treasury shares	224,917,251	224,917,251	224,917,251	224,917,251
Net asset value per ordinary share (sens)	7.64	7.41	21.47	21.80

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

Revenue decreased by RM15.0 million or 49% from RM30.6 million in 1Q2018 to RM15.6 million in 1Q2019. This was mainly due the decrease in revenue from construction contracts and sale of development properties by RM14.2 million as a result of the challenging market condition.

The gross profit margin of the Group for 1Q2018 and 1Q2019 were 29.1% and 45.8% respectively. The higher gross profit margin in 1Q2019 was due to sales from the better yield development projects. There was also a reduction in costs that directly charged to profit or loss for 1Q2019 as compared to 1Q2018.

The 200% fluctuation in other gains was mainly due to foreign exchange adjustment differences.

The decrease in marketing and distribution costs was mainly due to decrease in commission and incentives for sales and decrease in marketing expenses.

Administrative expenses decreased by RM1.2 million from RM6.1 million in 1Q2018 to RM4.9 million in 1Q2019 was mainly resulted by the decrease in employee benefits expense.

The increase in finance costs was mainly due to the dividends on redeemable preference shares and notional interest expenses for non-current other payables in 1Q2019.

Share of profit or loss from equity-accounted associate was the recognition of results in the Group's associate, Tiya Development Sdn Bhd. The share of loss in 1Q2019 and 1Q2018 were arising from the net loss in the associate.

Decrease in income tax expenses was mainly due to the lower chargeable income in 1Q2019.

Statements of Financial Position

Group

Non-current assets of the Group increased by RM2.7 million from RM44.0 million as at FY2018 to RM46.7 million as at 1Q2019 was mainly due to the recognition of right-to-use assets.

Current assets of the Group increased by RM97.4 million from RM239.7 million as at FY2018 to RM337.1 million as at 1Q2019. The increase was mainly due to increase in trade and other receivables by RM82.8 million and increase in inventories by RM13.2 million as a result of progressive recognition of projects.

Non-current liabilities of the Group increased by RM3.7 million from RM30.3 million as at FY2018 to RM34.0 million as at 1Q2019 was mainly due to the increase in other payables as a result of the recognition of lease liabilities.

Current liabilities of the Group increased by RM95.9 million from RM236.7 million as at FY2018 to RM332.6 million as at 1Q2019. The increase was mainly due to increase in trade and other payables by RM90.7 million for on-going development and construction projects and increase in other financial liabilities arising from the reclassification of partial redeemable preference share which due within 12 months from non-current liabilities.

Overall, the Group's net asset stood at RM17.2 million as at 1Q2019 as compared to RM16.7 million as at FY2018.

Statement of Cash Flows

Net cash and cash equivalents held by the Group increased from RM1.5 million as at FY2018 to RM3.2 million as at 1Q2019. The increase was mainly contributed by the net cash inflow from the financing activities of RM2.5 million attributable to the proceeds from shareholders.

- 9 [Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.](#)

Not applicable. No forecast or prospect statement have been previously disclosed.

- 10 [A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.](#)

The first quarter of 2019 has been an uphill task for Malaysia's property market as purchasers and investors exercised caution in their spending.

However, with the continued government support in exempting stamp duties for transfers and related facility agreements for purchasers of a specific range of properties, the Group will focus its efforts and resources in developing housing projects targeted for the affordable type of properties as emphasized by the government. This will boost market demands and improve the Group's performance.

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11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year?

Nil

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

After considering the Group's condition, no dividend has been declared.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative confirmation pursuant to Rule 705(5).

The board of directors of the Company confirms to the best of its knowledge that nothing has come to its attention which may render the first quarter results ended 31 March 2019 to be false or misleading in any material aspect.

15 Undertaking Confirmation Statement from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Su Chung Jye
Chairman and Chief Executive Officer

Wong Pak Kiong
Executive Director

15 July 2019