

Unaudited Financial Statements and Related Announcement for the First Quarter Ended 31 March 2018

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 %
	1Q2018	1Q2017	
	RM'000	RM'000	
Revenue	30,588	40,372	-24%
Cost of sales	(21,688)	(27,672)	-22%
Gross profit	8,900	12,700	-30%
Interest income	1	16	-94%
Other gains	1,033	118	775%
Marketing and distribution costs	(576)	(414)	39%
Administrative expenses	(6,120)	(7,231)	-15%
Other losses	(762)	(289)	164%
Finance costs	(1,030)	(882)	17%
Share of (loss) profit from equity-accounted associate	(3)	157	N.M.
Profit before tax	1,443	4,175	-65%
Income tax expenses	(759)	(1,510)	-50%
Profit, net of tax	684	2,665	-74%
<u>Other comprehensive income (loss)</u>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations, net of tax	34	495	-93%
Other comprehensive income for the period, net of tax	34	495	-93%
Total comprehensive income for the period	718	3,160	-77%
Profit attributable to owners of the parent, net of tax	723	1,772	-59%
(Loss) Profit attributable to non-controlling interest, net of tax	(39)	893	N.M.
Profit, net of tax	684	2,665	-74%
Total comprehensive income attributable to owners of the parent	759	2,275	-67%
Total comprehensive (loss) income attributable to non-controlling interests	(41)	885	-105%
Total comprehensive income for the period	718	3,160	-77%

N.M. – Not meaningful

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

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

	Group		
	1Q2018	1Q2017	Change
	RM'000	RM'000	%
Depreciation of property, plant and equipment	(695)	(1,027)	-32.3%
Interest income	1	16	-93.8%
Interest expense	(1,030)	(882)	16.8%
Foreign exchange adjustment net loss	(24)	(291)	-91.8%

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 31.03.2018	As at 31.12.2017	As at 1.1.2017	As at 31.03.2018	As at 31.12.2017	As at 1.1.2017
	RM'000	RM'000 Restated*	RM'000 Restated*	RM'000	RM'000 Restated*	RM'000 Restated*
ASSETS						
Non-current assets						
Property, plant and equipment	17,869	18,598	12,439	13	24	70
Development rights	11,276	11,276	-	-	-	-
Available-for-sale financial assets	1,551	1,551	1,551	1,551	1,551	1,551
Investment in subsidiaries	-	-	-	393,597	393,597	393,597
Investment in associate	5,169	5,172	4,718	-	-	-
Investment properties	17,824	17,813	5,666	-	-	-
Deferred tax assets	141	141	1,070	-	-	-
Other assets	2,327	2,410	2,970	-	-	-
Total non-current assets	56,157	56,961	28,414	395,161	395,172	395,218
Current assets						
Development properties	66,024	63,731	107,589	-	-	-
Inventories	65,835	71,796	31,197	-	-	-
Trade and other receivables	123,398	110,254	66,612	43,315	43,816	29,437
Other assets	4,098	3,789	1,968	260	136	154
Cash and cash equivalents	7,691	9,380	15,170	1,627	2,923	1,830
Total current assets	267,046	258,950	222,536	45,202	46,875	31,421
Total assets	323,203	315,911	250,950	440,363	442,047	426,639
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	144,552	144,552	133,052	381,051	381,051	369,551
Accumulated losses	(84,115)	(84,838)	(84,976)	45,272	47,113	52,282
Share option reserve	3,600	3,600	3,193	3,600	3,600	3,193
Foreign currency translation reserve	81	45	-	-	-	-
Merger reserve	1,563	1,563	1,563	-	-	-
Equity, attributable to owners of the parent	65,681	64,922	52,832	429,923	431,764	425,026
Non-controlling interests	1,039	1,080	367	-	-	-
Total equity	66,720	66,002	53,199	429,923	431,764	425,026
Non-current liabilities						
Deferred tax liabilities	267	267	686	-	-	-
Other financial liabilities	49,698	50,618	34,507	-	-	-
Total non-current liabilities	49,965	50,885	35,193	-	-	-
Current liabilities						
Income tax payable	20,195	19,462	16,319	-	-	-
Trade and other payables	126,199	124,924	97,734	2,272	1,954	1,613
Other liabilities	2,408	2,305	2,661	-	-	-
Progress billings	25,282	19,853	21,575	-	-	-
Other financial liabilities	32,434	32,480	24,269	8,168	8,329	-
Total current liabilities	206,518	199,024	162,558	10,440	10,283	1,613
Total liabilities	256,483	249,909	197,751	10,440	10,283	1,613
Total equity and liabilities	323,203	315,911	250,950	440,363	442,047	426,639

* Impact on adoption of SFRS(I). Please refer to item 5.

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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	As at
	31.03.2018	31.12.2017
	RM'000	RM'000
<u>Amount repayable in one year or less, or on demand</u>		
- secured	32,434	32,480
	32,434	32,480
<u>Amount repayable after one year</u>		
- secured	49,698	50,618
	49,698	50,618

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 term loans are covered by the following:-

1. Upfront fixed deposit of RM260,000 and interest;
2. Joint and several guarantee by certain directors of the Company;
3. Yearly fixed deposits of RM30,000 to commence 6 months after initial release of facilities;
4. Joint and several guarantee by ex-director of one of the subsidiaries of the Company;
5. Corporate guarantees provided by certain subsidiaries of the Company;
6. Legal charges on some of the subsidiaries' projects land and properties held for sale and leasehold property;
7. Assignment over the rights, titles and interest to the properties held for sale;
8. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS); and
9. Fresh deed of subordination of amount owing to one of the subsidiaries for RM3,500,000 throughout the loan tenure.

The preference shares are covered by the following:-

1. Deed of assignment of development properties units; and
2. Corporate 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	Group	
	1Q2018	1Q2017
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,443	4,175
Adjustments for:		
Depreciation of property, plant and equipment	695	1,027
Interest expense	1,030	882
Interest income	(1)	(16)
Share-based payments	-	129
Share of loss (profit) from equity-accounted associate	3	(157)
Operating cash flows before changes in working capital	3,170	6,040
Development properties	(2,293)	22,570
Inventories	5,961	(19,498)
Trade and other receivables	(13,144)	(31,835)
Other assets, current	(309)	(2,411)
Trade and other payables	985	8,969
Progress billings	5,429	(6,126)
Other liabilities	103	856
Net cash flows used in operations before tax	(98)	(21,435)
Income tax paid	(26)	(1,728)
Net cash flows used in operating activities	(124)	(23,163)
Cash flows from investing activities		
Purchase of property, plant and equipment	(116)	(211)
Investment properties	(11)	-
Other assets, non-current	83	10
Interest received	1	16
Net cash flows used in investing activities	(43)	(185)
Cash flows from financing activities		
Net movements in amounts due to directors	18	169
Net movements in amounts due to shareholders	(247)	66
Net movements in amounts due to associate	707	824
Proceeds from borrowings	-	15,233
Repayment of borrowings	(761)	(1,932)
Cash restricted in use	-	200
Dividends paid to non-controlling interests	-	(40)
Interest paid	(1,030)	(882)
Net cash flows (used in) from financing activities	(1,313)	13,638
Net decrease in cash and cash equivalents	(1,480)	(9,710)
Cash and cash equivalents, statement of cash flows, beginning balance	3,319	6,033
Effect of exchange rate changes on cash and cash equivalents	(3)	(108)
Cash and cash equivalents, statement of cash flows, ending balance	1,836	(3,785)
Cash and cash equivalents comprised of :		
Cash and bank balances	7,691	5,752
Bank overdrafts	(4,594)	(8,290)
Cash restricted in use	(1,261)	(1,247)
	1,836	(3,785)

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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	Attributable							
	Total equity	to owners of the		(Accumulated losses) Retained earnings	Share option reserve	Foreign exchange reserve	Merger reserve	Non-controlling interests
		parent total	sub-capital					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Current period:								
Opening balance at 1 January 2018 (FRS)	66,002	64,922	144,552	(87,695)	3,600	2,902	1,563	1,080
Effect of adoption of SFRS (I) 1 *	-	-	-	2,857	-	(2,857)	-	-
Opening balance at 1 January 2018 (SFRS (I))	66,002	64,922	144,552	(84,838)	3,600	45	1,563	1,080
Movement in equity:								
Total comprehensive income (loss) for the period	718	759	-	723	-	36	-	(41)
Closing balance at 31 March 2018	66,720	65,681	144,552	(84,115)	3,600	81	1,563	1,039
Previous period:								
Opening balance at 1 January 2017 (FRS)	53,199	52,832	133,052	(87,833)	3,193	2,857	1,563	367
Effect of adoption of SFRS (I) 1 *	-	-	-	2,857	-	(2,857)	-	-
Opening balance at 1 January 2017 (SFRS (I))	53,199	52,832	133,052	(84,976)	3,193	-	1,563	367
Movement in equity:								
Total comprehensive income for the period	3,160	2,275	-	1,772	-	503	-	885
Dividends	(40)	-	-	-	-	-	-	(40)
Share-based payments	129	129	-	-	129	-	-	-
Closing balance at 31 March 2017	56,448	55,236	133,052	(83,204)	3,322	503	1,563	1,212

	(Accumulated losses)				
	Total equity	Share capital	Retained earnings	Share option reserve	Foreign exchange reserve
Company					
Current period:					
Opening balance at 1 January 2018 (FRS)	431,764	381,051	(23,155)	3,600	70,268
Effect of adoption of SFRS (I) 1 *	-	-	70,268	-	(70,268)
Opening balance at 1 January 2018 (SFRS (I))	431,764	381,051	47,113	3,600	-
Movement in equity:					
Total comprehensive loss for the period	(1,841)	-	(1,841)	-	-
Closing balance at 31 March 2018	429,923	381,051	45,272	3,600	-
Previous period:					
Opening balance at 1 January 2017 (FRS)	425,026	369,551	(17,986)	3,193	70,268
Effect of adoption of SFRS (I) 1 *	-	-	70,268	-	(70,268)
Opening balance at 1 January 2017 (SFRS (I))	425,026	369,551	52,282	3,193	-
Movement in equity:					
Total comprehensive loss for the period	(1,624)	-	(1,624)	-	-
Foreign currency translation reserve	8,942	-	-	-	8,942
Share-based payments	129	-	-	129	-
Closing balance at 31 March 2017	432,473	369,551	50,658	3,322	8,942

* Impact on adoption of SFRS(I). Please refer to item 5.

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 2018 and 31 March 2017, 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 31.03.2018	As at 31.12.2017
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 2017, 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.

As required by Singapore Accounting Standards Council and Singapore Exchange Securities Trading Limited, the Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018.

In adopting SFRS(I), the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

The adoption of the new and revised standards had no material effect on the Group's financial statements, except for the below:

Cumulative translation differences

The Group has elected the optional exemption under SFRS(I) 1 to set the cumulative translation differences for all foreign operations to be zero at the date of transition on 1 January 2017. As a result, foreign currency translation reserves of the Group and the Company as at 1 January 2017 have been reclassified to retained earnings.

- 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	
	1Q2018	1Q2017
Profit attributable to the owners of the parent during the financial period (RM'000)	723	1,772
Weighted average number of ordinary shares on issue	224,917,251	200,114,059
Basic earnings per share for profit attributable to equity holders of the parent during the financial period (sen)	0.32	0.89

- (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.

- 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 31.03.2018	As at 31.12.2017	As at 31.03.2018	As at 31.12.2017
Net asset value (RM'000)	65,680	64,922	429,923	431,764
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)	29.20	28.86	191.15	191.97

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- 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 slightly decreased by RM9.8 million or 24.0% from RM40.4 million in 1Q2017 to RM30.6 million in 1Q2018. This was mainly due to the decrease in sale of development properties from RM34.2 million in 1Q2017 to RM7.6 million in 1Q2018 as there was a commercial project completed in 1Q2017. Such decrease was partially offset by increase in construction contracts from RM3.5 million in 1Q2017 to RM20.2 million in 1Q2018.

The gross profit margins of the Group for 1Q2017 and 1Q2018 were 31.5% and 29.1% respectively. The lower gross profit margin was due to more sales from the lower profit yielding development and construction projects in 1Q2018 as compared to 1Q2017.

The fluctuation in other gains and other losses were mainly due to foreign exchange adjustment differences.

The slightly increase in marketing and distribution costs was attributable to the increased marketing and promotional activities to drive sales.

Administrative expenses decreased by RM1.1 million, from RM7.2 million in 1Q2017 to RM6.1 million in 1Q2018, was resulted by the decrease in depreciation of property, plant and equipment and employee benefits expense.

Finance costs in 1Q2018 and 1Q2017 were relatively consistent.

The share of profit or loss from equity-accounted associate was mainly from the recognition of results in the Group's associate, Tiya Development Sdn Bhd. The decrease was mainly due to the operating expenses and there is no revenue from sale of projects.

Income tax expenses decreased mainly due to lower taxable profits in 1Q2018.

Statements of Financial Position

Group

Non-current assets of the Group slightly decreased by RM0.8 million from RM57.0 million as at FY2017 to RM56.2 million as at 1Q2018 mainly due to decrease in property, plant and equipment mainly attributed by the depreciation charged for the period.

The current assets of the Group increased by RM8.0 million from RM259.0 million as at FY2017 to RM267.0 million as at 1Q2018. The increase was mainly due to increase in trade and other receivables by RM13.1 million owing to the development and construction projects. The increase was partially offset by the decrease in inventories by RM6.0 million.

Non-current liabilities of the Group decreased by RM0.9 million from RM50.9 million as at FY2017 to RM50.0 million as at 1Q2018 was due to the decrease in other financial liabilities mainly resulting from the repayment of borrowings.

Current liabilities of the Group increased by RM7.5 million from RM199.0 million as at FY2017 to RM206.5 million as at 1Q2018. Increase was mainly due to the increase in progress billings by RM5.4 million arising from the development projects.

Overall, the Group's net asset stood at RM66.7 million as at 1Q2018 compared to RM66.0 million as at FY2017.

Company

The movements in receivables and payables were mainly due to movements in intercompanies' balances.

Statement of Cash flows

Net cash and cash equivalents held by the Group decreased from RM3.3 million as at FY2017 to RM1.8 million as at 1Q2018. The decrease was mainly contributed by the net cash outflow from the financing activities of RM1.3 million.

- 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.

According to information extracted from the Malaysia's Federal Budget 2018, approximately RM6.5 billion will be allocated for infrastructure development in Sabah & Sarawak's in 2018, which includes the building of roads, supply of electricity and water, development of communication infrastructures, as well as upgrading and rebuilding of schools.

Together with healthy GDP forecast of 5.0% to 5.5%, higher employment rates, rising oil prices and gradual strengthening of the Malaysian Ringgit¹, all leading to rising income level, the Group is confident that the Sarawak property sector will see increasing activities within the next 12 months.

Strategy-wise, the Group will persevere and follow-through on the following property development strategies to capitalize on the rising trend:

- Increase market share and customer base;
- Innovate property contents and values to create and stimulate new demands;
- Initiate strategic alliances with other complementary trade and industries for enhanced value-creation.

- 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.

¹ Source: [BorneoPost Online "What to expect in 2018"](#)

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

Not applicable.

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). (Not required for announcement on full year results)

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 2018 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

14 May 2018