

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2016**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current quarter 31.12.2016 RM'000</b>	<b>Previous year corresponding quarter 31.12.2015 RM'000</b>	<b>12 months ended 31.12.2016 RM'000</b>	<b>12 months ended 31.12.2015 RM'000</b>
Revenue	30,636	6,302	76,596	181,636
Cost of sales	(21,485)	(17,793)	(63,348)	(119,241)
Gross profit	9,151	(11,491)	13,248	62,395
Other operating income	1,591	841	3,187	2,538
Operating expenses	(8,899)	(8,457)	(16,944)	(41,912)
Shares of result of associate	-	(200)	-	(200)
(Loss)/Profit from operations	1,843	(19,307)	(509)	22,821
Finance costs	(3,256)	559	(13,095)	(2,267)
(Loss)/Profit before tax (Note 25)	(1,413)	(18,748)	(13,604)	20,554
Tax expenses (Note 19)	(1,463)	8,374	(1,424)	(13,719)
(Loss)/Profit for the period	(2,876)	(10,374)	(15,028)	6,835
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/ income for the period	(2,876)	(10,374)	(15,028)	6,835
(Loss)/Profit and total comprehensive (loss)/income attributable to :				
Owners of the Parent	(2,876)	(10,374)	(15,028)	6,835
<b>(LOSS)/EARNINGS PER SHARE (Note 30)</b>				
Basic (sen)	(0.004)	(0.015)	(0.02)	0.01
Diluted (sen)	(0.004)	(0.015)	(0.02)	0.01

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Unaudited as at 31.12.2016 RM'000	Audited as at 31.12.2015 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,839	4,302
Available-for-sale investment	90	90
Investment in associates	55,051	47,612
Investment properties	498	498
Land held for future development	77,033	77,033
Deferred tax assets	10,350	8,719
	<u>146,861</u>	<u>138,254</u>
<b>CURRENT ASSETS</b>		
Development properties	924,078	858,969
Inventories	182	182
Trade and other receivables	207,849	197,324
Other current assets	30,713	12,074
Tax recoverable	3,962	3,349
Cash and bank balances	49,442	111,955
	<u>1,216,226</u>	<u>1,183,853</u>
<b>TOTAL ASSETS</b>	<b>1,363,087</b>	<b>1,322,107</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	368,350	334,864
Share premium	251,775	225,821
Reserves	(22,732)	(7,704)
Shareholders' equity	<u>597,393</u>	<u>552,981</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	126,149	108,814
Deferred tax liabilities	99,768	100,053
	<u>225,917</u>	<u>208,867</u>
<b>CURRENT LIABILITIES</b>		
Short term borrowings	16,239	90,290
Trade and other payables	457,584	376,350
Other current liabilities	16,497	54,476
Provisions	4,619	3,640
Tax payable	44,838	35,503
	<u>539,777</u>	<u>560,259</u>
<b>TOTAL LIABILITIES</b>	<b>765,694</b>	<b>769,126</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,363,087</b>	<b>1,322,107</b>
Net assets per share (RM)	(0.81)	(0.83)

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2016**

	<b>Share capital</b>	<b>Share premium</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Opening balance at 1 January 2016</b>	334,864	225,821	(7,704)	552,981
Total comprehensive loss for the period	-	-	(15,028)	(15,028)
Issuance of :-				
Ordinary shares	33,486	25,954	-	59,440
<b>Closing balance at 31 December 2016</b>	<b>368,350</b>	<b>251,775</b>	<b>(22,732)</b>	<b>597,393</b>
<b>Opening balance at 1 January 2015</b>	334,864	225,821	(14,539)	546,146
Total comprehensive income for the period	-	-	6,835	6,835
<b>Closing balance at 31 December 2015</b>	<b>334,864</b>	<b>225,821</b>	<b>(7,704)</b>	<b>552,981</b>

The above condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
 FOR THE QUARTER ENDED 31 DECEMBER 2016

	<b>12 months ended 31.12.2016 RM'000</b>	<b>12 months ended 31.12.2015 RM'000</b>
<b>Operating activities</b>		
(Loss)/Profit before tax	(13,604)	20,554
Adjustment for :		
Depreciation	663	519
Fair value adjustment of investment properties	-	(98)
Property, plant and equipment written off	255	-
Share of result of associate	-	200
Interest income	(1,789)	(2,298)
Interest expenses	13,096	2,267
Operating (loss)/profit before changes in working capital	(1,379)	21,144
Change in trade and other receivables	92,806	(101,534)
Change in trade and other payables	(71,721)	267,364
Change in property development cost	(65,110)	(73,479)
<b>Cash flows (used in)/from operating activities</b>	<b>(45,404)</b>	<b>113,495</b>
Interest paid	(13,095)	(1,961)
Taxes refund/(paid) (net)	(632)	(2,669)
<b>Net cash (used in)/from operating activities</b>	<b>(59,131)</b>	<b>108,865</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(455)	(867)
Investment in associates	(7,439)	(47,662)
Interest received	1,789	2,298
<b>Net cash (used in)/from investing activities</b>	<b>(6,105)</b>	<b>(46,231)</b>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
 FOR THE QUARTER ENDED 31 DECEMBER 2016

	12 months ended 31.12.2016 RM'000	12 months ended 31.12.2015 RM'000
<b>Financing activities</b>		
Drawdown of borrowings	21,047	7,082
Repayment of borrowings	(82,872)	(21,113)
Repayment of obligations under finance leases	(369)	(567)
Proceed from Issuance of shares	59,440	-
<b>Net cash (used in)/from financing activities</b>	<b>(2,754)</b>	<b>(14,598)</b>
Net decrease in cash and cash equivalents	(67,990)	48,036
Cash and cash equivalents at beginning of period	73,813	25,777
<b>Cash and cash equivalents at the end of period</b>	<b>5,823</b>	<b>73,813</b>
Cash and cash equivalents comprise:		
Cash and bank balances	5,424	60,023
Deposit with licensed banks	44,018	51,932
	49,442	111,955
Less: Deposit with licensed banks pledged for banking facilities	(28,477)	(28,477)
Less : Bank overdraft	(15,142)	(9,665)
	<b>5,823</b>	<b>73,813</b>

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements (“Condensed Report”) are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report has also been prepared on a historical basis.

This condensed report should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to this condensed report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

**2. CHANGES IN ACCOUNTING POLICIES**

**2.1 Adoption of Standards, Amendments and IC interpretations**

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015 except for the adoption of Amendments to Standards and Issue Committee (“IC”) interpretations effective as of 1 January 2016.

Annual Improvements to FRSs 2012–2014 Cycle  
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of  
Depreciation and Amortisation  
Amendments to FRS 116 and FRS 141 Agriculture : Bearer Plants  
Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations  
Amendments to FRS 127 : Equity Method in Separate Financial Statements  
Amendments to FRS 101 : Disclosure Initiatives  
Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities : Applying the  
Consolidation Exception  
FRS 14 Regulatory Deferred Accounts

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

## 2.2 Standards and interpretations issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group :

Annual Improvements to FRSs 2012-2016 Cycle  
Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture  
Amendments to FRS 107 : Disclosure Initiatives  
Amendments to FRS 112 : Recognition of Deferred Tax Assets for Unrealised Losses  
Amendments to FRS 2 : Classification and Measurement of Share-based Payment Transactions  
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts  
Amendments to FRS 140 : Transfers of Investment Property  
FRS 9 Financial Instruments  
FRS 16 Leases  
IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, except as described below:

### FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. This Standard will come into effect on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently the impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment, but the requirements for hedge accounting is not relevant to the Group.

## 2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').



## NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016

### **2.3 Malaysian Financial Reporting Standards (cont'd)**

Transitioning Entities are allowed to defer the adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will present its first set of MFRS financial statements when the MFRS Framework is mandated by the MASB. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ending 31 December 2016 could be different if prepared under the MFRS Framework.

### **2.4 Significant accounting judgement and estimates**

#### **(a) Property development**

The Group recognises property development revenue and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgment is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

#### **(b) Construction contract**

The Group recognises revenue and expenses from construction activities in the statements of profit or loss and other comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs.



NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**2.4 Significant accounting judgement and estimates (cont'd)**

(b) Construction contract (cont'd)

Significant judgment is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

A subsidiary of the Company, namely Tebrau Bay Constructions Sdn. Bhd. ("TBCSB"), has construction projects that are not completed by the contractual deadline and assessed by the management, largely due to factors not within TBCSB's scope of works or responsibility. The projects are still in progress and TBCSB is still finalising extension of time applications with the employer.

Based on professional advice obtained, TBCSB is not liable for the LAD by reason no notice to imposed such LAD and the requisite Certificate of non-completion ("CNC") has not been formally issued and served to TBCSB.

A sum of RM5.5 million of LAD computed to its best estimated completion date has been recognised in the current financial statements by reason that in prior financial year TBCSB became aware of a CNC having been issued for the Pengerang Project. TBCSB shall be disputing such LAD and the said CNC.

**3. AUDITORS' REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2015**

The auditors' report on the financial statements of the Company and of the Group for the financial year ended 31 December 2015 was not subject to any qualification.

**4. SEASONAL OR CYCLICAL FACTORS**

The Group's business operations are not seasonal but cyclical in nature, which is dependent on the economic conditions in Malaysia.

**5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter and financial period under review because of their nature, size, or incidence.

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**6. CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter results.

**7. DEBT AND EQUITY SECURITIES**

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial quarter under review.

**8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain the optimal capital structure, the Group may, from time to time, adjust dividend payments to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group

The gearing ratios as at 31 December 2016 and 31 December 2015, which are within the Group's objectives for capital management, are as follows:-

	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Borrowings	142,388	199,104
Trade and other payables	457,584	376,350
Less: Cash and bank balances	(49,442)	(111,954)
Net debt	<u>550,530</u>	<u>463,500</u>
Equity	<u>597,393</u>	<u>552,981</u>
Total capital	<u>597,393</u>	<u>552,981</u>
<b>Capital and net debt</b>	<b>1,147,923</b>	<b>1,016,481</b>
<b>Gearing ratio</b>	<b>47.95%</b>	<b>45.59%</b>

The increase in gearing ratio of 47.95% for the quarter ended 31 December 2016 as compared to previous year of 45.59% due to increase in trade and other payables, decrease in bank balances and increase share equity.

**NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 31 DECEMBER 2016**

**8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT (cont'd)**

The details of the drawdown and the repayment of bank borrowings in the current quarter are as follows:

	<b>Current year quarter 31.12.2016 RM'000</b>	<b>12 months cumulative to date 31.12.2016 RM'000</b>
a) Drawdown on new bank borrowings	8,474	21,046
b) Repayment of bank borrowings	2,871	82,871

**9. DIVIDENDS**

No dividends were recommended, declared or paid during the financial period ended 31 December 2016.

**10. VALUATION OF INVESTMENT PROPERTIES**

An independent valuation for investment properties was carried out by Raine & Horne during the financial year ended 31 December 2015 and the net fair value gain arising from the valuation amounted to RM98,000 was recognised in the statement of profit or loss for the prior financial year.

**11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD**

There were no material events subsequent to the end of the current quarter that have not been reflected in the quarterly financial statements.

**12. GROUP COMPOSITION**

There were no material changes in the composition of the Group during the financial quarter under review.

**13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The Group has no contingent liabilities except for the following :

	<b>31.12.2016 RM'000</b>	<b>31.12.2015 RM'000</b>
Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries	171,541	171,541
- Current exposure	37,800	13,872
Performance bond issued by subsidiaries involved in construction activities	51,266	51,266

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 31 DECEMBER 2016

**14. OPERATING SEGMENTS**

The following tables provide an analysis of the Group's revenue, results, assets and liabilities by business segments:-

As at 31 Dec 2016 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	27,494	49,102	-	-	76,596
Other income	1,813	1,310	-	-	3,123
Unallocated other income	-	-	-	-	64
	29,307	50,412	-	-	79,783
<b>RESULT</b>					
Segment results	(1,737)	3,875	-	(1,149)	987
Unallocated corporate expenses					(1,497)
Finance costs					(13,095)
<b>Loss before tax</b>					<b>(13,605)</b>

As at 31 Dec 2015 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	196,883	(9,225)	-	(6,022)	181,636
Other income	-	-	-	-	-
Unallocated other income	-	-	-	-	-
	196,883	(9,225)	-	(1,665)	181,636
<b>RESULT</b>					
Segment results	124,277	(45,777)	(25)	(52,908)	25,567
Unallocated corporate expenses					(2,546)
Finance costs					(2,267)
Share of results of associate					(200)
<b>Profit before tax</b>					<b>20,554</b>

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 31 DECEMBER 2016

**14. OPERATING SEGMENTS (cont'd)**

**ASSETS AND LIABILITIES**

<b>As at 31 Dec 2016 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment assets	1,095,059	268,041	4,221	(272,195)	1,095,176
Investment in associates					55,051
Investment properties					498
Available-for-sale investments					90
Unallocated corporate assets					212,322
<b>Consolidated total assets</b>					<b>1,363,087</b>
<b>LIABILITIES</b>					
Segment liabilities	(248,493)	(625,528)	(12,259)	224,733	(661,547)
Unallocated corporate liabilities					(104,147)
<b>Consolidated total liabilities</b>					<b>(765,694)</b>

<b>As at 31 Dec 2015 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment assets	1,085,837	193,923	15,961	(256,946)	1,038,775
Investment in associates					47,612
Investment properties					498
Available-for-sale investments					90
Unallocated corporate assets					235,132
<b>Consolidated total assets</b>					<b>1,322,107</b>
<b>LIABILITIES</b>					
Segment liabilities	(156,711)	(619,879)	(18,155)	209,484	(585,261)
Unallocated corporate liabilities					(183,865)
<b>Consolidated total liabilities</b>					<b>(769,126)</b>

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**15. RELATED PARTY TRANSACTIONS**

Significant related party transactions are as follows:

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Purchase of raw materials from a subsidiary of a company of which directors of the Company have interest	-	466	1,097	992
Construction related services to a subsidiary of a company of which directors of the Company have interest	886	4,414	14,770	9,313
Construction related services to an associate company of which directors of the Company have interest	15,737	3,080	38,366	3,974
Project management services from a subsidiary of a company of which directors of the Company have interest	-	405	255	405
Rental and maintenance related services from a subsidiary of a company of which directors of the Company have interest	22	49	87	49

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**16. REVIEW OF PERFORMANCE**

- (i) 12M 2016 vs 12M 2015, comparison with the previous year corresponding period.

a) Property Development

Property sector recorded revenue of RM27.4 million in 12M 2016; represented a significant decrease of 86.02% or RM169.3 million compared to 12M 2015 of RM196.7 million.

Accordingly, the property sector also registered a lower profit of RM9.0 million in 12M 2016 compared to 12M 2015 of RM157.7 million. The significant variance was due to the recognition arose from compulsory land acquisition by the State government in 2015.

b) Construction

Construction sector recorded revenue of RM49.1 million in 12M 2016 represented an increase of RM58.3 million compared to 12M 2015 negative revenue of RM9.2 million.

Therefore, the construction sector also registered a higher profit of RM5.4 million compared to 12M 2015 a loss of RM42.5 million due to revision of budgeted cost and reduction in LAD computation for this sector in 12M 2016.

- (ii) 4Q 2016 vs 3Q 2016, comparison with the immediate preceding quarter.

a) Property Development

Revenue for property development sector increased by RM8.4 million to RM15.2 million in 4Q 2016 compared to 3Q 2016 of RM6.8 million.

The property sector registered a profit of RM5.0 million in 4Q 2016 with gross profit margin of 32.8% compared to RM2.5 million in 3Q 2016 with gross profit margin of 36.5%. The improvement was due to higher percentage of completion of sales was achieved in the current quarter; however with lower profit margin due to increase in budgeted costs.

b) Construction

Revenue for construction sector increased by RM5.7 million to RM15.4 million in 4Q 2016 compared to 3Q 2016 of RM9.7 million.

Consequently, this sector recorded a profit of RM5.0 million in 4Q 2016 which has improved significantly compared to 3Q 2016 of RM211,000. The higher gross profit margin recorded in current quarter was mainly due revised budgeted cost and reduction in LAD calculation which resulted high revenue and gross profit.

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**17. PROSPECTS**

The Group believes that the property market and economic outlook for 2017 will remain weak and tough, given the uncertainty over economic growth and prospects in Malaysia.

The Group will continue its effort in growing the existing businesses especially on the development segment by attracting more foreign and local investors' confidence to our business development.

In addition, the Group is in the midst of completing its land acquisitions to be in line with the Group's growth strategy in accumulating new suitable land at locations with strong growth potential to be included in our landbank in order to scale up its property development activities as a property developer as well as generating long term sustainable income of lands.

Notwithstanding the economic uncertainty, IWCity remains confident in the long-term prospects of the Iskandar Malaysia property market and continuing to extend our position in the property market.

**18. PROFIT FORECAST**

The Group has not provided any profit forecast in a public document.

**19. TAXATION**

	Quarter ended		12 months cumulative to date	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Income tax	3,301	774	3,338	37,288
Deferred tax	(1,838)	(9,148)	(1,914)	(23,569)
	<u>1,463</u>	<u>(8,374)</u>	<u>1,424</u>	<u>13,719</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.



NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**19. TAXATION (cont'd)**

	<b>Current quarter 31.12.2016 RM'000</b>	<b>12 months cumulative to date 31.12.2016 RM'000</b>
Major components of tax expenses:		
Loss before tax	(1,413)	(13,604)
Taxation at the Malaysian statutory tax rate of 24%	(339)	(3,265)
Adjustments:		
- Income not subject to taxation	(1,052)	(1,789)
- Under/(over) provision in prior period	2,516	2,318
- Recognition of deferred tax assets	(1,843)	(1,914)
- Non - deductible expenses	2,142	6,113
Tax expenses	1,424	1,463
Effective tax rate	100.7%	10.75%

**20. UNQUOTED INVESTMENTS AND PROPERTIES**

There were no purchases or sales of unquoted investments and properties for the current quarter and financial period-to-date.

**21. QUOTED INVESTMENTS**

There were no purchases or sales of quoted securities for the current quarter and financial period-to-date.

There were no investments in quoted securities as at the end of the current quarter.

**22. STATUS OF CORPORATE PROPOSALS**

(i) There were no other corporate proposals announced but not completed as of the reporting date except for :

- (a) Proposed Disposal of 128 acres of land to Greenland Tebrau Sdn. Bhd.;
- (b) Proposed Acquisition of 67.5 acres of land from Bahagia Wangsa Sdn. Bhd.;
- (c) Proposed Acquisition of 1.72 hectares of land from Malgold Construction Sdn. Bhd.;
- (d) Proposed Acquisition of 2.17 hectares of land from Eight Danga Sdn. Bhd.; and
- (e) Proposed Land Exchange;

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**22. STATUS OF CORPORATE PROPOSALS (cont'd)**

(ii) The Company has completed the placement of 66.97 million new shares at the issue price of RM0.90 under the Private Placement and the new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 14 June 2016.

**23. BORROWINGS AND DEBT EQUITIES**

Details of the Group's borrowings (all denominated in Malaysian currency) as at 31 Dec 2016 are as follows:

	<b>Current</b>	<b>Non current</b>	<b>Total</b>
<b>Secured</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term and bridging loans – Note 1	-	25,258	25,258
Revolving credit – Note 2	-	100,000	100,000
Obligations under finance lease	580	1,408	1,988
Bank overdraft	15,142	-	15,142
<b>Total</b>	<b>15,722</b>	<b>126,666</b>	<b>142,388</b>

Note 1 : Term and bridging loan from Affin Bank Berhad was for our development properties products and RM21.04 million had been utilised to finance the project. The facility will be repay through the redemption from sale of development properties products and internal fund.

Note 2 : Revolving credit from Amlslamic Bank Berhad for Murabahah Tawwarruq RC facilities was for our working capital. The facility will be repay through internal funds.

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 31 DECEMBER 2016

**24. REALISED AND UNREALISED PROFITS/(LOSSES)**

The Group's realised and unrealised accumulated profit/(losses) disclosure is as follows:

	As at 31.12.2016	As at 31.12.2015
RM'000		
Total accumulated profit/(losses) of the Company and subsidiaries:		
- Realised	39,454	41,930
- Unrealised	12,475	61,781
	51,929	103,711
Less: Consolidation adjustments	(74,661)	(111,415)
Total Group accumulated losses	(22,732)	(7,704)

**25. LOSS BEFORE TAX**

The following amounts have been included in arriving at loss before tax:

	Quarter ended		12 months cumulative to date	
	30.09.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Depreciation	157	181	663	519
Interest income	(1,052)	(1,707)	(1,789)	(2,298)
Interest expenses	3,257	475	13,095	2,267
Property, plant and equipment written off	148	-	255	-
Corporate social responsibility	-	21,300	-	21,300
Other income	(30)	(6)	(154)	(17)
	(30)	(6)	(154)	(17)

Other than as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Malaysia Listing Requirement are not applicable.

**26. CAPITAL COMMITMENTS**

There are no material capital commitments as at the date of this report except for the acquisitions of lands amounted to RM227.4 million.

**27. EVENTS AFTER REPORTING PERIOD**

There were no material events subsequent to the end of the current quarter.

NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016

**28. DERIVATIVES**

- a. There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 31 December 2016; and
- b. The Group has not entered into any type of derivatives in the previous financial year or the period under review.

**29. DIVIDEND PAYABLE**

No dividend has been declared for the financial period ended 31 December 2016 (31 December 2015 : RM Nil).

**30. EARNINGS PER SHARE**

The basic earnings per share for the financial period has been calculated based on the Group's earnings after taxation and divided by the 736,699,857 ordinary shares of RM0.50 each in issue during the financial period.

**31. STATUS OF JOINT VENTURE PROJECT**

Following is the status of the existing joint venture projects as at 31 December 2016 :

	<b>Paradise Realty Sdn. Bhd.</b>
<u>Development Status</u>	
Total land area	20.324 acres
% land under development	100%
% of development completed	49.96%
% of development not yet completed	50.04%

**32. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2017.