

There is no amendment required for this 4th quarterly report which was announced on 28 February 2018.



**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DEC 2017**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current quarter 31.12.2017 RM'000</b>	<b>Previous year corresponding quarter 31.12.2016 RM'000</b>	<b>12 months ended 31.12.2017 RM'000</b>	<b>12 months ended 31.12.2016 RM'000</b>
Revenue	25,427	30,637	271,782	76,596
Cost of sales	(24,525)	(22,800)	(93,528)	(64,662)
Gross profit	902	7,837	178,254	11,934
Other operating income	997	745	1,698	2,293
Operating expenses	(5,163)	(8,992)	(18,736)	(17,037)
(Loss)/profit from operations	(3,264)	(410)	161,216	(2,810)
Finance costs	(332)	(2,269)	(4,434)	(12,108)
	(3,596)	(2,679)	156,782	(14,918)
Share option expenses	-	-	(72,099)*N1	-
(Loss)/profit before tax (Note 25)	(3,596)	(2,679)	84,683	(14,918)
Tax expenses (Note 19)	18,418	(1,147)	(36,562)	(1,108)
Profit/(Loss) for the period	14,822	(3,826)	48,121	(16,026)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	14,822	(3,826)	48,121	(16,026)
Profit/(Loss) and total comprehensive income/(loss) attributable to :				
Owners of the Parent	14,822	(3,826)	48,121	(16,026)

\*N1 – One-off expense arose from the granting of the Employees' Share Option Scheme ("ESOS") pursuant to FRS 2 fair value accounting.

**EARNINGS/(LOSS) PER SHARE (Note 30)**

Basic (sen)	1.81	(0.55)	5.88	(2.28)
Diluted (sen)	1.81	(0.55)	5.92	(2.28)

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 2016 and the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DEC 2017**

	<b>Unaudited as at 31.12.2017 RM'000</b>	<b>Audited as at 31.12.2016 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,545	3,839
Available-for-sale investment	90	90
Investment in associates	91,187	55,051
Investment properties	540	498
Land held for future development	122,343	28,974
Deferred tax assets	11,632	10,350
	<u>229,337</u>	<u>98,802</u>
<b>CURRENT ASSETS</b>		
Development properties	1,148,965	983,773
Inventories	182	182
Trade and other receivables	126,640	174,630
Other current assets	218,947	28,238
Tax recoverable	2,801	2,944
Cash and bank balances	47,504	49,498
	<u>1,545,039</u>	<u>1,239,265</u>
<b>TOTAL ASSETS</b>	<b>1,774,376</b>	<b>1,338,067</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	726,946	368,350
Share premium	-	251,775
Share based payment reserve	64,110	-
Reserves	24,391	(23,730)
Shareholders' equity	<u>815,447</u>	<u>596,395</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	222,666	14,614
Deferred tax liabilities	96,858	99,454
	<u>319,524</u>	<u>114,068</u>
<b>CURRENT LIABILITIES</b>		
Short term borrowings	15,525	127,773
Trade and other payables	546,888	442,231
Other current liabilities	6,220	16,157
Provisions	3,640	3,640
Tax payable	67,132	37,803
	<u>639,405</u>	<u>627,604</u>
<b>TOTAL LIABILITIES</b>	<b>958,929</b>	<b>741,672</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,774,376</b>	<b>1,338,067</b>
Net assets per share (RM)	0.97	0.81

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DEC 2017

	Share capital	Share premium*	Share based payment reserve	(Accumulated losses)/ Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Opening balance at 1 January 2017</b>	368,350	251,775	-	(23,730)	596,395
Total comprehensive profit for the period	-	-	-	48,121	48,121
Issuance of ordinary shares	106,821	-	(7,989)	-	98,832
Grant of equity-settled share options to employees	-	-	72,099	-	72,099
Transition to no par value regime*	251,775	(251,775)	-	-	-
<b>Closing balance at 31 Dec 2017</b>	<b>726,946</b>	<b>-</b>	<b>64,110</b>	<b>24,391</b>	<b>815,447</b>
<b>Opening balance at 1 January 2016</b>	334,864	225,821	-	(7,704)	552,981
Total comprehensive loss for the period	-	-	-	(16,026)	(16,026)
Issuance of ordinary shares	33,486	25,954	-	-	59,440
<b>Closing balance at 31 Dec 2016</b>	<b>368,350</b>	<b>251,775</b>	<b>-</b>	<b>(23,730)</b>	<b>596,395</b>

\*Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a results of this transition.

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 2016 and the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE QUARTER ENDED 31 DEC 2017**

	<b>12 months ended 31.12.2017 RM'000</b>	<b>12 months ended 31.12.2016 RM'000</b>
<b>Operating activities</b>		
Profit/(loss) before tax	84,683	(14,918)
Adjustment for :		
Depreciation	675	663
Gain on disposal of property, plant and equipment	(62)	151
Grant of equity-settled share options to employees	72,099	-
Discounting of retention sum	-	(323)
Provision/(reversal) for foreseeable loss	4,869	(5,211)
Interest income	(1,204)	(1,749)
Fair value adjustment for investment property	(42)	-
Property, plant and equipment written off	83	-
Interest expenses	4,434	12,108
Operating profit/(loss) before changes in working capital	165,535	(9,279)
Change in trade and other receivables	(144,865)	6,530
Change in trade and other payables	94,720	33,551
Change in property development costs	(9,283)	(76,745)
<b>Cash flows from/(used in) operating activities</b>	<b>106,107</b>	<b>(45,943)</b>
Interest paid	(4,434)	(12,563)
Taxes paid (net)	(13,193)	(633)
<b>Net cash from/(used in) operating activities</b>	<b>88,480</b>	<b>(59,139)</b>
<b>Investing activities</b>		
Additions to land held	(249,278)	-
Purchase of property, plant and equipment	(138)	(107)
Proceeds from disposal of property, plant and equipment	62	104
Investment in associates	(36,136)	(7,439)
Interest received	1,204	1,749
<b>Net cash used in investing activities</b>	<b>(284,286)</b>	<b>(5,693)</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE QUARTER ENDED 31 DEC 2017**

	<b>12 months ended 31.12.2017 RM'000</b>	<b>12 months ended 31.12.2016 RM'000</b>
<b>Financing activities</b>		
Uplift/(placement) of deposits with maturity exceeding 90 days	2,439	(1,099)
Drawdown of borrowings	110,000	21,048
Repayment of borrowings	(13,053)	(82,782)
Repayment of obligations under finance leases	(637)	(717)
Proceeds from issuance of shares	98,334	60,275
Share issuance expenses	-	(835)
<b>Net cash from/(used in) financing activities</b>	<b>197,083</b>	<b>(4,200)</b>
Net increase/(decrease) in cash and cash equivalents	1,277	(69,032)
Cash and cash equivalents at beginning of period	(2,820)	66,212
<b>Cash and cash equivalents at the end of period</b>	<b>(1,543)</b>	<b>(2,820)</b>
Cash and cash equivalents comprise:		
Cash and bank balances	5,508	5,480
Deposit with licensed banks	41,996	44,018
	47,504	49,498
Less: Deposit with licensed banks pledged for banking facilities	(34,737)	(37,176)
Less : Bank overdraft	(14,310)	(15,142)
	<b>(1,543)</b>	<b>(2,820)</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 2016 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 DEC 2017

### 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 2016. 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 2016.

### 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 2016 except for the adoption of Amendments to Standards and Issue Committee (“IC”) interpretations effective as of 1 January 2016.

Amendments to FRS 107 : Disclosure Initiatives  
Amendments to FRS 112 : Recognition of Deferred Tax Assets for Unrealised Losses  
Amendments to FRS 12 : Disclosure of Interests in Other Entities

#### 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 2014-2016 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 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  
Annual Improvements to FRSs 2015-2017 Cycle



## NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 31 DEC 2017

### **2.2 Standards and interpretations issued but not yet effective (cont'd)**

Amendments to FRS 9: Prepayment Features with Negative Compensation  
Amendments to FRS 128: Long-term Interests in Associates and Joint Ventures  
IC Interpretation 23: Uncertainty over Income Tax Treatments  
FRS 17: Insurance Contracts

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').

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.

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## NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 31 DEC 2017

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

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 2017 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 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.

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, internal budgeting and by relying on the work of specialists.

Where the outcome of a construction contract cannot be reliably measured, revenue is recognised to the extent of costs incurred that it is probable will be recovered.





NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DEC 2017

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

(c) Provision for liquidated ascertained damages ("LAD")

The Group has on-going construction and development projects that have not been completed by the contractual deadline.

The management has assessed that the delay was due to factors not within the Group's scope of work or responsibility nevertheless, on prudence basis, the management has made a provision of LAD amounted to RM14.15 million based on the revised projects' schedule and the terms of the contracts and developments. The Group has arrived at this estimation based on its prior experience with similar contracts.

The management considers that these amounts will not be significantly affected by a reasonably possible change in the assumptions applied in deriving the estimated LAD.

**3. AUDITORS' REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2016**

The auditors' report on the financial statements of the Company and of the Group for the financial year ended 31 December 2016 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.

**6. CHANGES IN ESTIMATES**

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



NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DEC 2017

**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 period to-date under review except for:

- (i) issuance of 87,000,000 new ordinary shares at the issue price of RM0.90 to settle the purchase price of the lands acquisition;
- (ii) granting of 123,550,000 shares options to its eligible directors and employees pursuant to Employees' Share Options Scheme ("ESOS"); and
- (iii) issuance of 13,689,000 new ordinary shares pursuant to the exercise of ESOS at the exercise price of RM1.50 per share.

**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 2017 and 31 December 2016, which are within the Group's objectives for capital management, are as follows:-

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Borrowings	238,191	142,387
Trade and other payables	546,888	442,231
Less: Cash and bank balances	<u>(47,504)</u>	<u>(49,498)</u>
Net debt	<u>737,575</u>	<u>535,120</u>
Equity	<u>815,447</u>	<u>596,395</u>
Total capital	<u>815,447</u>	<u>809,619</u>
<b>Capital and net debt</b>	<b>1,553,022</b>	<b>1,131,515</b>
<b>Gearing ratio</b>	<b>47.49%</b>	<b>47.29%</b>

The increase in gearing ratio to 47.49% for the quarter ended 31 Dec 2017 as compared to previous year of 47.29% is due to the drawdown of new borrowings and increase in amount payable to sub-contractors.



NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DEC 2017

**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</b> <b>31.12.2017</b> <b>RM'000</b>	<b>12 months</b> <b>cumulative to date</b> <b>31.12.2017</b> <b>RM'000</b>
a) Drawdown on new bank borrowings	-	110,000
b) Repayment of bank borrowings	3,530	13,053

**9. DIVIDENDS**

No dividends were recommended, declared or paid during the financial period ended 31 Dec 2017.

**10. VALUATION OF INVESTMENT PROPERTIES**

An independent valuation for investment properties was carried out by Raine & Horne during the financial year ended 31 December 2017 and the net fair value gain arising from the valuation amounting to RM42,000 was recognised in the statement of profit or loss for the financial year ended 31 December 2017.

**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>31.12.2017</b> <b>RM'000</b>	<b>31.12.2016</b> <b>RM'000</b>
Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries	284,791	171,541
- Current exposure	131,504	37,800
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 DEC 2017

**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 2017 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	254,132	17,650	-	-	271,782
Other income	557	1,129	-	-	1,686
Unallocated other income	-	-	-	-	12
	254,689	18,779	-	-	273,480
<b>RESULT</b>					
Segment results	166,377	(8,035)	-	-	158,342
Unallocated corporate expenses					(69,225)
Finance costs					(4,434)
<b>Profit before tax</b>					<b>84,683</b>

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	1,079	1,150	-	-	2,229
Unallocated other income	-	-	-	-	64
	13,316	34,131	-	-	78,889
<b>RESULT</b>					
Segment results	4,256	(5,569)	-	-	(1,313)
Unallocated corporate expenses					(1,497)
Finance costs					(12,108)
<b>Loss before tax</b>					<b>(14,918)</b>

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NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DEC 2017

14. OPERATING SEGMENTS (cont'd)

**ASSETS AND LIABILITIES**

As at 31 Dec 2017 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment assets	1,359,218	517,237	-	(507,692)	1,368,763
Investment in associates					91,187
Investment properties					540
Available-for-sale investments					90
Unallocated corporate assets					313,346
<b>Consolidated total assets</b>					<b>1,774,376</b>
<b>LIABILITIES</b>					
Segment liabilities	(588,636)	(726,457)	-	460,230	(854,863)
Unallocated corporate liabilities					(104,066)
<b>Consolidated total liabilities</b>					<b>(958,929)</b>

As at 31 Dec 2016 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment assets	1,089,928	256,021	4,222	(279,615)	1,070,556
Investment in associates					55,051
Investment properties					498
Available-for-sale investments					90
Unallocated corporate assets					211,872
<b>Consolidated total assets</b>					<b>1,338,067</b>
<b>LIABILITIES</b>					
Segment liabilities	(221,812)	(636,055)	(12,260)	232,154	(637,973)
Unallocated corporate liabilities					(103,699)
<b>Consolidated total liabilities</b>					<b>(741,672)</b>



NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
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**15. RELATED PARTY TRANSACTIONS**

Significant related party transactions are as follows:

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	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	-	-	51	1,097
Construction related services to a subsidiary of a company of which directors of the Company have interest	-	886	1,636	14,770
Construction related services to an associate company of which directors of the Company have interest	11,730	15,737	71,681	38,366
Project management services from a subsidiary of a company of which directors of the Company have interest	-	-	-	255
Rental and maintenance related services from a subsidiary of a company of which directors of the Company have interest	17	22	70	87

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  
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**16. REVIEW OF PERFORMANCE**

(i) Financial review for current quarter and financial period to-date

	3 months Quarter ended		Changes		12 months cumulative to-date		Changes	
	31.12.2017 (RM'000)	31.12.2016 (RM'000)	Amount (RM'000)	%	31.12.2017 (RM'000)	31.12.2016 (RM'000)	Amount (RM'000)	%
<b>Revenue</b>								
Property development	18,562	15,206	3,356	22.07	254,132	27,494	226,638	824.3
Constructions	6,865	15,431	(8,566)	(55.52)	17,650	49,102	(31,452)	(64.06)
	<b>25,427</b>	<b>30,637</b>	<b>(5,210)</b>	<b>(17.01)</b>	<b>271,782</b>	<b>76,596</b>	<b>195,186</b>	<b>254.83</b>

<b>Profit/(loss) before tax</b>								
Property development	(957)	2,727	(3,684)	(135.1)	165,725	1,751	163,974	9,364
Constructions	(6,272)	(2,067)	4,205	203.43	(9,270)	(3,946)	5,324	134.9
Others	3,633	(3,339)	6,972	208.81	327	(12,723)	13,050	102.6
Share option expenses	-	-	-	-	(72,099)	-	(72,099)	-
	<b>(3,596)</b>	<b>(2,679)</b>	<b>917</b>	<b>34.23</b>	<b>84,683</b>	<b>(14,918)</b>	<b>99,601</b>	<b>667.6</b>

a) Performance review for financial year (FY 2017 vs FY 2016)

For the financial year ended 31 December 2017, the Group registered a significant profit before tax of RM84.6 million upon the fulfilment of all conditions precedent for the disposal of first tranche of land ("Lot 1A") to Greenland Tebrau Sdn Bhd ("GTSB"). The Group's profit had improved by RM99.6 million as compared to a loss before tax for the previous year of RM14.9 million.

The contribution from each business segment is set out below:

**Property Development**

Revenue from property sector for FY 2017 has improved significantly by 824.3% to RM254.1 million from RM27.4 million in FY 2016. Recognition of land sale to GTSB has significantly improved the sector's profit of RM1.8 million in FY 2016 to RM165.7 million for FY 2017.

**Construction**

The construction sector had registered a lower revenue of RM17.6 million in FY 2017 as compared to RM49.1 million in FY 2016. The lower revenue has consequently resulted a higher loss before tax of RM9.3 million as compared to a loss of RM3.9 million for FY 2016 due to lesser work done for its construction projects and provision for LAD charges.



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b) Performance review for current quarter (Q4 2017 vs Q4 2016)

For the current quarter under review, the Group recorded a loss before tax of RM3.6 million compared to a loss of RM2.8 million in the previous year quarter.

**Property Development**

Revenue for current quarter of RM18.5 million has improved by RM3.3 million from RM15.2 million in the previous year quarter. This sector, however recorded a loss before tax of RM957,000 as compared to a profit before tax of RM2.7 million in the previous year quarter due to higher sales and marketing expenses incurred in this period.

**Construction**

Revenue for construction sector is lower by 55.5% as compared to RM15.4 million in the previous year quarter, mainly due to lower work done. Consequently, the sector has registered a higher loss before tax of RM6.3 million as compared to the previous year quarter loss of RM2.1 million.

(ii) Financial review for current quarter compared with immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes	
	31.12.2017 (RM'000)	30.09.2017 (RM'000)	Amount (RM'000)	%
<b>Revenue</b>				
Property development	18,562	217,728	(199,166)	(91.48)
Constructions	6,865	2,471	4,394	177.83
	<b>25,427</b>	<b>220,199</b>	(194,772)	(88.46)

<b>Profit/(loss) before tax</b>				
Property development	(957)	163,311	(164,268)	(100.59)
Constructions	(6,272)	(1,587)	4,685	295.22
Others	3,633	(573)	4,206	734
Share option expenses	-	(17,366)	(17,366)	(100)
	<b>(3,596)</b>	<b>143,785</b>	(165,873)	(115.4)

The Group's revenue has decreased to RM18.6 million in the current quarter as compared to RM217.7 million in the preceding quarter due to land sales recognition in Q3 2017.

The Group has registered a loss before tax of RM3.6 million as compared to profit before tax of RM143.7 million in the immediate preceding quarter mainly due to the land sales recognition in Q3 2017, lesser work done for its construction projects and provision for LAD charges in the current quarter.





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**17. PROSPECTS**

The Group looks forward to 2018 with optimism especially in property sector; it was supported by the improved sales volume and higher amount of work done for its Botanika development project. With the recent launch and encouraging sales of its gated and guarded landed properties; namely Danga Sutera, the Group expects to generate a gross development value of approximately RM600 million within the next 3-5 years.

Notwithstanding the economic uncertainty, IWCity remains confident in the long-term prospects of the Iskandar Malaysia 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	
	31.12.2017	31.12.2016	31.12.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Income tax	(16,813)	3,300	40,440	3,337
Deferred tax	(1,605)	(2,153)	(3,878)	(2,229)
	<u>(18,418)</u>	<u>1,147</u>	<u>36,562</u>	<u>1,108</u>

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



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

	<b>Current quarter 31.12.2017 RM'000</b>	<b>12 months cumulative to date 31.12.2017 RM'000</b>
Major components of tax expenses:		
Profit/(Loss) before tax	(3,596)	84,683
Taxation at the Malaysian statutory tax rate of 24%	(863)	20,324
Adjustments:		
- Income not subject to tax	(54,733)	(55,064)
- Under provision in prior periods	36,984	37,207
- Non - deductible expenses	194	34,096
Tax expenses	(18,418)	36,562
Effective tax rate	512.2%	43.2%

**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**

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

- (a) Remaining tranches on the Proposed Disposal of 128 acres of land to GTSB; and
- (b) Proposed Merger Scheme.



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**23. BORROWINGS AND DEBT EQUITIES**

Details of the Group's borrowings (all denominated in Malaysian currency) as at 31 December 2017 are as follows:

<b>Secured</b>	<b>Current RM'000</b>	<b>Non current RM'000</b>	<b>Total RM'000</b>
Term loan and bridging loans – Note 1	537	121,667	122,204
Revolving credit – Note 2	-	100,000	100,000
Obligations under finance lease	678	998	1,676
Bank overdraft	14,310	-	14,310
<b>Total</b>	<b>15,525</b>	<b>222,665</b>	<b>238,190</b>

Note 1 : Term loan and bridging loan are for the development properties and land acquisition. RM138.1 million had been utilised for the land acquisition and the development project. RM15.9 million had been repaid.

Note 2 : Revolving credit facility is for working capital.

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

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

	As at 31.12.2017	As at 30.09.2017
RM'000		
Total accumulated profit/(losses) of the Company and subsidiaries:		
- Realised	212,019	197,774
- Unrealised	(59,328)	(60,463)
	<u>152,691</u>	<u>137,311</u>
Less: Consolidation adjustments	(128,300)	(127,742)
<b>Total Group accumulated profit/(losses)</b>	<b>24,391</b>	<b>9,569</b>



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**25. PROFIT/(LOSS) BEFORE TAX**

The following amounts have been included in arriving at profit/(loss) before tax:

	Quarter ended		12 months cumulative to date	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Depreciation	207	157	675	663
(Gain)/loss on disposal of property, plant and equipment	-	148	(62)	255
Interest income	(873)	(1,052)	(1,204)	(1,749)
Interest expenses	332	3,257	4,434	12,108
Fair value adjustment on investment property	(42)	-	(42)	-
Other income	(69)	(30)	(306)	(154)
Provision/(reversal) for foreseeable losses	4,869	(5,211)	4,869	(5,211)

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.

**27. EVENTS AFTER REPORTING PERIOD**

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

**28. DERIVATIVES**

- a. There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 31 Dec 2017; 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 Dec 2017 (31 Dec 2016 : RM Nil).



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**30. EARNINGS/(LOSS) PER SHARE**

(a) The basic earnings per share has been calculated by dividing the Group's profit/(loss) for the period attributable to owners of the Company by weighted average number of shares in issue. The weighted number of shares in issue is calculated as follows:

	Quarter ended		12 months cumulative to date	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit/(loss) for the period attributable to owners of the Company (RM'000)	14,822	(3,826)	48,121	(16,026)
Number of ordinary shares at beginning of the period ('000)	818,396	669,727	736,700	669,727
Effect of shares issued pursuant to :				
- Private placement	-	33,486	-	33,486
- Land acquisition	-	-	72,500	-
- Exercise of ESOS	(167)	-	9,030	-
Weighted average number of ordinary shares	818,229	703,213	818,229	703,213
Basic earnings per share (sen)	1.81	(0.55)	5.88	(2.28)

(b) The diluted earnings per share has been calculated by dividing the Group's profit/(loss) for the period attributable to owners of the Company by weighted average number of shares that would have been in issue upon full exercise of the remaining options under the Employees Share Option Scheme ("ESOS") granted, is calculated as follows:

	Quarter ended		12 months cumulative to date	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit/(loss) for the period attributable to owners of the Company (RM'000)	14,822	(3,826)	48,121	(16,026)
Weighted average number of ordinary shares as per basic earnings per share	818,229	703,213	818,229	703,213
Effect of potential exercise of ESOS	(519)	-	(5,493)	-
Weighted average number of ordinary shares	817,710	703,213	812,736	703,213
Diluted earnings per share (sen)	1.81	(0.55)	5.92	(2.28)

There is no amendment required for this 4th quarterly report which was announced on 28 February 2018.



NOTES TO THE 4<sup>th</sup> QUARTER FINANCIAL REPORT  
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**31. STATUS OF JOINT VENTURE PROJECT**

Following is the status of the existing joint venture projects as at 31 December 2017 :

	<b>Paradise Realty Sdn. Bhd.</b>	<b>Greenland Tebrau Sdn. Bhd. (Lot 1A)</b>
<u>Development Status</u>		
Total land area	20.324 acres	11.013 acres
% land under development	100%	100%
% of development completed	49.96%	-
% of development not yet completed	50.04%	100%

**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 2018.