

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter	Previous year corresponding quarter	6 months ended	6 months ended
	30.06.2018	30.06.2017 (restated)	30.06.2018	30.06.2017 (restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	17,953	12,786	50,021	26,571
Cost of sales	(14,260)	(9,676)	(39,314)	(19,558)
Gross profit	3,693	3,110	10,707	7,013
Other operating income	314	384	552	870
Operating expenses	(9,291)	(2,460)	(15,045)	(4,775)
(Loss)/profit from operations	(5,284)	1,034	(3,786)	3,108
Finance costs	(5,414)	(488)	(5,696)	(3,557)
	(10,698)	546	(9,482)	(449)
Share option expenses ^{*N1}	-	-	-	(54,733)
(Loss)/profit before tax (Note 25)	(10,698)	546	(9,482)	(55,182)
Tax expenses (Note 19)	1,257	(253)	856	(950)
(Loss)/profit for the period	(9,441)	293	(8,626)	(56,132)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income for the period	(9,441)	293	(8,626)	(56,132)
(Loss)/profit and total comprehensive (loss)/income attributable to :				
Owners of the Parent	(9,441)	293	(8,626)	(56,132)

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

EARNINGS/(LOSS) PER SHARE (Note 30)

Basic (sen)	(1.13)	0.04	(1.03)	(6.86)
Diluted (sen)	(1.13)	0.04	(1.03)	(6.83)

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 2017 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 JUNE 2018

	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000 (Restated)	As at 01.01.2017 RM'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	3,086	3,545	3,839
Available-for-sale investment	90	90	90
Investment in associates	46,305	46,305	55,051
Investment properties	540	540	498
Inventory property - Land held	122,343	122,343	28,974
Deferred tax assets	11,632	11,632	10,350
	<u>183,996</u>	<u>184,455</u>	<u>98,802</u>
CURRENT ASSETS			
Inventory property - Development properties	1,166,723	1,195,125	984,319
Inventories	182	182	182
Trade and other receivables	304,543	308,629	174,630
Other current assets	110,967	44,326	28,238
Tax recoverable	225	-	2,944
Cash and bank balances	51,868	48,156	49,498
	<u>1,634,508</u>	<u>1,596,418</u>	<u>1,239,811</u>
TOTAL ASSETS	1,818,504	1,780,873	1,338,613
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	726,946	726,946	368,350
Share premium	-	-	251,775
Share based payment reserve	56,201	64,110	-
Reserves	24,952	25,335	(23,210)
Shareholders' equity	<u>808,099</u>	<u>816,391</u>	<u>596,915</u>
NON-CURRENT LIABILITIES			
Long term borrowings	211,021	211,650	14,614
Deferred tax liabilities	96,732	96,858	99,454
	<u>307,753</u>	<u>308,508</u>	<u>114,068</u>
CURRENT LIABILITIES			
Short term borrowings	15,434	27,193	127,773
Trade and other payables	623,915	556,261	442,231
Other current liabilities	25,573	17,431	16,157
Provisions	13,167	8,512	3,640
Tax payable	24,563	46,577	37,829
	<u>702,652</u>	<u>655,974</u>	<u>627,630</u>
TOTAL LIABILITIES	1,010,405	964,482	741,698
TOTAL EQUITY AND LIABILITIES	1,818,504	1,780,873	1,338,613
Net assets per share (RM)	0.97	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 2017 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018

	Share capital	Share premium*	Share based payment reserve	(Accumulated losses)/ Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2018	726,946	-	64,110	24,391	815,447
Effect of adoption of the MFRS Framework	-	-	-	944	944
Opening balance at 1 January 2018 (restated)	726,946	-	64,110	25,335	816,391
Total comprehensive profit for the period	-	-	-	(8,292)	(8,292)
Expired of equity-settled share options to employees	-	-	(7,909)	7,909	-
Closing balance at 30 June 2018	726,946	-	56,201	24,952	808,099
Opening balance at 1 January 2017	368,350	251,775	-	(23,730)	596,395
Effect of adoption of the MFRS Framework	-	-	-	546	546
Opening balance at 1 January 2017 (restated)	368,350	251,775	-	(23,184)	596,941
Total comprehensive loss for the period	-	-	-	(56,132)	(56,132)
Issuance of ordinary shares	104,897	-	(6,064)	-	98,833
Grant of equity-settled share options to employees	-	-	54,733	-	54,733
Share-based payment for land acquired	-	-	115,966	-	115,966
Transition to no par value regime*	251,775	(251,775)	-	-	-
Closing balance at 30 June 2017	725,022	-	164,635	(79,316)	810,341

* 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 result 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 2017 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
 FOR THE PERIOD ENDED 30 JUNE 2018

	6 months ended 30.06.2018 RM'000	6 months ended 30.06.2017 RM'000 (restated)
Operating activities		
Loss before tax	(9,482)	(55,182)
Adjustment for :		
Depreciation	284	308
Provision for liquidated ascertained damages	4,433	-
Gain/(loss) on disposal of property, plant & equipment	21	(62)
Grant of equity-settled share options to employees	-	54,733
Interest income	(216)	(308)
Interest expenses	5,695	6,627
Operating profit before changes in working capital	735	6,116
Change in trade and other receivables	(62,188)	48,225
Change in trade and other payables	80,448	59,915
Change in inventory property	28,401	(47,009)
Cash flows from operating activities	47,396	67,247
Interest paid	(5,695)	(6,627)
Taxes paid (net)	(21,173)	(4,057)
Net cash from operating activities	20,528	56,563
Investing activities		
Additions to land held	-	(249,278)
Purchase of property, plant and equipment	-	(116)
Proceeds from disposal of property, plant & equipment	(21)	62
Investment in associates	-	(10,000)
Interest received	216	308
Net cash from/(used in) investing activities	195	(259,024)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2018 (CONT'D)

	6 months ended 30.06.2018 RM'000	6 months ended 30.06.2017 RM'000 (restated)
Financing activities		
Drawdown of borrowings	-	110,000
Placement of deposits with maturity exceeding 90 days	(4,624)	-
Repayment of borrowings	(12,382)	(7,703)
Repayment of obligations under finance leases	(284)	(304)
Proceeds from issuance of shares	-	98,834
Net cash from/(used in) financing activities	(17,290)	200,827
Net increase/(decrease) in cash and cash equivalents	3,433	(1,634)
Cash and cash equivalents at beginning of period	(7,623)	5,879
Cash and cash equivalents at the end of period	(4,190)	4,245
Cash and cash equivalents comprise:		
Cash and bank balances	4,051	4,104
Deposit with licensed banks	47,817	44,321
	51,868	48,425
Less: Deposit with licensed banks pledged for banking facilities	(41,469)	(28,477)
Less : Bank overdraft	(14,589)	(15,703)
	(4,190)	4,245

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2018

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements (“Condensed Report”) are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and 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 2017. 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 2017.

The condensed report is the first set of Condensed Report prepared in accordance with the MFRS Framework, hence the MFRS 1 First Time Adoption of Malaysian Financial Standards has been applied. The MFRS Framework is effective for the Group from 1 January 2018 and the date of transition to the MFRS Framework for the purposes of preparation on the MFRS compliant condensed report is 1 January 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 January 2017 and throughout all comparable condensed report presented, as if these policies had always been in effect. Comparative information in these condensed report have been restated to give effect to above changes. The newly effective standard, which was, adopted pursuant to the adoption of the MFRS Framework, namely MFRS 15 *Revenue from Contracts with Customers*.

2. CHANGES IN ACCOUNTING POLICIES

2.1 Changes in accounting policies arising from 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 2017 except for the adoption of the following new amendments to MFRSs:

- MFRS 15 : Revenue from Contracts with Customers
- Amendments to MFRS 15 : Clarifications to MFRS 15
- MFRS 9 : Financial Instruments
- Amendments to MFRS 1: First time Adoption of MFRS 1 (Annual Improvements to MFRSs 2014-2016 Cycle)
- Amendments to MFRS 140 : Transfers of Investment Property
- Amendments to MFRS 2 : Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4 : Applying MFRS 9 – Financial Instruments with MFRS 4 – Insurance Contracts
- Amendments to MFRS 128 : Investments in Associates and Joint Ventures (Annual Improvements to MFRSs 2014-2016 Cycle)



NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.1 Changes in accounting policies arising from adoption of Standards, Amendments and IC interpretations (cont'd)

The adoption of the above amendments to MFRSs did not result in material impact to the interim financial statements of the Group except as per mentioned above on the adoption of MFRS 15 where the impact is shown below.

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables:

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.1 Changes in accounting policies arising from adoption of Standards, Amendments and IC interpretations (cont'd)

Reconciliation of statements of comprehensive income for current quarter and cumulative quarter ended 30 June 2017:

	Current Quarter Ended 30 June 2017			Cumulative Quarter Ended 30 June 2017		
	<u>As previously reported</u> <u>30.06.2017</u> <u>RM'000</u>	<u>Effect of MFRS 15</u> <u>RM'000</u>	<u>Restated as at 30.06.2017</u> <u>RM'000</u>	<u>As previously reported</u> <u>30.06.2017</u> <u>RM'000</u>	<u>Effect of MFRS 15</u> <u>RM'000</u>	<u>Restated as at 30.06.2017</u> <u>RM'000</u>
Revenue	12,509	277	12,786	26,156	415	26,571
Cost of Sales	(9,667)	(9)	(9,676)	(19,467)	(91)	(19,558)
Gross profit	2,842	268	3,110	6,689	324	7,013
Other Operating Income	384	-	384	870	-	870
Operating expenses	(2,460)	-	(2,460)	(4,775)	-	(4,775)
Profit/(loss) from operations	766	268	1,034	2,784	324	3,108
Finance cost	(488)	-	(488)	(3,557)	-	(3,557)
	278	268	546	(773)	324	(449)
Share option expenses	-	-	-	(54,733)	-	(54,733)
Profit/(loss) before tax	278	268	546	(55,506)	324	(55,182)
Tax expenses	(131)	(122)	(253)	(802)	(148)	(950)
Profit/(loss) for the period, representing total comprehensive income/(loss) for the period	147	146	293	(56,308)	176	(56,132)
Profit/(loss) and total comprehensive income/(loss) attributable to :-						
Owners of the parent	147	146	293	(56,308)	176	(56,132)

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2018

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.1 Changes in accounting policies arising from adoption of Standards, Amendments and IC interpretations (cont'd)

Reconciliation of statements of financial position:

	<u>Audited as at</u> <u>31.12.2017</u> <u>RM'000</u>	<u>Effect of</u> <u>MFRS 15</u> <u>RM'000</u>	<u>Restated as</u> <u>at 31.12.2017</u> <u>RM'000</u>	<u>Audited as at</u> <u>01.01.2017</u> <u>RM'000</u>	<u>Effect of</u> <u>MFRS 15</u> <u>RM'000</u>	<u>Restated as</u> <u>at 01.01.2017</u> <u>RM'000</u>
NON-CURRENT ASSETS						
Property, plant and equipment	3,545	-	3,545	3,839	-	3,839
Available-for-sale investment	90	-	90	90	-	90
Investment in associates	46,305	-	46,305	55,051	-	55,051
Investment properties	540	-	540	498	-	498
Inventory property - Land held	122,343	-	122,343	28,974	-	28,974
Deferred tax assets	11,632	-	11,632	49,498	-	49,498
	<u>184,455</u>	<u>-</u>	<u>184,455</u>	<u>98,802</u>	<u>-</u>	<u>98,802</u>
CURRENT ASSETS						
Development properties	1,193,847	1,278	1,195,125	983,773	546	984,319
Inventories	182	-	182	182	-	182
Trade and other receivables	308,629	-	308,629	174,630	-	174,630
Other current assets	44,326	-	44,326	28,238	-	28,238
Tax recoverable	-	-	-	2,944	-	2,944
Cash and bank balances	48,156	-	48,156	49,498	-	49,498
	<u>1,595,140</u>	<u>1,278</u>	<u>1,596,418</u>	<u>1,239,265</u>	<u>546</u>	<u>1,239,811</u>
TOTAL ASSETS	1,779,595	1,278	1,780,873	1,338,067	546	1,338,613

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.1 Changes in accounting policies arising from adoption of Standards, Amendments and IC interpretations (cont'd)

Reconciliation of statements of financial position (cont'd):

	<u>Audited as at</u> <u>31.12.2017</u> <u>RM'000</u>	<u>Effect of</u> <u>MFRS 15</u> <u>RM'000</u>	<u>Restated as</u> <u>at 31.12.2017</u> <u>RM'000</u>	<u>Audited as at</u> <u>01.01.2017</u> <u>RM'000</u>	<u>Effect of</u> <u>MFRS 15</u> <u>RM'000</u>	<u>Restated as</u> <u>at 01.01.2017</u> <u>RM'000</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Share capital	726,946	-	726,946	368,350	-	368,350
Share premium	-	-	-	251,775	-	251,775
Share based payment reserve	64,110	-	64,110	-	-	-
Reserves	24,391	944	25,335	(23,730)	520	(23,210)
Shareholders' equity	<u>815,447</u>	<u>944</u>	<u>816,391</u>	<u>596,395</u>	<u>520</u>	<u>596,915</u>
NON-CURRENT LIABILITIES						
Long term borrowings	211,650	-	211,650	14,614	-	14,614
Deferred tax liabilities	96,858	-	96,858	99,454	-	99,454
	<u>308,508</u>	<u>-</u>	<u>308,508</u>	<u>114,068</u>	<u>-</u>	<u>114,068</u>
CURRENT LIABILITIES						
Short term borrowings	27,193	-	27,193	127,773	-	127,773
Trade and other payables	556,261	-	556,261	442,231	-	442,231
Other current liabilities	17,431	-	17,431	16,157	-	16,157
Provisions	8,512	-	8,512	3,640	-	3,640
Tax payable	46,243	334	46,577	37,803	26	37,829
	<u>655,640</u>	<u>334</u>	<u>655,974</u>	<u>627,604</u>	<u>26</u>	<u>627,630</u>
TOTAL LIABILITIES	<u>964,148</u>	<u>334</u>	<u>964,482</u>	<u>741,672</u>	<u>546</u>	<u>741,698</u>
TOTAL EQUITY AND LIABILITIES	1,779,595	1,278	1,780,873	1,338,067	546	1,338,613

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2018

2.CHANGES IN ACCOUNTING POLICIES (cont'd)

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

The following are new standards, amendments and interpretations that have been issued by MASB but have not early adopted by the Group:

MFRS 16 : Leases

IC Interpretation 23: Uncertainty over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Amendments to MRS 3 and MFRS 11: Previously Held Interest in a Joint Operation
(Annual Improvements to MFRSs 2015-2017 Cycle)

Amendments to MFRS 119 : Plan Amendment, Curtailment or Settlement

Amendments to MFRS 123 : Borrowing Costs Eligible for Capitalisation
(Annual Improvements to MFRSs 2015- 2017 Cycle)

MFRS 17: Insurance Contracts

Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an
Investor and its Associate or Joint Venture

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.

2.3 Significant accounting judgement and estimates

(a) Inventory property - Property development

The Group recognises property development revenue and expenses in the statements of comprehensive income on the basis upon performance of services.

The identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways, and may result in the acceleration or deferment of revenue recognition relating to these separate performance obligations depending on whether the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities.

The cost of inventory property is recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative side of the property sold. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2018

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.3 Significant accounting judgement and estimates (cont'd)

(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.

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

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

The management has estimated LAD amounting to RM14.15 million based on the revised schedule and the terms of the contract projects and property development. The Group has arrived at this estimation based on its prior experience with similar contracts and property development.

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 2017

The auditors' report on the financial statements of the Company and of the Group for the financial year ended 31 December 2017 was not subject to any qualification.



NOTES TO THE 2nd QUARTER FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2018

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.

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.

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.

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

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

The gearing ratios as at 30 June 2018 and 31 December 2017, which are within the Group's objectives for capital management, are as follows:-

	30.06.2018 RM'000	31.12.2017 RM'000 (restated)
Borrowings	226,455	238,843
Trade and other payables	623,915	556,261
Less: Cash and bank balances	<u>(51,868)</u>	<u>(48,156)</u>
Net debt	<u>791,660</u>	<u>746,948</u>
Equity	<u>808,099</u>	<u>816,391</u>
Total capital	<u>808,099</u>	<u>816,391</u>
Capital and net debt	1,599,759	1,563,339
Gearing ratio	49.5%	47.8%

The increase in gearing ratio to 49.5% for the quarter ended 30 June 2018 as compared to previous year of 47.8% is due to increase in amount owing to sub-contractors.

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

	Current year quarter 30.06.2018 RM'000	6 months cumulative to date 30.06.2018 RM'000
a) Drawdown on new bank borrowings	-	-
b) Repayment of bank borrowings	8,089	12,388

9. DIVIDENDS

No dividends were recommended, declared or paid during the financial period ended 30 June 2018.

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2018

10. VALUATION OF INVESTMENT PROPERTIES

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

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

There are 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 are 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 :

	30.06.2018	31.12.2017
	RM'000	RM'000
Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries		
- Current exposure	125,062	138,157
Performance bond issued by subsidiaries involved in construction activities	51,266	51,266

**NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018**

14. OPERATING SEGMENTS

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

As at 30 June 2018 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
Revenue					
Revenue	41,768	8,253	-	-	50,021
Other income	304	137	-	-	441
Unallocated other income	-	-	-	-	111
	42,072	8,390	-	-	50,573
RESULT					
Segment results	(1,736)	(425)	-	(524)	(2,685)
Unallocated corporate expenses					(1,101)
Finance costs					(5,696)
Loss before tax					(9,482)

As at 30 June 2017 RM'000 (Restated)	Property Development	Construction	Property Management	Elimination	Consolidated
Revenue					
Revenue	18,258	8,313	-	-	26,571
Other income	659	200	-	-	859
Unallocated other income	-	-	-	-	10
	18,917	8,513	-	-	27,440
RESULT					
Segment results	4,955	(115)	-	(837)	4,003
Unallocated corporate expenses					(55,628)
Finance costs					(3,557)
Loss before tax					(55,182)

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

14. OPERATING SEGMENTS (cont'd)

ASSETS AND LIABILITIES

As at 30 June 2018 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<u>ASSETS</u>					
Segment assets	1,469,476	553,398	-	(563,674)	1,459,200
Investment in associates					46,304
Investment properties					540
Available-for-sale investments					90
Unallocated corporate assets					312,370
Consolidated total assets					1,818,504
<u>LIABILITIES</u>					
Segment liabilities	(615,499)	(762,775)	-	471,330	(906,944)
Unallocated corporate liabilities					(103,461)
Consolidated total liabilities					(1,010,405)

As at 30 June 2017 RM'000 (restated)	Property Development	Construction	Property Management	Elimination	Consolidated
<u>ASSETS</u>					
Segment assets	1,472,035	276,140	-	(413,250)	1,334,925
Investment in associates					65,051
Investment properties					498
Available-for-sale investments					90
Unallocated corporate assets					309,385
Consolidated total assets					1,709,949
<u>LIABILITIES</u>					
Segment liabilities	(495,312)	(668,352)	-	365,788	(797,876)
Unallocated corporate liabilities					(103,325)
Consolidated total liabilities					(901,201)

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

15. RELATED PARTY TRANSACTIONS

Significant related party transactions are as follows:

	3 months ended		6 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Rental of machineries & equipment from a company of which certain directors of the Company have interest.	-	-	157	-
Purchase of raw materials from a company of which certain directors of the Company have interest	-	777	-	777
Construction related services to an associate company of which certain directors of the Company have interest	4,459	20,876	18,082	38,975
Rental and maintenance related services from a company of which certain directors of the Company have interest	16	9	115	18

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 2nd QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2018**

16. REVIEW OF PERFORMANCE

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

	3 months Quarter ended		Changes		6 months cumulative to-date		Changes	
	30.06.2018 (RM'000)	(Restated) 30.06.2017 (RM'000)	Amount (RM'000)	%	30.06.2018 (RM'000)	(Restated) 30.06.2017 (RM'000)	Amount (RM'000)	%
Revenue								
Property development	15,295	7,131	8,164	114	41,768	18,258	23,510	128
Constructions	2,658	5,655	(2,997)	(53)	8,253	8,313	(60)	(1)
	17,953	12,786	5,167	40	50,021	26,571	23,450	88

Profit/(loss) before tax								
Property development	(4,489)	1,780	(6,269)	(4)	(2,095)	5,002	(7,097)	(141)
Constructions	(5,687)	(41)	(5,646)	13,770	(6,226)	(740)	(5,486)	741
Others	(522)	(1,193)	671	56	(1,161)	(4,711)	3,550	75
Share option expenses	-	-	-	-	-	(54,733)	54,733	100
	(10,698)	546	(11,244)	(2,059)	(9,482)	(55,182)	45,700	83

a) Performance review for financial period to–date (6M FY 2018 vs 6M FY 2017)

The Group's revenue for the 6-months ended 30 June 2018 increased by 88% to RM50.02 million from RM26.57 million as compared to the preceding year corresponding period ended 30 June 2017. The loss before tax decreased from RM55.18 million to RM9.48 million as a result of the one-off expense arose from granting of ESOS recorded in the preceding year corresponding period.

The contribution from each business segment is set out below:

Property Development

Revenue for 6M 2018 improved significantly by RM23.51 million to RM41.77 million as compared to the 6M 2017 of RM18.26 million. Despite the improvement in revenue, this sector had recorded a loss before tax of RM2.10 million substantially due to provision for LAD amounting to RM4.43 million on its development project during this financial period under review.

Construction

The construction sector had registered a lower revenue of RM8.25 million in 6M 2018 as compared to RM8.31 million in 6M 2017. Despite the insignificant change in revenue, the construction sector registered a higher loss before tax of RM6.23 million as compared to loss of RM740,000 for 6M 2017 due to finance costs of RM5.13 million incurred during this financial period under review.

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

16. REVIEW OF PERFORMANCE (cont'd)

- b) Performance review for current quarter against the same quarter in the preceding year (Q2 2018 vs Q2 2017)

The Group recorded a loss before tax of RM10.7 million for the quarter ended 30 June 2018 despite an increase in revenue of RM5.16 million to RM17.95 million from RM12.79 million in the quarter ended 30 June 2017. This was mainly due to a provision for LAD of RM4.43 million for its development project and finance costs of RM5.13 million incurred.

The contribution from each business segment is set out below:

Property Development

Revenue for current quarter ended June 2018 had improved significantly by RM8.16 million to RM15.30 million compared to the quarter ended 30 June 2017 of RM7.13 million.

The improvement was due to the increase in sales of units and higher progress billings. Despite the improvement in revenue, this sector registered a loss before tax of RM4.48 million in the current quarter ended 30 June 2018 compared to profit before tax of RM1.78 million in the preceding quarter ended 30 June 2017 mainly due to provision of LAD for its development project.

Construction

The construction sector registered a lower revenue of RM2.66 million in the current quarter ended 30 June 2018 compared to RM5.66 million in the preceding quarter ended 30 June 2017. The lower revenue was due to lower percentage of work done for its construction projects in the current quarter. Consequently, the sector registered a loss before tax of RM5.69 million in the current quarter compared to loss before tax of RM41,000 in the preceding quarter ended 30 June 2017 substantially due to the finance costs incurred during the current quarter.

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

16. REVIEW OF PERFORMANCE (cont'd)

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

	Current quarter	Immediate preceding quarter	Changes	
	30.06.2018 (RM'000)	31.03.2018 (RM'000)	Amount (RM'000)	%
Revenue				
Property development	15,295	26,473	(11,178)	(42.22)
Constructions	2,658	5,594	(2,936)	(52.48)
	17,953	32,067	(14,114)	24.05
Profit/(loss) before tax				
Property development	(4,489)	2,477	(6,966)	(281.23)
Constructions	(5,687)	(87)	(5,600)	(6,436)
Others	(522)	(1,174)	652	55.54)
	(10,698)	1,216	(11,914)	(979.77)

The Group's revenue decreased by RM14.11 million to RM17.95 million in the current quarter as compared to RM32.07 million in the preceding quarter due to lower percentage of work done and progress billings recorded in the current quarter.

The Group registered a loss before tax of RM10.70 million as compared to profit before tax of RM1.22 million in the immediate preceding quarter mainly due to provision for LAD expenses on its property development and finance cost incurred in current quarter.

17. PROSPECTS

For the first half of FY2018, the Group recorded revenue of RM42 million from its development project. The management is of the view that there will still be demand for properties in prime locations with attractive pricing and will continue to build wide range of premium quality products, ranging from deluxe residences with high-end finishes and facilities to sizable landed units with practical and efficient layouts. These developments are anticipated to further strengthen the Group's foothold in landed properties' market in Iskandar Malaysia.

With the encouraging sales of Danga Sutera properties, the Group expects satisfactory performance for the remaining period of the financial year and to deliver consistent performance going forward.

**NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018**

18. PROFIT FORECAST

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

19. TAXATION

	Quarter ended		6 months cumulative to date	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Income tax	(1,200)	359	(731)	1,151
Deferred tax	(57)	(48)	(125)	(201)
	<u>(1,257)</u>	<u>311</u>	<u>(856)</u>	<u>950</u>

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

	Current quarter 30.06.2018 RM'000	6 months cumulative to date 30.06.2018 RM'000
	Major components of tax expenses:	
Loss before tax	<u>(10,698)</u>	<u>(9,482)</u>
Taxation at the Malaysian statutory tax rate of 24%	(2,567)	(2,276)
Adjustments:		
- Income not subject to tax	(1)	(1)
- Overprovision in prior period	(1,812)	(1,812)
- Non - deductible expenses	<u>3,123</u>	<u>3,233</u>
	<u>(1,257)</u>	<u>(856)</u>
Effective tax rate	11.75%	9.03%

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.

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018

22. STATUS OF CORPORATE PROPOSALS

There are no other corporate proposals announced but not completed as of the reporting date except for the remaining tranches on the Proposed Disposal of 128 acres of land to Greenland Tebrau Sdn. Bhd.

23. BORROWINGS AND DEBT EQUITIES

Details of the Group's borrowings (all denominated in Malaysian currency) as at 30 June 2018 are as follows:

	Current	Non current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan and bridging loans – Note 1	280	110,195	110,475
Revolving credit – Note 2	-	100,000	100,000
Obligations under finance lease	565	827	1,392
Bank overdraft	14,588	-	14,588
Total	<u>15,433</u>	<u>211,021</u>	<u>226,454</u>

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 financing the development project. RM27.6 million had been repaid.

Note 2 : Revolving credit facility is for working capital.

24. MATERIAL LITIGATION

Johor Bahru High Court Summons No. JA-21NCVC-8-03/2018

On 12 April 2018, a subsidiary of the Company, namely Tebrau Bay Constructions Sdn Bhd ("TBCSB") was served with a Writ of Summon and Statement of Claim dated 15 March 2018 from the Inland Revenue Board of Malaysia ("IRB") claiming for the additional income taxes and tax penalties ("Additional Assessments") amounted to RM32.23 million, together with interests and other costs.

TBCSB had on 19 June 2018 received the sealed court order dated 20 May 2018 that the Writ and Plaintiff's Statement has been withdrawn without any order as to costs, following the full settlement of the taxes claimed.

Notwithstanding the above settlement, TBCSB shall continue to make the necessary appeals to IRB against the Additional Assessments.

**NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018**

25. (LOSS)/PROFIT BEFORE TAX

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

	Quarter ended		6 months cumulative to date	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Depreciation	166	154	284	308
Loss/(gain) on disposal of property, plant and equipment	21	(62)	21	(62)
Interest income	(54)	(203)	(216)	(308)
Interest expenses	5,414	3,558	5,695	6,627
Provision for LAD	4,433	-	4,433	-
Other income	(1)	(93)	(7)	(360)

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 are no material events subsequent to the end of the current quarter.

28. DERIVATIVES

- a. There are no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 30 June 2018; 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 30 June 2018 (30 June 2017 : RM Nil).

**NOTES TO THE 2nd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018**

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		6 months cumulative to date	
	30.06.2018	30.06.2017 (restated)	30.06.2018	30.06.2017 (restated)
(Loss)/profit for the period attributable to owners of the Company (RM'000)	(9,441)	311	(8,626)	(56,132)
Number of ordinary shares at beginning of the period ('000)	837,389	809,200	837,389	736,670
Effect of shares issued pursuant to :				
- Land acquisition	-	-	-	72,500
- Exercise of ESOS	-	9,196	-	9,196
Weighted average number of ordinary shares	<u>837,389</u>	<u>818,396</u>	<u>837,389</u>	<u>818,396</u>
Basic earnings per share (sen)	<u>(1.13)</u>	<u>0.04</u>	<u>(1.03)</u>	<u>(6.86)</u>

(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		6 months cumulative to date	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
(Loss)/profit for the period attributable to owners of the Company (RM'000)	(9,441)	311	(8,626)	(56,132)
Weighted average number of ordinary shares as per basic earnings per share	837,389	818,396	837,389	818,396
Effect of potential exercise of ESOS	<u>-*</u>	<u>2,945</u>	<u>-*</u>	<u>2,945</u>
Weighted average number of ordinary shares	<u>837,389</u>	<u>821,341</u>	<u>837,389</u>	<u>821,341</u>
Diluted earnings per share (sen)	<u>(1.13)*</u>	<u>0.04</u>	<u>(1.03)*</u>	<u>(6.83)</u>

* The 96,308,000 share options granted to directors and employees under the employee share option scheme have not included in the calculation of diluted earnings per share because they are anti-dilutive.

NOTES TO THE 2nd QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2018

31. STATUS OF JOINT VENTURE PROJECT

Following is the status of the existing joint venture projects as at 30 June 2018 :

	Paradise Realty Sdn. Bhd.	Greenland Tebrau Sdn. Bhd. (Lot 1A)
<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 29 August 2018.