BUILDING VALUE IN EVERY WAY

NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Fourth quarter and twelve months ended 31 December 2018
(The figures have not been audited)

		CURRENT QUARTER		CUMULATIVE QUARTER	
		3 months ended 31 December		*12 months ended 31 December*	
		2018 RM'000	(Restated) 2017 RM'000	2018 RM'000	(Restated) 2017 RM'000
Revenue		142,982	82,071	581,931	343,021
Cost of sales		(93,782)	(82,885)	(478,424)	(435,114)
Gross profit/(loss)		49,200	(814)	103,507	(92,093)
Other operating income		412	591	4,125	48,583
Selling and promotional expenses		(1,887)	(2,684)	(7,661)	(8,925)
Administrative expenses		(8,177)	(7,529)	(24,719)	(28,791)
Other operating expenses		(11,853)	(3,939)	(14,874)	(6,544)
Results from operating activities		27,695	(14,375)	60,378	(87,770)
Finance income		2,695	2,324	8,904	9,240
Finance costs		(7,293)	(7,637)	(29,484)	(27,511)
Net finance costs		(4,598)	(5,313)	(20,580)	(18,271)
Other non-operating expense		-	-	-	(8,321)
Share of results (net of tax) of equity-accounted:					
- associates		23,590	(18,467)	36,657	(42,944)
- joint ventures		862	1,232	2,222	2,289
Profit/(Loss) before tax	Note 20	47,549	(36,923)	78,677	(155,017)
Tax expense	Note 19	(9,074)	(8,535)	(15,697)	(20,826)
Profit/(Loss) for the period/year		38,475	(45,458)	62,980	(175,843)
Other comprehensive income/(loss), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		23	1,288	164	1,783
Realisation of reserves to profit or loss		-	-	-	(2,454)
Fair value of available-for-sale financial assets		126	-	126	-
Share of other comprehensive income/(loss) of associates		(53)	(6,114)	1,978	(16,823)
Other comprehensive income/(loss) for the period/year		96	(4,826)	2,268	(17,494)
Total comprehensive income/(loss) for the period/year		38,571	(50,284)	65,248	(193,337)
Profit/(Loss) attributable to:					
Owners of the Company		41,266	(45,753)	64,664	(176,702)
Non-controlling interests		(2,791)	295	(1,684)	859
Profit/(Loss) for the period/year		38,475	(45,458)	62,980	(175,843)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		41,362	(50,579)	66,932	(194,196)
Non-controlling interests		(2,791)	295	(1,684)	859
Total comprehensive income/(loss) for the period/year		38,571	(50,284)	65,248	(193,337)
Basic earning/(loss) per ordinary share (EPS) attributable to owners of the Company (sen)	Note 9	17.42	(19.31)	27.29	(74.58)

The notes set out on pages 5 to 32 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.
The consolidated statement 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.

BUILDING VALUE IN EVERY WAY

NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

(The figures have not been audited)

		Unaudited 31 December 2018 RM'000	Unaudited (Restated) 31 December 2017 RM'000	Unaudited (Restated) 1 January 2017 RM'000
ASSETS				
Property, plant and equipment		128,618	103,648	89,130
Prepaid lease payments		2,313	2,342	2,370
Interests in associates		408,445	350,815	421,618
Interests in joint ventures		4,387	5,543	4,906
Land held for property development		373,407	384,646	398,772
Investment properties		85,161	87,382	87,667
Intangible assets		4,196	4,876	5,557
Deferred tax assets		8,880	16,201	29,466
Other investments		3,100	2,974	2,974
Trade and other receivables		65,563	73,372	82,324
Total non-current assets		**1,084,070**	**1,031,799**	**1,124,784**
Inventories		241,690	79,563	103,525
Property development costs		411,603	546,157	448,369
Trade and other receivables		360,603	345,861	442,740
Deposits and prepayments		9,152	29,236	29,343
Current tax recoverable		10,647	13,142	12,453
Cash and cash equivalents		148,101	76,261	64,055
		1,181,796	1,090,220	1,100,485
Assets classified as held for sale		596	651	757
Total current assets		**1,182,392**	**1,090,871**	**1,101,242**
Total assets		**2,266,462**	**2,122,670**	**2,226,026**
EQUITY				
Share capital		336,092	336,092	336,092
Treasury shares		(34,748)	(34,748)	(34,748)
Reserves		875,687	808,755	1,002,951
Total equity attributable to owners of the Company		**1,177,031**	**1,110,099**	**1,304,295**
Non-controlling interests		17,869	19,553	18,694
Total equity		**1,194,900**	**1,129,652**	**1,322,989**
LIABILITIES				
Loans and borrowings	Note 8	171,881	159,684	123,619
Trade and other payables		3,524	6,874	10,057
Deferred tax liabilities		21,353	25,501	26,199
Total non-current liabilities		**196,758**	**192,059**	**159,875**
Loans and borrowings	Note 8	385,858	385,720	355,216
Trade and other payables		475,900	402,353	387,578
Provisions		7,994	11,600	-
Current tax payable		5,052	1,286	368
Total current liabilities		**874,804**	**800,959**	**743,162**
Total liabilities		**1,071,562**	**993,018**	**903,037**
Total equity and liabilities		**2,266,462**	**2,122,670**	**2,226,026**
Net assets (NA) per ordinary share attributable to owners of the Company (RM)		**4.71**	**4.44**	**5.22**

The notes set out on pages 5 to 32 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.
The consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Fourth quarter and twelve months ended 31 December 2018
(The figures have not been audited)

	Note	Total equity attributable to owners of the Company							
		Non-Distributable				Distributable			
	Note	Share capital RM '000	Foreign currency translation reserve RM '000	Treasury shares RM '000	Other reserve RM '000	Retained earnings RM '000	Sub-total RM '000	Non-controlling interests RM '000	Total equity RM '000
For the 12 months ended 31 December 2017 (Unaudited)									
At 1 January 2017, as per audited financial statements		336,092	28,433	(34,748)	107	984,688	1,314,572	18,704	1,333,276
Effect of transition to MFRS		-	-	-	-	(10,277)	(10,277)	(10)	(10,287)
At 1 January 2017, restated		336,092	28,433	(34,748)	107	974,411	1,304,295	18,694	1,322,989
Foreign currency translation differences for foreign operations		-	1,783	-	-	-	1,783	-	1,783
Realisation of reserves to profit or loss		-	(2,444)	-	(10)	-	(2,454)	-	(2,454)
Share of other comprehensive income/(loss) of associates		-	(16,855)	-	32	-	(16,823)	-	(16,823)
Total other comprehensive (loss)/income for the year		-	(17,516)	-	22	-	(17,494)	-	(17,494)
Loss for the year		-	-	-	-	(176,702)	(176,702)	859	(175,843)
Total comprehensive (loss)/income for the year		-	(17,516)	-	22	(176,702)	(194,196)	859	(193,337)
At 31 December 2017, restated		336,092	10,917	(34,748)	129	797,709	1,110,099	19,553	1,129,652
For the 12 months ended 31 December 2018 (Unaudited)									
At 1 January 2018, as per audited financial statements		336,092	10,917	(34,748)	129	815,835	1,128,225	19,602	1,147,827
Effect of transition to MFRS		-	-	-	-	(18,126)	(18,126)	(49)	(18,175)
At 1 January 2018, restated		336,092	10,917	(34,748)	129	797,709	1,110,099	19,553	1,129,652
Foreign currency translation differences for foreign operations		-	164	-	-	-	164	-	164
Fair value of available-for-sale financial assets		-	-	-	126	-	126	-	126
Share of other comprehensive income/(loss) of associates		-	2,018	-	(40)	-	1,978	-	1,978
Total other comprehensive income/(loss) for the year		-	2,182	-	86	-	2,268	-	2,268
Profit/(Loss) for the year		-	-	-	-	64,664	64,664	(1,684)	62,980
Total comprehensive income/(loss) for the year		-	2,182	-	86	64,664	66,932	(1,684)	65,248
At 31 December 2018, unaudited		336,092	13,099	(34,748)	215	862,373	1,177,031	17,869	1,194,900

The notes set out on pages 5 to 32 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.
The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

BUILDING VALUE IN EVERY WAY

NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Fourth quarter and twelve months ended 31 December 2018

(The figures have not been audited)

	Unaudited 31 December 2018 RM'000	Restated 31 December 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	78,677	(155,017)
Adjustments for:		
Amortisation of:		
- intangible asset	680	681
- investment properties	2,221	2,119
- prepaid lease payments	28	28
Changes in fair value of quoted investments	(126)	-
Depreciation of property, plant and equipment	7,121	7,108
Dividend income from unquoted shares	(4)	(65)
Finance income	(8,904)	(9,240)
Finance costs	29,484	27,511
Loss/(Gain) on disposal of:		
- associate	-	8,321
- property, plant and equipment	(263)	(161)
- assets held for sale	(786)	(322)
Property, plant and equipment written off	57	109
Allowance/(Reversal) for impairment loss on receivables	155	(11,428)
Share of results of equity-accounted:		
- associates	(36,657)	42,944
- joint ventures	(2,222)	(2,289)
Unrealised foreign exchange loss	165	2,898
Operating profit/(loss) before changes in working capital	69,626	(86,803)
Changes in working capital:		
Inventories	207,468	25,128
Property development costs	(223,624)	(84,512)
Trade and other receivables, deposits and prepayments	(4,094)	119,631
Trade and other payables	66,597	20,228
Cash generated from/(used in) operations	115,973	(6,328)
Net income taxes paid	(6,966)	(8,776)
Net cash from/(used in) operating activities	109,007	(15,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(33,854)	(26,240)
Proceeds from disposal of:		
- property, plant and equipment	323	281
- assets held for sale	841	989
Changes in pledged deposits	(1,350)	(6,568)
Increase in investment in an existing joint venture	-	(2,700)
Distribution of profit received from a joint venture	4,080	5,100
Dividends received	4	65
Interest received	8,469	8,431
Net cash used in investing activities	(21,487)	(20,642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from loans and borrowings	12,360	66,611
Repayment of finance lease liabilities	(25)	(42)
Interest paid	(29,453)	(24,700)
Net cash (used in)/from financing activities	(17,118)	41,869
Net increase in cash and cash equivalents	70,402	6,123
Effects of exchange rate changes on cash and cash equivalents	89	(485)
Cash and cash equivalents at beginning of year	63,294	57,656
CASH AND CASH EQUIVALENTS AT END OF YEAR	**133,785**	**63,294**
Representing by:		
Deposits with licensed banks with maturities less than three months, net of deposits pledge(	46,706	15,292
Cash in hand and at banks	87,079	48,002
Total cash and cash equivalents as shown in statement of cash flows	133,785	63,294

The notes set out on pages 5 to 32 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.
The consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017.

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed consolidated interim financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures.

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134, *Interim Financial Reporting* in Malaysia and IAS 134, *Interim Financial Reporting*.

These condensed consolidated interim financial statements do not include all of the information required for a complete annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2017.

The annual financial statements of the Group as at and for the year ended 31 December 2017, which were prepared under Financial Reporting Standards (FRSs), are available upon request from the Company's registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

The Group has migrated to the MFRS accounting framework with effect from 1 January 2018 and these condensed consolidated interim financial statements are the Group's first set of MFRS compliant condensed consolidated interim financial statements. MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied in the preparation of the interim financial statements.

In preparing its opening MFRS statement of financial position as at 1 January 2017 (which is also the date of transition), the Group has adjusted certain amounts reported previously in the financial statements prepared in accordance with FRSs.

2. Significant accounting policies

2.1 Cessation as transitioning entities and adoption of Malaysian Financial Reporting Standards (MFRS)

The accounting policies adopted by the Group in preparing the condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2017, except for some changes in certain accounting policies arising from the adoption of MFRS, which for transitioning entities were effective for the annual periods before or on 1 January 2018, including the adoption of the following MFRSs, amendments and interpretations.

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- MFRS 9, *Financial Instruments*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

The changes in significant accounting policies are summarised as follows:

a) MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services.*

Under MFRS 15, revenue is recognised only when the contract is legally enforceable and certain criteria are met. Timing of revenue recognition is determined based on the transfer of controls rather than transfer of the significant risks and rewards of ownership. Determining the timing of transfer of controls – at point of time or over time – requires judgements.

2. Significant accounting policies (continued)

2.1 Cessation as transitioning entities and adoption of Malaysian Financial Reporting Standards (MFRS) (continued)

a) MFRS 15, Revenue from Contracts with Customers (continued)

Property development	Previously, the Group recognised revenue from sales of property based on the stage of completion of property sold and when the financial outcome can be reliably measured. Under a typical property sale contract, the buyer controls the property as it is constructed, and the Group is restricted practically or contractually from directing such property to another use and has an enforceable right to payments for performance to-date if the contract is terminated. Under MFRS 15, the revenue from sales of property is now recognised over time, using a method that depicts performance. When separate performance obligations are identified and distinct, the total consideration in a sale contract is allocated to all identified performance obligations based on their relative stand-alone selling prices. Revenue is recognised for each of the performance obligations as it is satisfied.
Construction contracts	Previously, the Group recognised contract revenue as soon as the outcome of a construction contract can be estimated reliably, based on the stage of completion of the contract. Contract expenses were recognised as incurred unless they created an asset related to future contract activity. Under MFRS 15, revenue is recognised over time when a contract customer controls all of the works in progress as construction works take place. When the different elements of the construction contracts are not highly inter-related with, or dependent on, other contracting activities, the Group segregates each performance obligation for individual revenue recognition. Only incremental costs of obtaining a contract is capitalised over the contract period, if they are directly chargeable to the customer; otherwise such costs are expensed off to profit or loss. When one of the performance obligations in the contract is to arrange for the provision of goods and services by another party, the Group recognises such revenue on a net basis, in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

2. Significant accounting policies (continued)

2.1 Cessation as transitioning entities and adoption of Malaysian Financial Reporting Standards (MFRS) (continued)

b) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

Upon adoption of MFRS 9, financial assets are measured at either fair value or amortised cost. The Group's investment in unquoted shares (i.e. equity instrument) is measured at fair value through other comprehensive income. The carrying amount of the unquoted investment at the date of adoption approximated its fair value. No adjustment is required.

MFRS 9 also replaces the "incurred loss" model with an "expected credit loss" (ECL) model. The Group measures loss allowance at an amount equal to 12-month ECL or lifetime ECL, depending on whether the credit risk of a financial asset has increased significantly since initial recognition, defaults periods and credit rating of the affected financial assets. The Group considers reasonable and supportable information that is relevant and available without due cost and effort when measuring ECLs.

Total loss allowance provided at the date of transition is about RM3.2 million, against some affected trade receivables.

The financial impacts on the transition from the previous FRSs to the new MFRS are disclosed in Note 2.2.

2.2 Financial impacts on transition to MFRSs

a) Reconciliation of financial position

	As at 1.1.2017			As at 31.12.2017		
Assets	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**
Property, plant and equipment	89,130	-	89,130	103,648	-	103,648
Prepaid lease payments	2,370	-	2,370	2,342	-	2,342
Investment in associates	422,918	(1,300)	421,618	353,006	(2,191)	350,815
Investment in joint ventures	4,906	-	4,906	5,543	-	5,543
Land held for property development	398,772	-	398,772	384,646	-	384,646
Investment properties	87,667	-	87,667	87,382	-	87,382
Intangible asset	5,557	-	5,557	4,876	-	4,876
Deferred tax assets	29,466	-	29,466	16,201	-	16,201
Other investments	2,974	-	2,974	2,974	-	2,974
Trade and other receivables	82,324	-	82,324	73,372	-	73,372
Total non-current assets	1,126,084	(1,300)	1,124,784	1,033,990	(2,191)	1,031,799

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Financial impacts on transition to MFRSs (continued)

a) Reconciliation of financial position (continued)

	As at 1.1.2017			As at 31.12.2017		
Assets (continued)	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**
Current assets						
Inventories	103,525	-	103,525	79,563	-	79,563
Trade and other receivables	449,959	(7,219)	442,740	350,764	(4,903)	345,861
Property development costs	441,545	6,824	448,369	542,082	4,075	546,157
Deposit and prepayments	29,343	-	29,343	29,236	-	29,236
Current tax recoverable	12,453	-	12,453	13,142	-	13,142
Cash and cash equivalents	64,055	-	64,055	76,261	-	76,261
	1,100,880	(395)	1,100,485	1,091,048	(828)	1,090,220
Assets held for sales	757	-	757	651	-	651
Total current assets	1,101,637	(395)	1,101,242	1,091,699	(828)	1,090,871
Total assets	2,227,721	(1,695)	2,226,026	2,125,689	(3,019)	2,122,670

2.2 Financial impacts on transition to MFRSs (continued)

a) Reconciliation of financial position (continued)

	As at 1.1.2017			As at 31.12.2017		
Equity	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**
Share capital	336,092	-	336,092	336,092	-	336,092
Treasury shares	(34,748)	-	(34,748)	(34,748)	-	(34,748)
Retained earnings	984,688	(10,277)	974,411	815,835	(18,126)	797,709
Other reserves	28,540	-	28,540	11,046	-	11,046
Total equity attributable to the owners of the Company	1,314,572	(10,277)	1,304,295	1,128,225	(18,126)	1,110,099
Non-controlling interest	18,704	(10)	18,694	19,602	(49)	19,553
Total equity	1,333,276	(10,287)	1,322,989	1,147,827	(18,175)	1,129,652

2.2 Financial impacts on transition to MFRSs (continued)

a) Reconciliation of financial position (continued)

	As at 1.1.2017			As at 31.12.2017		
Liabilities	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**
Non-current liabilities						
Loans and borrowings	123,619	-	123,619	159,684	-	159,684
Trade and other payables	10,057	-	10,057	6,874	-	6,874
Deferred tax liabilities	26,199	-	26,199	25,501	-	25,501
Total non-current liabilities	159,875	-	159,875	192,059	-	192,059
Current liabilities						
Loans and borrowings	355,216	-	355,216	385,720	-	385,720
Trade and other payables	378,986	8,592	387,578	387,197	15,156	402,353
Provisions	-	-	-	11,600	-	11,600
Current tax payables	368	-	368	1,286	-	1,286
Total current liabilities	734,570	8,592	743,162	785,803	15,156	800,959
Total liabilities	894,445	8,592	903,037	977,862	15,156	993,018
Total equity and liabilities	2,227,721	(1,695)	2,226,026	2,125,689	(3,019)	2,122,670

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Financial impacts on transition to MFRSs (continued)

b) Reconciliation of profit or loss and other comprehensive income

	As at 31.12.2017		
	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	365,203	(22,182)	343,021
Cost of sales	(451,213)	16,099	(435,114)
Gross loss	(86,010)	(6,083)	(92,093)
Other operating income	48,583	-	48,583
Selling and promotional expenses	(8,925)	-	(8,925)
Administrative expenses	(28,791)	-	(28,791)
Other operating expenses	(5,292)	(1,252)	(6,544)
Results from operating activities	(80,435)	(7,335)	(87,770)
Finance income	8,902	338	9,240
Finance costs	(27,511)	-	(27,511)
Net finance costs	(18,609)	338	(18,271)
Other non-operating expense	(8,321)	-	(8,321)
Share of results of equity accounted associates and joint ventures	(39,764)	(891)	(40,655)
Loss before tax	(147,129)	(7,888)	(155,017)
Tax expense	(20,826)	-	(20,826)
Loss for the year	(167,955)	(7,888)	(175,843)

2.2 Financial impacts on transition to MFRSs (continued)

b) Reconciliation of profit or loss and other comprehensive income (continued)

	As at 31.12.2017		
	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	1,783	-	1,783
Realisation of reserves from deemed disposal of an associate	(2,454)	-	(2,454)
Share of other comprehensive loss of associates	(16,823)	-	(16,823)
Total other comprehensive loss for the year	(17,494)	-	(17,494)
Total comprehensive loss for the year	(185,449)	(7,888)	(193,337)
(Loss)/Profit attributable to:			
Owners of the Company	(168,853)	(7,849)	(176,702)
Non-controlling interests	898	(39)	859
	(167,955)	(7,888)	(175,843)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company	(186,347)	(7,849)	(194,196)
Non-controlling interests	898	(39)	859
	(185,449)	(7,888)	(193,337)

2. Significant accounting policies (continued)

2.3 Standards, amendments and interpretations yet to be effective

The Group has not applied the following MFRSs, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are neither effective yet nor early adopted by the Group:

- ***MFRSs effective for annual periods beginning on or after 1 January 2019***

  - MFRS 16, *Leases*
  - IC Interpretation 23, *Uncertainty over Income Tax Treatments*
  - Amendments to MFRS 3, *Business Combinations (Annual Improvements 2015-2017 Cycle)*
  - Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
  - Amendments to MFRS 11, *Joint Arrangements (Annual Improvements 2015-2017 Cycle)*
  - Amendments to MFRS 112, *Income Taxes (Annual Improvements 2015-2017 Cycle)*
  - Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
  - Amendments to MFRS 123, *Borrowing Costs (Annual Improvements 2015-2017 Cycle)*
  - Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

- ***MFRSs effective for annual periods beginning on or after 1 January 2020***

  - Amendments to MFRS 2, *Share-based Payment*
  - Amendment to MFRS 3, *Business Combinations*
  - Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
  - *Amendment to MFRS 14, Regulatory Deferral Accounts*
  - Amendments to MFRS 101, *Presentation of Financial Statements*
  - Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
  - Amendments to MFRS 134, *Interim Financial Reporting*
  - Amendment to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
  - Amendment to MFRS 138, *Intangible Assets*
  - Amendments to IC Interpretation 12, *Service Concession Arrangements*
  - Amendments to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
  - Amendments to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
  - Amendments to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

2. Significant accounting policies (continued)

2.3 Standards, amendments and interpretations yet to be effective (continued)

- ***MFRSs effective for annual periods beginning on or after 1 January 2020 (continued)***
  - Amendments to IC Interpretation 132, *Intangible Assets - Web Site Costs*
- ***MFRSs effective for annual periods beginning on or after 1 January 2021***
  - MFRS 17, *Insurance Contracts*
- ***MFRSs effective from a date yet to be determined***
  - Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of a standard which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods' financial statements upon its first adoption.

Impact of the initial application of MFRS 16, *Leases*, which will be applied retrospectively, is disclosed as below:

<u>MFRS *16, Leases*</u>

MFRS 16 replaces the existing leases guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. MFRS 16 requires the lessee to recognise a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payments for most leases, eliminating the classification of leases by the lessee as either finance lease (on balance sheet) or operating leases (off balance sheet).

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

The initial application of the other standards are not expected to have any material financial impacts to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Seasonality or cyclicality of operations

The business operations of the Group are not materially affected by any seasonal or cyclical fluctuations during the year under review.

4. Estimates

The preparation of the condensed consolidated interim financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the areas of estimation uncertainty comprise those disclosed in the annual financial statements as at and for the year ended 31 December 2017 as well as those judgements applied on the adoption of MFRS 9 and 15, as explained in Note 2.1.

5. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current year under review.

There was no share buy-back during the year under review. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 December 2018 is 13,056,000 shares.

6. Property, plant and equipment - *acquisitions and disposals*

During the current year, the Group acquired property, plant and equipment costing about RM33.9 million (2017: RM26.2 million) which were satisfied in cash.

Property, plant and equipment with a carrying amount of about RM0.2 million (2017: RM0.2 million) were either disposed of and/or written off during the year under review.

7. Changes in the composition of the Group

There was no change in the composition of the Group during the year under review.

8. Loans and borrowings

			31 December 2018 RM'000	31 December 2017 RM'000
Non-current				
Secured	-	Term loans	171,853	159,636
	-	Finance lease	28	48
			171,881	159,684
Current				
Unsecured	-	Revolving credits	342,000	353,000
Secured	-	Term loans	43,838	32,695
	-	Finance lease	20	25
			385,858	385,720
Total			557,739	545,404

9. Earnings per ordinary share ("EPS")

Basic EPS

The calculation of the basic EPS was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	12 months ended 31 December 2018	2017 (restated)
Profit/(Loss) attributable to owners of the Company (RM'000)	64,664	(176,702)
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	236,944	236,944
Basic EPS (sen)	27.29	(74.58)

Diluted EPS

No diluted EPS was presented as there are no dilutive potential ordinary shares.

10. Dividend

No dividend was declared/or paid during the year/quarter under review.

11. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (GMD) (being the Chief Operating Decision Maker), reviews internal management reports for resource allocation and decision making at least on a quarterly basis.

The following summary describes the operations in each of the Group's existing reporting segments.

Property development	- Development and construction of residential and commercial properties (including sale of vacant land).
Construction	- Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil and gas related construction projects).
Others	- Manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment and management as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the GMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms. Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

Segment assets and liabilities

The GMD reviews the statements of financial position of subsidiaries for resource allocation and decision making instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the 12 months ended 31 December										
Revenue from external customers	162,157	113,143	394,040	195,801	25,734	34,077	-	-	581,931	342,021
Inter segment revenue	-	-	-	-	5,112	7,758	(5,112)	(7,758)	-	-
Total segment revenue	162,157	113,143	394,040	195,801	30,846	41,835	(5,112)	(7,758)	581,931	342,021
	=======	=======	=======	=======	=======	=======	=======	=======	=======	======
Segment profit/(loss)	12,180	2,753	52,548	(97,660)	(11,518)	(811)	(1,733)	(824)	51,477	(96,542)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	(4,724)	(3,143)	2,700	759	-	-	-	-	(2,024)	(2,384)
- joint ventures	-	-	2,222	2,289	-	-	-	-	2,222	2,289
	7,456	(390)	57,470	(94,612)	(11,518)	(811)	(1,733)	(824)	51,675	(96,637)
	=======	=======	=======	=======	=======	=======	=======	=======		
Unallocated expense									(11,679)	(9,499)
Loss on disposal of interests in an associate, DEHB									-	(8,321)
Share of results (net of tax) of associates, DEHB group[1] (in oil and gas segment)									38,681	(40,560)
Tax expense									(15,697)	(20,826)
Profit/(Loss) for the year									62,980	(175,843)
Other comprehensive income/(loss), net of tax									2,268	(17,494)
Total comprehensive income/(loss) for the year									65,248	(193,337)
Non-controlling interests									1,684	(859)
Total comprehensive income/(loss) attributable to the owners of the Company									66,932	(194,196)
									=======	=======

[1] *Share of results of DEHB Group comprised the share of results from two associates, DEHB and PPB*

12. Subsequent events

There are no material events subsequent to the end of the period reported on, that has not been reflected in the condensed consolidated interim financial statements for the said period, made up to the date of this quarterly report, other than those disclosed in Note 22 on the status update of corporate proposals.

13. Contingencies

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2018 till the date of this quarterly report, except for those disclosed in Note 23.

14. Capital expenditure commitments

	31 December 2018 RM'000	31 December 2017 RM'000
Property, plant and equipment		
- Authorised but not contracted for	2,435	2,231
- Contracted but not provided for	13,316	29,852
	15,751	32,083

15. Financial risk management

The Group's financial risk management objectives, policies and processes and risk profiles are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2017.

16. Related parties

i) Transactions with key management personnel

Compensations payable/paid to key management personnel during the year under review are as follows:

	12 months ended 31 December 2018 RM'000	12 months ended 31 December 2017 RM'000
Directors of the Company	5,225	4,910
Other key management personnel	6,437	8,195
	11,662	13,105

16. Related parties (continued)

ii) Other related party transactions

	Transaction value 12 months ended 31 December 2018 RM'000	Transaction value 12 months ended 31 December 2017 RM'000	Balance outstanding as at 31 December 2018 RM'000	Balance outstanding as at 31 December 2017 RM'000
<u>Transactions with associates</u>				
Construction contract cost	197,807	130,127	(18,832)	(15,292)
Construction contract sum billed	(37,121)	(15,511)	9,404	2,224
Fee charged on management services rendered	(675)	(693)	-	-
Rental expense on machinery	210	593	(210)	-
Sale of construction raw materials	-	(1,271)	223	223
Sale of property, plant and equipment	-	(1,200)	-	-
	=======	=======	=======	=======

iii) Transaction with a company in which certain substantial shareholders have or are deemed to have interests

	Transaction value 12 months ended 31 December 2018 RM'000	Transaction value 12 months ended 31 December 2017 RM'000	Balance outstanding as at 31 December 2018 RM'000	Balance outstanding as at 31 December 2017 RM'000
Rental expense on properties	594	648	(686)	(777)
	=======	=======	=======	=======

iv) Transaction with key management personnel

	Transaction value 12 months ended 31 December 2018 RM'000	Transaction value 12 months ended 31 December 2017 RM'000	Balance outstanding as at 31 December 2018 RM'000	Balance outstanding as at 31 December 2017 RM'000
Sale of properties	779	-	-	-
	=======	=======	=======	=======

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17. Review of Group performance

Current 12-month vs corresponding preceding 12-month review (December 2018 vs December 2017)

	Cumulative quarters	
	12 months ended 31 December	
	2018	2017 (restated)
	RM'000	RM'000
Revenue	581,931	342,021
Operating profit/(loss)	60,378	(87,770)
Profit/(Loss) before tax	78,677	(155,017)

The Group recorded higher revenue of RM581.9 million for the year under review, as compared to RM342.0 million reported in 2017. The increase was contributed by both Property and Construction divisions, which recorded a 80% increase in their revenue when compared against that achieved in the corresponding period of 2017. At the same time, the Group performance also showed an improvement, from a loss before tax of RM155.0 million reported in 2017 to a profit before tax of RM78.7 million. The improvement in both group revenue and performance were mainly due to the following:

a) increased work progress from the existing housing and construction projects.
b) higher property sales achieved during the year of about RM133.0 million, 26% higher than that achieved in previous year.
c) recovery of additional claims of about RM27 million for a completed project, which was higher than the initial expected sum.
d) Improvement in the share of the results from Dayang Enterprise Holdings Bhd. ("DEHB") and its subsidiary, Perdana Petroleum Berhad ("PPB"), from a loss of RM40.6 million in 2017 to a profit of RM38.7 million in the current year.

Current 3-month vs immediate preceding 3-month review (December 2018 vs September 2018)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2018	30 September 2018
	RM'000	RM'000
Revenue	142,982	178,760
Operating profit	27,695	22,896
Profit before tax	47,549	33,865

When compared to the immediate preceding quarter (July to September 2018), the drop in group revenue was partly due to lower work progress achieved at site especially from the projects substantially completed during this period as well as high discounts/rebates given for some property products during the year-end sales promotion events.

17. Review of Group performance (continued)

Current 3-month vs immediate preceding 3-month review (continued) (December 2018 vs September 2018)

On the other hand, the group profit before tax improved by 40%, partly due to the recovery of additional contract claim during this 3-month period. The net share of profits from the associate, DEHB, had also improved from RM13.7 million in the immediate preceding 3-month period to RM26.7 million in the current 3-month period.

Detailed review of the performance and prospects of each operating segment (as shown in Note 11) are discussed in Section 17.1 below.

17.1 Review of performance of operating segments and current year prospects

a) Property

Current 12-month vs corresponding preceding 12-month review (December 2018 vs December 2017)

	Cumulative quarters 12 months ended 31 December	
	2018	**2017 (restated)**
	RM'000	**RM'000**
Revenue	162,157	113,143
Segment profit	12,180	2,753

Property segment recorded an increase in its revenue and profit during the current year. The increase was partly contributed by increased work progress achieved. Higher new sales of about RM133.0 million, against that of RM105.7 million new sales achieved in 2017 also had led to the increase in the property revenue and profit during the year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17. Review of Group performance (continued)

17.1 Review of performance of operating segments and current year prospects (continued)

a) ***Property*** **(continued)**

Current 3-month vs immediate preceding 3-month review (December 2018 vs September 2018)

	Current 3 months ended 31 December 2018 RM'000	Immediate preceding 3 months ended 30 September 2018 RM'000
Revenue	46,133	45,615
Segment profit	2,450	8,761

The Group managed to secure additional new sales of RM32.5 million during the current 3-month period, a similar level to that achieved in the immediate preceding quarter (July to September 2018) of RM32.7 million. However, Property revenue and profit did not improve similarly to that achieved in the immediate preceding quarter, mainly due to huge discounts/rebates given for certain development projects as part of the Group's initiatives to clear off property stocks during year end promotion events.

Prospects

We expect the property market to remain very challenging due to factors such as rising costs of doing business, increased competition, huge overhang of property stocks in market, weak buying sentiment, strict bank lending policy etc.

Our main focus remains on our existing three main flagship/integrated developments in Miri, Bintulu and Kuching. We have adopted a more cautious approach towards product launches and product types, to be more selective and sensitive to buyers' demand and market conditions. This will enable us to tailor better product development to suit the market. More medium range and affordable property will be introduced to local markets in the years to come.

At the same time, various initiatives are put in to sell off the existing property stocks to improve this segment performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17. Review of Group performance (continued)

17.1 Review of performance of operating segments and current year prospects (continued)

b) Construction

Current 12-month vs corresponding preceding 12-month review (December 2018 vs December 2017)

	Cumulative quarters 12 months ended 31 December	
	2018	2017 (restated)
	RM'000	RM'000
Revenue	394,040	195,801
Segment profit/(loss)	52,548	(97,660)

When compared to 2017, Construction revenue and performance had substantially improved, which was in tandem with the increased work progress achieved from existing on-going projects. During the year, the Group also managed to recover some additional claims of about RM27.0 million for a completed project, leading to some write back of loss previously provided.

The loss of RM97.7 million reported in 2017 was mainly due to additional loss provision of RM107.0 million for certain completed projects, made based on conservative management estimation on likely contract sum to be agreed with the clients (including possible likely prolongation and acceleration claims) as well as additional overheads to incur until the end of contract maintenance period.

Current 3-month vs immediate preceding 3-month review (December 2018 vs September 2018)

	Current 3 months ended 31 December 2018	Immediate preceding 3 months ended 30 September 2018
	RM'000	RM'000
Revenue	89,541	126,853
Segment profit	34,595	11,796

When compared to the immediate preceding quarter (July to September 2018), lower Construction revenue was due to lower work progress reported from the projects that are substantially completed during the current 3-month period. However, the Construction profit had increased significantly by 2.6 times as a result of the recovery of additional claims for a completed project during this period.

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17. Review of Group performance (continued)

17.1 Review of performance of operating segments and current year prospects (continued)

b) Construction (continued)

Prospects

We continue to implement measures to improve efficiency and control costs. At the same time, we also enhance project monitoring to ensure projects are on schedule, improve risk management system and embark on tightening of internal controls for this segment.

With continuous efforts and resources invested to further improve our project deliverables, we will focus to complete the current outstanding order book at decent margin and within scheduled timeline. At the same time, we are cautious and selective in project tendering and focus particularly on those projects where we have proven records and experiences, supported with current project management resources.

c) Other Segment

Current 12-month vs corresponding preceding 12-month review (December 2018 vs December 2017)

	Cumulative quarters 12 months ended 31 December	
	2018	**2017 (restated)**
	RM'000	**RM'000**
Revenue	25,734	34,077
Segment loss	(11,518)	(812)

The drop in the revenue for Other segment was mainly due to lower trading sales, about 54% lower than that reported in 2017. At the same time, Other segment registered higher loss of RM11.5 million, compared to the loss of RM0.8 million in 2017, mainly attributable to the impact of fair value adjustments of RM10.1 million (2017: Nil) made against some trade receivables following the adoption of MFRS 9 as explained in Note 2.1(b).

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17. Review of Group performance (continued)

17.1 Review of performance of operating segments and current year prospects (continued)

c) Other Segment (continued)

Current 3-month vs immediate preceding 3-month review (December 2018 vs September 2018)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2018	30 September 2018
	RM'000	RM'000
Revenue	7,308	6,292
Segment (loss)/profit	(10,981)	7

When compared to the immediate preceding quarter, trading and quarry operations continued to contribute positively to this segment revenue. However, higher loss of RM11.0 million reported in this 3-month period was mainly due to the fair value adjustments made against the trade receivables during the period, as explained in the preceding page.

Prospects

The property investment and trading operations will continue to contribute positively to the Group results. In addition to retail property, we will be embarking on other types of commercial properties, for example hotel in Bintulu Paragon (which is currently under construction) for recurring income.

We will continue to improve the quarry operations and achieve economies of scale to manage fixed overheads costs.

17.2 Review of performance of major associate

Our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited profit after tax attributable to owners of about RM164.2 million, against a loss of RM144.9 million registered in 2017. The improvement in the DEHB performance was mainly due to higher maintenance work orders performed during the year under review.

18. Profit guarantee

The Group did not issue any profit guarantee.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

19. Tax expense

Despite the group profit before tax of RM39.8 million reported for the year (excluding the share of results from the associates and joint ventures), the Group incurred tax expense of RM15.7 million, mainly due to higher non-deductible expenses as well as the effect of unrecognised deferred tax assets arising from certain loss making operations. Included in the tax expense was also additional tax payable of about RM2 million arising from the tax review on certain subsidiaries for the assessment years from 2011 to 2017.

20. Additional disclosures on loss before tax

	12 months ended 31 December	
	2018 RM'000	2017 RM'000 (restated)
Profit/(Loss) before tax is arrived at after (crediting)/charging:		
Loss/(Gain) on disposal of:		
- associate	-	8,321
- property, plant and equipment	(263)	(161)
- assets held for sale	(786)	(322)
Interest income from fixed deposits and cash funds	(1,209)	(355)
Other interest income	(7,695)	(8,885)
Amortisation of:		
- intangible assets	680	681
- investment properties	2,221	2,119
- prepaid lease payments	28	28
Depreciation of property, plant and equipment	7,121	7,108
Write back of liquidated and ascertained damages provision	-	(31,207)
Foreign exchange loss:		
- unrealised	165	2,898
- realised	33	(21)
Interest expense on loans and borrowings	29,484	26,035
Property, plant and equipment written off	57	109
Allowance for impairment loss on receivables	155	567
Reversal of allowance for impairment loss on receivables	-	(11,995)

Save as disclosed, there were neither impairment of assets, provision for and write-off of inventories, gain or loss arising from disposal of financial derivatives or other exceptional items for the year under review.

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 December 2018.

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

22. Status of corporate proposals

Proposed Renounceable Rights Issue

On 30 August 2018, the Company proposed to undertake a renounceable rights issue of up to 355,416,000 new ordinary shares ("Rights Share") at an issue price of RM0.45 per Rights Share, on the basis of three (3) Rights Shares for every two (2) existing shares held by the entitled shareholders whose names appear in the Record of Depositors of the Company ("Entitled Shareholders") on the Entitlement Date ("Proposed Rights Issue").

Key features of the Proposed Rights Issue were summarised as follows:

Proposed undertakings by major shareholders

The Company undertook the Proposed Rights Issue on a minimum subscription level basis where the Proposed Rights Issue would entail a minimum issuance of 222,222,222 Rights Shares to raise minimum gross proceeds of approximately RM100.00 million.

In order to meet the minimum subscription level, the Company had secured irrevocable and unconditional undertakings from its major shareholders, namely Datuk Amar Abdul Hamed Bin Haji Sepawi ("Datuk Amar"), Datuk Hasmi Bin Hasnan ("Datuk Hasmi") and persons acting in concert with them ("PACs") to subscribe for their respective entitlements based on their shareholdings as at the Entitlement Date, and at the same time apply for an additional 79,979,247 Rights Shares not taken up by the other Entitled Shareholders and/or their renouncee(s) by way of excess Rights Shares applications ("Proposed Undertakings").

Proposed exemption

As the Proposed Rights Issue was undertaken on a minimum subscription basis, which was premised on the minimum subscription level being fulfilled via the Proposed Undertakings, Datuk Amar, Datuk Hasmi and their PACs had submitted their applications to the Securities Commission ("SC") on 16 November 2018 for the grant of an exemption to undertake a Mandatory Offer upon completion of the Proposed Rights Issue. The SC approval was secured on 30 November 2018.

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

22. Status of corporate proposals (continued)

Proposed Renounceable Rights Issue (continued)

Proposed utilisation of proceeds

Based on the issue price of RM0.45 for each Rights Share, the Company would raise gross proceeds of approximately RM100.00 million under the minimum subscription level and up to approximately RM159.94 million under the maximum subscription level. The proceeds arising from the Proposed Rights Issue are to be used to finance the property development activities of the Group as well as partial repayment of borrowings of the Group.

On 25 January 2019, the Company completed the Proposed Rights Issue following the listing and quotation of about 263.80 million Rights shares on the Main Market of Bursa Malaysia Securities Berhad with a total Rights Issue proceeds of about RM118.71 million

23. Update of material litigations status

Land issue

On 20 March 2017, Naim Land Sdn. Bhd, ("NLSB") received a Writ of Summons from 2 persons suing on behalf of themselves and their other siblings and families, claiming against NLSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have native customary rights ("NCR") over an area of approximately 47.15 acres within parcels of land described as Lots 8837 and Lot 6182 both of Block 11 Kuala Baram Land District and Lot 820 Block 13 Kuala Baram Land District, which is within NLSB's existing township areas. The land was previously alienated by the State Government of Sarawak in 1997 and due land premium had been settled in prior years.

NLSB filed its Defence to the claim on 26 May 2017 and had on 3 July 2017 filed a Notice of Application for certain questions or issues of law to be determined before or without a full trial of the action and consequentially, if appropriate, to strike out the plaintiff's Statement of Claim. Parties had exchanged affidavits in respect of the said application and ruling on the same was delivered on 17 January 2018; wherein the Judge ruled that there was no merit in NLSB's application and dismissed the application with costs of RM1,000, and set down the matter for trial from 21 to 25 May 2018. NLSB had filed a Notice of Appeal to the Court of Appeal on 1 February 2018 against the Judge's ruling.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

24. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2017 was not qualified.

25. 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 26 February 2019.