

Interim Financial Statements for the Sixth Quarter Ended 30 June 2018

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

for the Sixth Quarter Ended 30 June 2018

(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter <u>30/06/2018</u> RM'000	Preceding Year Corresponding Quarter <u>31/12/2016</u> RM'000	Current Year To-Date <u>30/06/2018</u> RM'000	Preceding Year Corresponding Period <u>31/12/2016</u> RM'000
Revenue	(12,530)	N/A	491,573	N/A
Operating expenses	(8,610)	N/A	(539,780)	N/A
Other operating income	10,346	N/A	18,398	N/A
Loss from operations	(10,794)	N/A	(29,809)	N/A
Finance costs	(779)	N/A	(7,578)	N/A
Loss before taxation	(11,573)	N/A	(37,387)	N/A
Taxation	335	N/A	(566)	N/A
Profit after taxation from continuing operations	(11,238)	N/A	(37,953)	N/A
Profit after taxation from discontinuing operations	442	N/A	442	N/A
Loss after taxation	(10,796)	N/A	(37,511)	N/A
Other comprehensive expense				
<u>Items that may be reclassified</u> <u>subsequently to profit or loss:</u>				
Available-for-sale financial assets	(17)	N/A	(62)	N/A
Currency translation differences	5	N/A	(46)	N/A
Other comprehensive expense, net of tax	(12)	N/A	(108)	N/A
Total comprehensive expenses	(10,808)	N/A	(37,619)	N/A
Loss for the period attributable to:				
Owners of the parent	(10,739)	N/A	(37,709)	N/A
Non-controlling interests	(57)	N/A	198	N/A
	(10,796)	N/A	(37,511)	N/A
Total comprehensive expense for the period attributable to:				
Owners of the parent	(10,751)	N/A	(37,817)	N/A
Non-controlling interests	(57)	N/A	198	N/A
	(10,808)	N/A	(37,619)	N/A
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	(15.24)	N/A	(52.45)	N/A
- from discontinuing operations	0.42	N/A	0.42	N/A
	(14.82)	N/A	(52.03)	N/A
Diluted earnings/(loss) per ordinary share (sen)				
- from continuing operations	(15.24)	N/A	(52.45)	N/A
- from discontinuing operations	0.42	N/A	0.42	N/A
	(14.82)	N/A	(52.03)	N/A

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016.

The Group has changed the financial year end from 31 December 2017 to 30 June 2018, thus there were no comparative financial information available for the quarter ended 30 June 2018.

Interim Financial Statements for the Sixth Quarter Ended 30 June 2018

Condensed Consolidated Statements of Financial Position as at 30 June 2018

	AS AT END OF CURRENT QUARTER <u>30/06/2018</u> Unaudited RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>31/12/2016</u> Audited RM'000
Non-current Assets		
Property, plant and equipment	16,554	41,019
Investment properties	53,055	57,951
Land held for property development	7,178	7,178
Investments in associated companies	7	7
Other investments	637	699
Goodwill	99	99
Deferred tax assets	178	114
	<u>77,708</u>	<u>107,067</u>
Current Assets		
Development Expenditure	72	-
Inventories	15,393	34,244
Trade and other receivables	131,463	208,853
Taxation recoverable	2,589	2,040
Cash and cash equivalents	5,201	12,683
Assets classified as held for sale	58,248	174
	<u>212,966</u>	<u>257,994</u>
Current Liabilities		
Trade and other payables	53,951	93,036
Overdraft and short term borrowings	61,642	80,787
Taxation	4	48
Liabilities classified as held for sale	26,882	-
	<u>142,479</u>	<u>173,871</u>
NET CURRENT ASSETS	<u>70,487</u>	<u>84,123</u>
	<u>148,195</u>	<u>191,190</u>
FINANCED BY:		
Total Equity		
Share capital	75,926	72,469
Share premium	-	3,457
Reserves	46,614	84,431
Equity attributable to owners of the parent	122,540	160,357
Non-controlling interests	8,016	8,358
	<u>130,556</u>	<u>168,715</u>
Non-current Liabilities		
Term Financing/Loan	15,931	19,865
Other deferred liabilities	377	1,170
Deferred tax liabilities	1,331	1,440
	<u>17,639</u>	<u>22,475</u>
	<u>148,195</u>	<u>191,190</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016.

Interim Financial Statements for the Sixth Quarter Ended 30 June 2018

Condensed Consolidated Statements of Changes in Equity for the Sixth Quarter Ended 30 June 2018

(Unaudited)

	← Attributable to Owners of the Parent →				Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
18 months ended							
<u>30 June 2018</u>							
At 1 January 2017	72,469	3,457	760	83,671	160,357	8,358	168,715
Loss after taxation for the financial period	-	-	-	(37,709)	(37,709)	198	(37,511)
Other comprehensive expenses for the financial period, net of tax							
- Fair value changes of available-for-sale financial assets	-	-	(62)	-	(62)	-	(62)
- Foreign currency translation	-	-	(46)	-	(46)	-	(46)
Total comprehensive expenses for the financial period	-	-	(108)	(37,709)	(37,817)	198	(37,619)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	(540)	(540)
Transfer pursuant to Section 618 (2) of the Companies Act 2016 (*)	3,457	(3,457)	-	-	-	-	-
At 30 June 2018	75,926	-	652	45,962	122,540	8,016	130,556

Note *

The Company has transferred the amount standing to the credit of the share premium account of RM3,456,500 to be part of the Company's share capital pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"). Notwithstanding this provision, the Company may within 24 months from the commencement of the CA 2016, use this amount for purposes as set out in Section 618(3) of the CA 2016. The Board of Directors will make a decision thereon by 31 January 2019.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016.

The Group has changed the financial year end from 31 December 2017 to 30 June 2018, thus there were no comparative financial information available for the quarter ended 30 June 2018.

Interim Financial Statements for the Sixth Quarter Ended 30 June 2018

Condensed Consolidated Statements of Cash Flows for the Sixth Quarter Ended 30 June 2018

(Unaudited)

	1.1.2017 to 30.06.2018 RM'000	1.1.2016 to 31.12.2016 RM'000
Cash flows for operating activities		
Profit/(Loss) before tax from		
- continuing operations	(37,387)	N/A
- discontinuing operations	524	N/A
Adjustments for:-		
Non-cash items	(5,058)	N/A
Non-operating items	(1,236)	N/A
Operating loss before working capital changes	<u>(43,157)</u>	<u>N/A</u>
Net change in current assets	62,860	N/A
Net change in current liabilities	<u>(20,187)</u>	<u>N/A</u>
Cash flows from operations	(484)	N/A
Taxation paid	(1,638)	N/A
Net cash for operating activities	<u>(2,122)</u>	<u>N/A</u>
Cash flows from investing activities		
Equity investments	6	N/A
Other investments	<u>11,910</u>	<u>N/A</u>
Net cash from investing activities	<u>11,916</u>	<u>N/A</u>
Cash flows for financing activities		
Deposits pledged with a licensed bank	(103)	N/A
Dividends paid to non-controlling interest of a subsidiary company	(540)	N/A
Term financing/loan	(7,219)	N/A
Hire purchase financing	(1,215)	N/A
Short term bank borrowings	<u>(9,909)</u>	<u>N/A</u>
Net cash for financing activities	<u>(18,986)</u>	<u>N/A</u>
Net decrease in cash and cash equivalents	(9,192)	N/A
Cash and cash equivalents at beginning of financial period	(4,913)	N/A
Cash and cash equivalents at end of financial period	<u>(14,105)</u>	<u>N/A</u>

Cash and cash equivalent at the end of the financial period comprise of:

	30.06.2018 RM'000	31.12.2016 RM'000
Cash and bank balances	3,931	N/A
Bank overdrafts	<u>(18,036)</u>	<u>N/A</u>
	<u>(14,105)</u>	<u>N/A</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016.

The Group has changed the financial year end from 31 December 2017 to 30 June 2018, thus there were no comparative financial information available for the quarter ended 30 June 2018.

A EXPLANATORY NOTES AS PER FRS 134

A1. Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

The accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent annual financial statements except for the adoption of the following accounting standards and amendments issued by the Malaysian Accounting Standards Board (“MASB”) effective for the Group’s current financial period. The adoption of these standards and amendments has no material impacts on the financial statements of the Group upon their initial application.

- Amendments to FRS 107 : Disclosure Initiative
- Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to FRS Standards 2014 – 2016 Cycles:
 - Amendments to FRS 12: Clarification of the Scope of Standard

The Group has not applied in advance the following accounting standards and consequential amendments that have been issued by the MASB but are not yet effective for the Group’s current financial period:

- FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions.
- Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to FRS 140 – Transfers of Investment Property
- Annual Improvements to FRS Standards 2014 – 2016 Cycles:
 - Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters
 - Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the financial statements of the Group upon their initial application.

A2. Audit Report

The audit report of the most recent annual financial statements was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

There is no major seasonality or cyclicity in the Group's operations.

A4. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current interim period.

A5. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A6. Debt And Equity Securities

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim period.

A7. Payment Of Dividend

There was no payment of dividend for the quarter under review.

A8. Segmental Reporting

As at 30 June 2018

	Trading	Contract (exclude discontinuing operations)	Manufacture	Property Development	Property and Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	476,562	3,169	-	11,104	738	-	491,573
(Loss)/Profit from Operations	(33,307)	(261)	7,471	(3,864)	214	(62)	(29,809)
Finance costs							(7,578)
Loss before taxation							(37,387)
Income tax expenses							(566)
Loss after tax from continuing operations							(37,953)
Result from discontinuing operations							442
Loss after taxation							(37,511)

A9. Property, Plant And Equipment

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses and is not depreciated.

A10. Disposal Group Classified As Held For Sale

At the end of the current reporting period, the operating segment for the constructing and assembling industrial control instruments is presented as a disposal group classified as held for sale following the Group's plan to divest its investment in this business segment to focus on its core business of trading in construction materials. Efforts to sell the disposal group have commenced and as at 30 June 2018, its after tax profit of RM442,281 are presented separately on the consolidated statement of profit and loss and other income as "profit after taxation from discontinuing operations". The assets and liabilities of the disposal group are as follows:

	RM'000
<u>Assets classified as held for sale</u>	
Property, plant and equipment	15,744
Inventories	1,289
Receivables	32,046
Tax assets	284
Cash and bank balances	467
	<u>49,830</u>
<u>Liabilities classified as held for sale</u>	
Payables and accruals	18,795
Bank borrowings	8,025
Deferred tax liabilities	62
	<u>26,882</u>

Included within assets classified as held for sale are also land and buildings and investment properties with total value of RM8,418,036 as Sale and Purchase Agreements for these properties have been executed or are in progress.

A11. Material Subsequent Events

There are no material events subsequent to the end of the current interim period that have not been reflected in these interim financial statements.

A12. Changes In Composition Of The Group

There were no changes in the composition of the Group for the current interim period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than a potential disposal of a subsidiary subsequent to the current financial year end as disclosed in Note A10 above.

A13. Contingent Liabilities

There are no material changes in contingent liabilities and contingent assets since the last annual balance sheet date.

A14. Significant Event During The Financial Year

The Board of Directors of Ipmuda Berhad ("the Company") has approved the change of the Company's financial year end from 31 December to 30 June. Henceforth, the financial year of the Company will end on 30 June of each year. Consequently, the next set of audited financial statements of the Company will cover a period of 18 months from 01 January 2017 to 30 June 2018.

B. ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS**B1. Review Of Performance**

The Group recorded a turnover of RM491 million with a pre-tax loss of RM37.4 million for its continuing operation. After including the share of result from the discontinuing operation, the loss is lowered to RM36.9 million. The decline in property market, delay in commencement of residential projects coupled with the financial institution reservation in financing purchase of residential units was the main cause of the decrease in turnover compared to prior corresponding period. Despite some savings in operating expenses, the decline in turnover, lower other income, drop in average gross margin and impairment in receivables led the Group to incur a loss of RM37.5 million for the period under review.

B2. Comparison With Preceding Quarter's Result

In the quarter under review, the Group's negative turnover of RM12.5 million was as a result of the reversal of RM51.6 million revenue from the discontinuing operations. The loss for the current quarter was mainly due to low turnover from the trading operations and impairment in receivables.

B3. Current Year Prospects

The Directors expect the Group's performance to be challenging and is currently consolidating and rationalising its operation to be more efficient especially in view of its high operation cost. Measures are being taken to trim areas of operation which are draining the Group's resources to enable the Group to be more cost effective in running its operations.

B4. Variances From Profit Forecast And Profit Guarantee

The Company did not make a profit forecast and therefore comments on variances with forecast profit are not applicable.

B5. Taxation

Taxation comprises the following:

	Individual Quarter <u>30/06/2018</u> RM'000	Cumulative Quarter <u>30/06/2018</u> RM'000
Malaysian income tax:		
Current year tax	(379)	685
Deferred taxation	-	(112)
Prior years	44	(7)
Total income tax expense	<u>(335)</u>	<u>566</u>

B6. Sale Of Investments And Properties

- a) On 30 April 2018, Roset-BLG Sdn Bhd, an effective wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement for the disposal of its factory on a piece of freehold land for a total consideration of RM12,000,000. Vacant possession was given to the purchaser in June 2018. Upon netting off all expenses and estimated taxes in relation to the disposal, the Group recognised a net gain of RM7,620,570 in the current quarter.
- b) On 27 June 2018, the Company entered into a Sale and Purchase Agreement for the disposal of one of its office cum showroom on a piece of freehold land for a total consideration of RM3,600,000. The net gain recognised by the Company and the Group in the current quarter from the disposal of this property with a carrying value of RM531,480, after deducting the related expenses and estimated taxes, was RM2,763,189.

B7. Purchase Or Disposal Of Quoted Securities

- a) There is no purchase or disposal of quoted securities for the current interim period.
- b) Total investments in quoted shares as at 30 June 2018 are as below:

	<u>RM'000</u>
(i) At cost	2,699
(ii) At carrying value	170
(iii) At market value	170

B8. Status Of Corporate Proposals

- a) On 4 June 2015, the Company announced that it proposed to undertake a Private Placement of up to 7,246,950 new ordinary shares of RM1.00 each in the Company representing up to 10.0% of the issued and paid up share capital of the Company ("Proposed Private Placement"). Bursa Malaysia Securities Berhad ("Bursa Securities") had on 15 June 2015 approved the listing and quotation of up to 7,246,950 Placement Shares to be issued pursuant to the Proposed Private Placement subject to certain conditions ("Private Placement").

On 30 November 2015, the Company applied to Bursa Securities for an extension of time to implement the Private Placement and Bursa Securities, vide its letter dated 9 December 2015, approved the application for an extension of time for another six (6) months from 15 December 2015 until 14 June 2016 for the Company to complete the Private Placement.

The Company applied for another extension of time to implement the Private Placement on 31 May 2016 and Bursa Securities on 7 June 2016 further grant the Company an extension of time for another six (6) months from 15 June 2016 until 14 December 2016 to complete the Private Placement.

B9. Status Of Corporate Proposals (cont'd)

- a) The Company further applied to Bursa Securities on 30 November 2016 to extend another six (6) months from 15 December 2016 until 14 June 2017 to complete the Private Placement and Bursa Securities on 19 January 2017 approved the application accordingly.

As at 14 June 2017, the approval from Bursa Securities to complete the Private Placement lapsed. No new shares were issued/placed out pursuant to the Private Placement. The Company had decided not to further apply for any extension.

- b) On 27 August 2018, the Company announced that it proposed to establish and implement an Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of the Company, (excluding treasury shares, if any) ("Proposed ESOS") at any point in time during the duration of the Proposed ESOS. The Proposed ESOS, when implemented, shall be in force for a period of five (5) years from the effective date of its implementation.

As to date, the Proposed ESOS has not been implemented.

B9. Group Borrowings And Debt Securities

The Group borrowings and debt securities which are denominated in Ringgit Malaysia as at 30 June are as below:

	As at <u>30/06/2018</u> RM'000	As at <u>30/06/2017</u> RM'000
Secured	13,397	N/A
Unsecured	<u>48,245</u>	<u>N/A</u>
Total short term borrowings	61,642	N/A
Secured long term borrowings	<u>15,931</u>	<u>N/A</u>
Total borrowings	<u><u>77,573</u></u>	<u><u>N/A</u></u>

B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of this report.

B11. Material Litigation

There is no pending material litigation as at the date of this report.

B12. Dividend

No dividend has been recommended by the Board of Directors.

B13. Losses Per Share

The basic losses per share for the financial period have been calculated by dividing the Group's losses by the weighted average number of ordinary shares issued.

	Individual Quarter		Cumulative Quarter	
	<u>30/06/2018</u>	<u>30/06/2017</u>	<u>30/06/2018</u>	<u>30/06/2017</u>
Earnings/(Loss) attributable to owners of the parent (RM'000)				
- from continuing operations	(11,040)	N/A	(38,010)	N/A
- from discontinuing operations	<u>301</u>	N/A	<u>301</u>	N/A
	<u>(10,739)</u>		<u>(37,709)</u>	N/A
Weighted average number of shares outstanding ('000)	72,469	N/A	72,469	N/A
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	(15.24)	N/A	(52.45)	N/A
- from discontinuing operations	<u>0.42</u>	N/A	<u>0.42</u>	N/A
	<u>(14.82)</u>	N/A	<u>(52.03)</u>	N/A

The Company has not issued any dilutive potential ordinary shares and hence, the diluted losses per share is equal to the basic losses per share.

B14. Realised and Unrealised Profits Disclosures

The breakdown of the retained profits of the Group as at the end of the reporting period into realised and unrealised profits/(losses) are as below:

	As at <u>30/06/2018</u>	As at <u>31/12/2016</u>
	RM'000	RM'000
Total retained profits		
- realised	18,001	55,594
- unrealised	<u>28,003</u>	<u>28,119</u>
	46,004	83,713
Total share of accumulated losses of associate		
- realised	<u>(42)</u>	<u>(42)</u>
	<u>45,962</u>	<u>83,671</u>

BY ORDER OF THE BOARD

Chan Lai Choon
Secretary

Kuala Lumpur
28 August 2018