

Interim Financial Statements for the Third Quarter Ended 31 March 2019

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the Third Quarter Ended 31 March 2019**

(Unaudited)

	INDIVIDUAL QUARTER	CUMULATIVE QUARTER
	Current Year Quarter	Current Year To-Date
	<u>31-03-2019</u>	<u>31-03-2019</u>
	RM'000	RM'000
Revenue	24,525	78,756
Operating expenses	(30,566)	(98,106)
Other operating income	2,842	18,336
Loss from operations	<u>(3,199)</u>	<u>(1,014)</u>
Finance costs	(1,039)	(2,845)
Loss before taxation	<u>(4,238)</u>	<u>(3,859)</u>
Taxation	(142)	(442)
Loss after taxation from continued operations	(4,380)	(4,301)
Loss after taxation from discontinued operations	(484)	(95)
Loss after taxation	(4,864)	(4,396)
Other comprehensive expenses		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Available-for-sale financial assets	8	(22)
Currency translation differences	(7)	12
Other comprehensive income, net of tax	1	(10)
Total comprehensive income	(4,863)	(4,406)
Loss for the period attributable to:		
Owners of the parent	(4,852)	(4,487)
Non-controlling interests	(12)	91
	<u>(4,864)</u>	<u>(4,396)</u>
Total comprehensive expenses for the period attributable to:		
Owners of the parent	(4,851)	(4,497)
Non-controlling interests	(12)	91
	<u>(4,863)</u>	<u>(4,406)</u>
Basic earnings/(loss) per ordinary share (sen)		
- from continued operations	(6.02)	(5.89)
- from discontinued operations	(0.68)	(0.30)
	<u>(6.70)</u>	<u>(6.19)</u>
Diluted earnings/(loss) per ordinary share (sen)		
- from continued operations	(6.02)	(5.89)
- from discontinued operations	(0.68)	(0.30)
	<u>(6.70)</u>	<u>(6.19)</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial period ended 30 June 2018.

Interim Financial Statements for the Third Quarter Ended 31 March 2019

Condensed Consolidated Statements of Financial Position as at 31 March 2019

	AS AT END OF CURRENT QUARTER <u>31-03-2019</u> Unaudited RM'000	AS AT PRECEDING FINANCIAL PERIOD ENDED <u>30-06-2018</u> Audited RM'000
Non-current Assets		
Property, plant and equipment	16,853	16,366
Investment properties	52,764	53,055
Land held for property development	7,377	7,250
Investments in associated companies	7	7
Other investments	615	637
Goodwill	99	99
Deferred tax assets	178	178
	<u>77,893</u>	<u>77,592</u>
Current Assets		
Inventories	9,295	14,726
Trade and other receivables	78,827	125,934
Taxation recoverable	2,646	2,591
Cash and cash equivalents	18,610	5,331
Assets classified as held for sale	52,207	59,023
	<u>161,585</u>	<u>207,605</u>
Current Liabilities		
Trade and other payables	21,155	53,891
Hire purchase payables	30	111
Overdraft and short term borrowings	55,689	59,699
Taxation	67	89
Liabilities classified as held for sale	27,088	26,881
	<u>104,029</u>	<u>140,671</u>
NET CURRENT ASSETS	<u>57,556</u>	<u>66,934</u>
	<u>135,449</u>	<u>144,526</u>
FINANCED BY:		
Total Equity		
Share capital	75,926	75,926
Reserves	39,071	43,568
Equity attributable to owners of the parent	114,997	119,494
Non-controlling interests	8,118	8,027
	<u>123,115</u>	<u>127,521</u>
Non-current Liabilities		
Term Financing/Loan	11,078	15,492
Hire purchase payables	-	248
Deferred tax liabilities	1,256	1,265
	<u>12,334</u>	<u>17,005</u>
	<u>135,449</u>	<u>144,526</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements for the financial period ended 30 June 2018.

Interim Financial Statements for the Third Quarter Ended 31 March 2019

Condensed Consolidated Statements of Changes in Equity for the Third Quarter Ended 31 March 2019

(Unaudited)

	← Attributable to Owners of the Parent →					
	← Non-Distributable →		Distributable	Total	Non-Controlling Interests	Total Equity
	Share *	Other	Retained			
	Capital	Reserves	Profits	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	
9 months ended						
<u>31 March 2019</u>						
At 1 July 2018	75,926	653	42,915	119,494	8,027	127,521
Loss after taxation for the financial period	-	-	(4,487)	(4,487)	91	(4,396)
Other comprehensive expenses for the financial period, net of tax						
- Fair value changes of available-for-sale financial assets	-	(22)	-	(22)	-	(22)
- Foreign currency translation	-	12	-	12	-	12
Total comprehensive expenses for the financial period	-	(10)	(4,487)	(4,497)	91	(4,406)
At 31 March 2019	75,926	643	38,428	114,997	8,118	123,115

Note *

The Company has transferred the credit balance 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. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Annual Financial Statements for the financial period ended 30 June 2018.

Interim Financial Statements for the Third Quarter Ended 31 March 2019

Condensed Consolidated Statements of Cash Flows for the Third Quarter Ended 31 March 2019
(Unaudited)

	1.7.2018 to <u>31.03.2019</u> RM'000
Cash flows for operating activities	
Profit/(loss) before tax from	
- continuing operations	(3,859)
- discontinued operations	34
Adjustments for:-	
Non-cash items	(14,676)
Non-operating items	(419)
Operating loss before working capital changes	<u>(18,920)</u>
Net change in current assets	51,358
Net change in current liabilities	<u>(31,149)</u>
Cash flows from operations	1,289
Taxation paid	<u>(528)</u>
Net cash from operating activities	<u>761</u>
Cash flows from investing activities	
Equity investments	5
Other investments	<u>23,655</u>
Net cash from investing activities	<u>23,660</u>
Cash flows for financing activities	
Deposits pledged with a licensed bank	(11)
Term financing/loan	(5,244)
Hire purchase financing	(117)
Short term bank borrowings	<u>22</u>
Net cash for financing activities	<u>(5,350)</u>
Net decrease in cash and cash equivalents	19,071
Cash and cash equivalents at beginning of financial period	(12,852)
Cash and cash equivalents at end of financial period	<u><u>6,219</u></u>
Cash and cash equivalent at the end of the financial period comprise of:	
	<u>31.03.2019</u> RM'000
Cash and bank balances	19,092
Bank overdrafts	<u>(12,873)</u>
	<u><u>6,219</u></u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial period ended 30 June 2018.

A EXPLANATORY NOTES AS PER MFRS 134

A1. Accounting Policies

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

The financial statements of the Group for the three months period ended 30 September 2018 are the first set of interim financial statements prepared in accordance with MFRS Framework, hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. The Group has adopted the MFRS Framework with effective 1 July 2018.

The adoption of the above did not have significant effects on the interim financial report upon their initial application.

a) Transition from FRSs to MFRSs

(i) MFRS 1 exemption options

As provided in MFRS 1, first time adopters of MFRSs can elect optional exemptions from full retrospective application of MFRSs. The Group has elected the following exemptions:

1) Exemption for business combinations

The Group has elected to apply MFRS 3 "Business Combination" prospectively from the date FRS 3 "Business Combinations" was adopted on 1 April 2011. Business combinations that occurred prior to that date have not been restated. In addition, the Group has also applied MFRS 10 "Consolidated Financial Statements" on the same date as FRS 3. This election does not have any impact to the Group.

2) Assets and liabilities of subsidiaries, joint ventures and associates

The assets and liabilities of subsidiaries, joint ventures and associates which have adopted the MFRS Framework or International Financial Reporting Standards ("IFRS") earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries, joint ventures and associates, after adjusting for consolidation adjustments.

3) MFRS 9 "Financial Instruments"

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 "Financial Instrument: Recognition and Measurement" and FRS 7 "Financial Instrument: Disclosures" for the comparative information.

A2. Comparative Figure

The Company has changed its financial year end from 31 December 2017 to 30 June 2018. As such, the last financial period is an 18-month financial period ended 30 June 2018. This current quarter ended 31 March 2019 is the third quarter of the financial year ending 30 June 2019. There are no comparative figures presented for the quarter under review and cumulative period ended in the current quarter for the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in equity and Condensed Consolidated Statement of Cash Flows as there are no comparable interim periods in the immediate preceding financial period.

A3. Audit Report

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

A4. Seasonal Or Cyclical Factors

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

A5. 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.

A6. 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.

A7. 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.

A8. Payment Of Dividend

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

A9. Segmental Reporting

As at 31 March 2019

	Trading RM'000	Contract (exclude discontinuing operations) RM'000	Property Development RM'000	Property and Investment Holding RM'000	Others RM'000	Total RM'000
Revenue	76,078	-	2,465	213	-	78,756
Profit/(Loss) from Operations	(16,772)	(113)	(334)	16,212	(7)	(1,014)
Finance costs						(2,845)
Loss before taxation						(3,859)
Income tax expenses						(442)
Loss after tax from continuing operations						(4,301)
Result from discontinuing operations						(95)
Loss after taxation						(4,396)

A10. 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.

A11. 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 and specialist contractor in fluid engineering systems are 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 31 March 2019, its after tax loss of RM94,908 are presented separately on the consolidated statement of profit and loss and other income as "loss 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	15,754
Inventories	976
Receivables	32,729
Tax assets	204
Cash and bank balances	2,284
	<u>51,947</u>
<u>Liabilities classified as held for sale</u>	
Payables and accruals	19,364
Bank borrowings	7,662
Deferred tax liabilities	62
	<u>27,088</u>

Included within assets classified as held for sale are also land and buildings and investment properties with total value of RM260,000 as Sale and Purchase Agreements for these properties have been executed or are in progress.

A12. 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.

A13. Changes In Composition Of The Group

Ipmuda Berhad ("the Company") had incorporated Ipmuda Lifestyle Centre Sdn Bhd on 4 March 2019, a wholly-owned subsidiary of Ipmuda with an issued and paid-up capital of RM100.00 comprising of 100 ordinary shares ("Incorporation"). The principal activity is to engage in shopping mall management, the retail of building and construction hardware materials, home improvement products and all other activities in relation thereto.

Save as disclosed above, there were no changes in the composition of the Group other than a potential disposal of two (2) subsidiaries subsequent to the current financial year end as disclosed in Note A11 above.

A14. Contingent Liabilities

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

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

The Group recorded a turnover of RM79 million with a pre-tax loss of RM3.9 million for its continuing operation. 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. Drop in average gross margin and high impairment in receivables lead the Group reported loss after tax of RM4.4 million for the period under review.

B2. Comparison With Preceding Quarter's Result

In the quarter under review, the Group's turnover of RM25 million is higher by 20% compared to the preceding quarter's RM20 million. Despite improved gross margin compared to previous quarter, the Group recorded a pre-tax loss of RM4.2 million.

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 costs. 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>31/3/2019</u> RM'000	Cumulative Quarter <u>31/3/2019</u> RM'000
Malaysian income tax:		
Current year tax	(87)	(396)
Deferred taxation	-	9
Prior years	<u>(55)</u>	<u>(55)</u>
Total income tax expense	<u>(142)</u>	<u>(442)</u>

B6. Sale Of Investments And Properties

On 19 February 2019, the Company entered into two (2) Sale and Purchase Agreement for the disposal of freehold apartment for a total consideration RM260,000. One of the sale transaction was completed on 30 April 2019.

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 31 March 2019 are at carrying value/ market value of RM146,000.

B8. Status Of Corporate Proposals

- a) 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.

However, on 26 October 2018 the Board had, after careful deliberation, decided not to proceed with the Proposed ESOS. The Company is evaluating incentive schemes for its employees before deciding on the most suitable scheme to be implemented.

B9. Group Borrowings And Debt Securities

The Group borrowings and debt securities which are denominated in Ringgit Malaysia as at 31 March are as below:

	As at <u>31/3/2019</u> RM'000
Secured	5,577
Unsecured	<u>50,142</u>
Total short term borrowings	55,719
Secured long term borrowings	<u>11,078</u>
Total borrowings	<u><u>66,797</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. Earnings Per Share

The basic earnings 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 <u>31/3/2019</u>	Cumulative Quarter <u>31/3/2019</u>
Losses attributable to owners of the parent (RM'000)		
- from continuing operations	(4,362)	(4,262)
- from discontinued operations	(490)	(225)
	<u>(4,852)</u>	<u>(4,487)</u>
Weighted average number of shares outstanding ('000)	72,469	72,469
Basic earnings per ordinary share (sen)		
- from continuing operations	(6.02)	(5.89)
- from discontinued operations	(0.68)	(0.30)
	<u>(6.70)</u>	<u>(6.19)</u>

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

BY ORDER OF THE BOARD

Chan Lai Choon
Secretary

Kuala Lumpur
31 May 2019