



INTERIM FINANCIAL STATEMENTS

*- For The Quarter Ended
31st March 2018 -*

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APPENDIX 1



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018
(The figures have not been audited)**

	Note	3 months ended 31 March	
		2018 RM	2017 RM
Continuing Operations			
Revenue	9	47,020,744	63,867,164
Cost of sales		(45,407,470)	(51,381,262)
Gross profit		<u>1,613,274</u>	<u>12,485,902</u>
Distribution expenses		(2,664,429)	(3,040,850)
Administrative expenses		(9,365,898)	(9,441,234)
Other operating income	10	941,815	1,121,045
Other operating expenses		(484)	-
Result from operating activities		<u>(9,475,722)</u>	<u>1,124,864</u>
Finance cost	10	(1,146,214)	(743,032)
(Loss) / Profit before taxation	10	<u>(10,621,936)</u>	<u>381,832</u>
Tax expense	21	(149,789)	(114,547)
(Loss) / Profit and total comprehensive income for the period	9	<u><u>(10,771,725)</u></u>	<u><u>267,286</u></u>
(Loss) / Profit and total comprehensive income for the period attributable to :			
Owners of the Company		(10,768,700)	279,129
Non-controlling interests		(3,025)	(11,843)
(Loss) / Profit and total comprehensive income for the period		<u><u>(10,771,725)</u></u>	<u><u>267,286</u></u>
Basic (loss) / earnings per ordinary share (sen)	26	(3.55)	0.09

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



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018
(The figures have not been audited)**

	Note	31.03.2018 RM	31.12.2017 RM
Assets			
Non-current assets			
Property, plant and equipment	12	98,156,576	98,702,855
Investment property		36,000,000	36,000,000
Other investments		655,052	446,384
Inventories		348,554,660	344,437,482
Deferred tax assets		190,174	190,174
		<u>483,556,462</u>	<u>479,776,895</u>
Current assets			
Contract assets		46,658,117	55,841,853
Inventories		34,218,048	37,504,959
Trade and other receivables		118,662,319	99,339,685
Current tax assets		10,945,039	9,613,339
Deposits with licensed banks		24,492,714	22,162,222
Cash and bank balances		54,041,815	97,592,123
		<u>289,018,052</u>	<u>322,054,181</u>
Total assets		<u><u>772,574,513</u></u>	<u><u>801,831,076</u></u>
Equity and Liabilities			
Current liabilities			
Trade and other payables		108,935,682	124,723,929
Current tax payable		-	198
Loans and borrowings	23	123,212,005	124,793,845
		<u>232,147,687</u>	<u>249,517,972</u>
Non-current liabilities			
Deferred tax liabilities		101,407	101,407
Loans and borrowings	23	35,346,820	36,461,372
		<u>35,448,227</u>	<u>36,562,779</u>
Total liabilities		<u>267,595,914</u>	<u>286,080,751</u>
Equity attributable to owners of the parent			
Share capital		331,019,698	331,019,698
Retained earnings		173,939,499	184,708,199
		<u>504,959,197</u>	<u>515,727,897</u>
Non-controlling interests		19,403	22,428
Total equity		<u>504,978,600</u>	<u>515,750,325</u>
Total equity and liabilities		<u><u>772,574,513</u></u>	<u><u>801,831,076</u></u>

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018
(The figures have not been audited)

	-----Attributable to owners of the parent-----		Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Share premium RM				
As at 1 January 2017, restated	303,854,977	27,164,721	205,978,703	536,998,401	55,852	537,054,253
Total comprehensive income	-	-	279,129	279,129	(11,843)	267,286
As at 31 March 2017	<u>303,854,977</u>	<u>27,164,721</u>	<u>206,257,832</u>	<u>537,277,530</u>	<u>44,009</u>	<u>537,321,539</u>
As at 1 January 2018	331,019,698	-	184,708,199	515,727,897	22,428	515,750,325
Total comprehensive expense	-	-	(10,768,700)	(10,768,700)	(3,025)	(10,771,725)
Dividend paid	-	-	-	-	-	-
As at 31 March 2018	<u>331,019,698</u>	<u>-</u>	<u>173,939,499</u>	<u>504,959,197</u>	<u>19,403</u>	<u>504,978,600</u>

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



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 MARCH 2018
(The figures have not been audited)**

	Cumulative Quarter	
	Current Year Ended 31-Mar-18 RM	Preceding Year Ended 31-Mar-17 RM
Cash flows from operating activities		
(Loss) / Profit before taxation	(10,621,936)	381,832
Adjustments for:		
Non-cash items	2,634,787	3,416,300
Non operating items	<u>796,314</u>	<u>448,658</u>
Operating (loss) / profit before working capital changes	(7,190,835)	4,246,790
Decrease / (increase) in Inventories - non current	7,981,006	(6,779,375)
Decrease / (increase) in Trade and other receivables	(4,570,803)	211,524,832
Decrease / (increase) in inventories	372,464	(40,831)
Increase / (decrease) in Trade and other payables	<u>(30,726,988)</u>	<u>(237,396,333)</u>
Cash used in operations	(34,135,156)	(28,444,916)
Interest paid	(1,116,325)	(819,466)
Taxes paid	<u>(1,384,829)</u>	<u>(4,353,940)</u>
Net cash used in operating activities	(36,636,310)	(33,618,322)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,165,307)	(4,835,298)
Proceeds from disposal of property, plant and equipment	96,975	-
Purchase of other investment	(13,137)	-
Interest received	<u>380,563</u>	<u>283,989</u>
Net cash used in investing activities	(1,700,906)	(4,551,309)
Cash flows from financing activities		
Drawdown of loan	4,011,137	6,004,021
Repayment of borrowings	(7,073,679)	(17,041)
(Placement)/withdrawal of pledged deposit	-	71,891
Net changes in finance lease creditors	<u>(142,344)</u>	<u>(577,565)</u>
Net cash generated from / (used in) financing activities	(3,204,886)	5,481,306
Net decrease in cash and cash equivalents	(41,542,102)	(32,688,325)
Cash and cash equivalents at beginning of the period	<u>93,806,078</u>	<u>53,274,027</u>
Cash and cash equivalents at end of the period	<u><u>52,263,976</u></u>	<u><u>20,585,702</u></u>
Cash and cash equivalents comprise of the followings:		
Cash and bank balances	54,041,815	36,561,627
Fixed deposit	24,492,714	9,224,747
Overdraft	<u>(19,734,124)</u>	<u>(19,077,832)</u>
	58,800,405	26,708,542
Less: Deposits pledged	<u>(6,536,429)</u>	<u>(6,122,840)</u>
	<u><u>52,263,976</u></u>	<u><u>20,585,702</u></u>

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



EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR TO DATE ENDED 31 MARCH 2018

Part A – Explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

The interim financial statements other than for financial instruments have been prepared under the historical cost convention. Financial instruments have been fair valued in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These 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 financial position and performance of the Group since the financial year ended 31 December 2017.

The financial statements of the Economic Entity have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), generally accepted accounting principles and the Companies Act, 2016 in Malaysia.

2. Significant Accounting Policies

a) Malaysian Financial Reporting Standards (MFRS)

The interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the Companies Act, 2016 in Malaysia. These are the Group’s first interim financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In the previous financial years and period, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (“FRSs”) in Malaysia.



b) Malaysian Financial Reporting Standards (MFRS Framework)

The Group and the Company are transitioning entities and have elected to apply FRS during the last financial year 2017. The Group is adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (“MFRS”) for annual period beginning on 1 January 2018. Upon adoption of MFRS, the Group and the Company will be applying MFRS 1 “First-time Adoption of MFRS”.

The Group has assessed the estimated impact that the initial application of MFRS will have on its consolidated financial statements for year ended 31 December 2017 and the beginning of the earliest period presented, 1 January 2017 as below. The estimated impact on initial application is based on assessment undertaken to date and the actual impacts of adopting the standard may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

	As previously reported under FRS Framework RM'000	Effect of transitioning to MFRS and reclassification RM'000	As restated under MFRS Framework RM'000
As at 1 January 2017			
Group			
Non-Current Asset			
Land held for property development	302,200	(302,200)	-
Inventories	-	302,200	302,200
Current Assets			
Property development costs	97,923	(97,923)	-
Inventories	22,895	97,923	120,818
	As previously reported under FRS Framework RM'000	Effect of transitioning to MFRS and reclassification RM'000	As restated under MFRS Framework RM'000
As at 31 December 2017			
Group			
Non-Current Asset			
Land held for property development	344,437	(344,437)	-
Inventories	-	344,437	344,437
Current Assets			
Property development costs	55,842	(55,842)	-
Contract asset	37,505	55,842	93,347



3. Auditors' Report on Preceding Annual Financial Statements

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

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and year to-date.

5. Changes in Estimates

The preparation of the interim financial statements in conformity with Malaysian Financial Reporting Standards ("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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

6. Seasonal or Cyclical Factors

The Group's products and services are generally dependent on the Malaysian economy, government policies and weather conditions (on the construction activities).

7. Dividends

There was no dividend paid during the quarter under review.

8. Debt and Equity Securities

There were no issuances, cancellations, repurchase, resale and repayments of equity securities except for repay of debt in the current quarter.



9. Segmental Information

	Property development RM	Road building and quarrying RM	Engineering and Construction RM	Leisure RM	Other reportable segments RM	Total reportable segments RM	Elimination RM	Consolidated RM
3 months ended 31 March 2018								
Revenue								
External sales	14,110,219	15,534,521	12,836,149	2,712,079	1,827,776	47,020,744	-	47,020,744
Inter-segment sales	32,993	1,208,506	3,739,415	66,978	908,220	5,956,112	(5,956,112)	-
Total revenue	14,143,211	16,743,027	16,575,564	2,779,057	2,735,996	52,976,855	(5,956,112)	47,020,744
Segment profit/(loss)	(7,284,317)	(766,181)	551,444	(754,836)	(2,493,776)	(10,747,666)	23,270	(10,724,396)



10. Profit before tax from continuing operations

The following items have been charged / (credited) in arriving at profit before tax from continuing operations:

	3 months ended 31 March	
	2018 RM	2017 RM
Interest income	(360,153)	(284,047)
Other income including investment income	(581,662)	(836,998)
Depreciation and amortization:		
-property, plant and equipment	2,348,670	2,150,300
Property, plant and equipment written off	97,467	-
Gain on disposal of:		
-property, plant and equipment	(22,418)	-
Reversal of impairment:		
-trade receivables	-	(40,000)
Interest expense	1,146,214	743,031

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter including business combination, acquisition or disposal of a subsidiary and long term investment, restructuring and discontinued operation.

12. Property, Plant and Equipment

The Group acquired property, plant and equipment worth RM2,165,306 during the quarter under review.

There were no impairment nor reversal of such impairment during the current three months financial period.

The valuations of property, plant and equipment were brought forward without amendment from the previous audited financial statements.



13. Capital Commitments

The amount of commitments for the purchase of property, plant & equipment not provided for in the interim financial statements as at 31 March 2018 are as follows:

	RM
Approved and contracted for	8,028,913
Approved but not contracted for	707,257

14. Changes in Contingent Liabilities

As at 31 March 2018, the Group does not have any contingent liability.

15. Material Subsequent Events to the Reporting Period

There were no material events subsequent to the end of the quarter under review up to the date of this report that have not been reflected in the interim financial statements.

16. Significant Related Party Transactions

	3 months ended 31.03.2018 RM
Progress billings charged to the ultimate holding corporation	-
Rental of quarry land to ultimate holding corporation	50,000
Tributes charged by the ultimate holding corporation	159,273
Estate agency fee charged by a related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	48,406
Revenue from oil palm from related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	645,131
Property management paid to a related company, Darulaman Asset Sdn. Bhd	11,000
Insurance paid to a related company, KSDC Insurance Brokers Sdn. Bhd.	374,179
	1,287,989



Part B – Explanatory Notes Pursuant to Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

17. Performance Review

a) Current quarter vs previous year corresponding quarter

For the first quarter ended 31 March 2018, the Group recorded revenue of RM47.0 million. The revenue decreased by RM16.8 million or 26% compared to RM63.9 million achieved in the same corresponding period of last year. The Group's loss before tax recorded at RM10.6 million while profit before tax of RM 0.4 million is reported in the prior corresponding period.

The Group posted lower revenue for the first quarter compared to the same corresponding period of last year due to soft property market in Kedah and lower contribution from Road and Quarry Division.

Performance of the operating business segments for the quarter ended 31 March 2018 compared to the previous year's corresponding quarter are as follows:

Property Division

The Property Division contributed RM14.1 million to Group revenue compared to RM30.3 million previously. The decrease of the revenue was mainly due to low take up rate and sales conversion at Bandar Darulaman and Darulaman Perdana Townships.

Similarly, profit contribution decreased by RM7.3 million compared to the previous year's corresponding period.

Road building and Quarry Division

This Division contributed RM15.5 million to Group revenue compared to RM17.4 million previously, a slight decrease of 11%. The decrease in revenue was due to lower contribution from road and highway maintenance projects.

The division recorded RM0.8 million loss compared to RM2.0 million profit in the same quarter last year due to higher operating and production cost.

Engineering and Construction Division

The Construction Division provided RM12.8 million to Group revenue compared to RM14.3 million previously. The revenue decreased slightly because no more contribution from SADA Water Treatment Plant which was completed in November 2017. The profit contribution from this division has increased by RM0.3 million compared to the previous year's corresponding period due to better project margins from its on-going projects.



Leisure Division

This Division contributed RM2.7 million to Group revenue compared to RM1.4 million previously. The increase in revenue was contributed by higher sales from golfing activities, hotel, food and beverage and the opening of water theme park.

The division recorded RM0.7 million loss before tax compared to RM0.9 million in the same quarter last year.

18. Variation of Results against Preceding Quarter

	Current quarter ended 31 March 2018 RM	Preceding quarter ended 31 December 2017 RM
Revenue	47,020,744	54,679,241
Profit Before Taxation	(10,724,396)	(9,761,481)

Variation between quarters are normal given the nature of the Group's business activities which allows recognition of revenue and profit from Property and Construction projects based on cost incurred. Anomalies of quarter to quarter variance is normalized over the year.

19. Prospects for the year

The Group's core businesses are expected to record reasonable performance for the current financial year since the Group has adequate land bank and projects in hand to provide sustainable revenue.

The property division expects soft property market sentiment to continue throughout 2018. The division will be focusing on clearing its unsold medium cost to high end residential projects in Bandar Darulaman, Darulaman Perdana and Kuala Kangsar. Besides clearing existing stocks, the division would continue to roll out products that match the market requirements.

Profit contribution from Road and Quarry Division is expected to remain stable based on the current demand for quarry products from Bukit Perak Quarry and Kulim Premix Plant. The division expects steady flow of income from the ongoing road and highway maintenance projects.

The Construction Division will be focusing on completing and delivering all ongoing projects within scheduled time and quality. The division will continue to support the property division in developing affordable houses during the year. Prospective projects are constantly identified that will enable the division to be a key contributor to the Group.



The Leisure Division is expected to register improved performance in the near term after the opening of a new water theme park.

20. Variance from Profit Forecast or Profit Guarantee

Not applicable for the financial period ended 31 March 2018.

21. Income Tax Expense

	3 months ended 31 March 2018 RM	3 months ended 31 March 2017 RM
Malaysian income tax	149,789	992,383

Income tax expenses for the current quarter was provided for profitable companies within The Group.

22. Status of Corporate Proposals

There was no outstanding corporate proposal during the quarter under review.

23. Group borrowings and Debt Securities

Total loans and borrowings as at 31 March 2018 were as follows:

	Short-term RM	Long-term RM
Term loans	11,676,569	30,971,000
Sukuk Wakalah	50,000,000	-
Bankers' Acceptance	4,019,722	-
Hire Purchase	2,981,593	4,375,820
Revolving Credit	34,800,000	-
Bank overdraft	19,734,122	-
TOTAL	123,212,006	35,346,820

24. Material Litigation

There is no pending material litigation since the last annual balance sheet date of 31 December 2017.



25. Dividends Payable

No interim dividend has been declared during quarter ended 31st March 2018.

26. Earnings Per Share

a. Basic earnings per share

	3 months ended 31.03.2018 RM	3 months ended 31.03.2017 RM
Profit/(Loss) attributable to owners of the Company	(10,871,160)	279,129
Number of ordinary shares in issue	303,854,977	303,854,977
Basic earnings per share (sen)	(3.58)	0.09

b. Diluted earnings per share

Not applicable.

27. Authorization for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 13 May 2018.