



INTERIM FINANCIAL STATEMENTS

*- For the Quarter and Period of Six Months
Ended 30th June 2018 -*

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH ENDED 30 JUNE 2018
(The figures have not been audited)**

	Note	3 months ended 30 June		6 months ended 30 June	
		2018 RM	2017 RM	2018 RM	2017 RM
Continuing Operations					
Revenue	9	52,981,386	78,946,677	100,002,130	142,813,841
Cost of sales		(48,685,659)	(60,332,407)	(94,093,129)	(111,713,668)
Gross profit		<u>4,295,727</u>	<u>18,614,270</u>	<u>5,909,001</u>	<u>31,100,173</u>
Distribution expenses		(2,234,305)	(5,264,669)	(4,898,734)	(8,305,519)
Administrative expenses		(11,553,723)	(13,094,183)	(20,919,621)	(22,535,417)
Other operating income	10	1,255,582	1,176,805	2,197,397	2,297,850
Other operating expenses		(3,615)	(10,353)	(4,099)	(10,353)
Result from operating activities		<u>(8,240,334)</u>	<u>1,421,869</u>	<u>(17,716,056)</u>	<u>2,546,733</u>
Finance cost	10	(812,367)	(866,165)	(1,958,581)	(1,609,195)
(Loss) / Profit before taxation	10	<u>(9,052,701)</u>	<u>555,704</u>	<u>(19,674,637)</u>	<u>937,538</u>
Tax expense	21	(404,276)	(127,981)	(554,065)	(242,528)
(Loss) / Profit and total comprehensive (expense) / income for the period	9	<u>(9,456,977)</u>	<u>427,723</u>	<u>(20,228,702)</u>	<u>695,010</u>
(Loss) / Profit and total comprehensive (expense) / income for the period attributable to :					
Owners of the Company		(9,444,573)	432,865	(20,213,273)	716,154
Non-controlling interests		(12,404)	(5,142)	(15,429)	(21,144)
(Loss) / Profit and total comprehensive (expense) / income for the period		<u>(9,456,977)</u>	<u>427,723</u>	<u>(20,228,702)</u>	<u>695,010</u>
Basic (loss) / earning per ordinary share (sen)	26	(3.11)	0.14	(6.66)	0.23

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 30 JUNE 2018
(The figures have not been audited)

	Note	30.06.2018 RM	31.12.2017 RM Restated
Assets			
Non-current assets			
Property, plant and equipment	12	97,253,288	98,702,855
Investment property		44,658,354	36,000,000
Other investments		3,668,318	446,384
Inventories		338,645,372	344,437,482
Deferred tax assets		165,311	190,174
		<u>484,390,643</u>	<u>479,776,895</u>
Current assets			
Inventories		82,825,469	93,346,812
Trade and other receivables		97,370,309	99,339,685
Current tax assets		11,975,612	9,613,339
Deposits with licensed banks		30,007,740	22,162,222
Cash and bank balances		41,031,102	97,592,123
		<u>263,210,232</u>	<u>322,054,181</u>
Total assets		<u><u>747,600,875</u></u>	<u><u>801,831,076</u></u>
Current liabilities			
Trade and other payables		91,886,972	124,723,929
Current tax payable		396,228	198
Loans and borrowings	23	<u>125,342,462</u>	<u>124,793,845</u>
		<u>217,625,662</u>	<u>249,517,972</u>
Non-current liabilities			
Deferred tax liabilities		270,543	101,407
Loans and borrowings	23	<u>34,183,049</u>	<u>36,461,372</u>
		<u>34,453,592</u>	<u>36,562,779</u>
Total liabilities		<u><u>252,079,254</u></u>	<u><u>286,080,751</u></u>
Share capital		331,019,698	331,019,698
Retained earnings		164,494,924	184,708,199
		<u>495,514,622</u>	<u>515,727,897</u>
Non-controlling interests		6,999	22,428
Total equity		<u><u>495,521,621</u></u>	<u><u>515,750,325</u></u>
Total equity and liabilities		<u><u>747,600,875</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 SIX MONTH ENDED 30 JUNE 2018**
(The figures have not been audited)

	←-----Attributable to owners of the Company-----→			Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Share premium RM	Retained earnings 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 / (loss)	-	-	716,154	716,154	(21,144)	695,010
Transfer in accordance with Section 618(2) of the Companies Act 2016	27,164,721	(27,164,721)				
Dividend paid	-	-	(13,673,813)	(13,673,813)	-	(13,673,813)
As at 30 June 2017	<u>331,019,698</u>	<u>-</u>	<u>193,021,044</u>	<u>524,040,742</u>	<u>34,708</u>	<u>524,075,450</u>
As at 1 January 2018	331,019,698	-	184,708,197	515,727,895	22,428	515,750,323
Total comprehensive loss	-	-	(20,213,273)	(20,213,273)	(15,429)	(20,228,702)
As at 30 June 2018	<u>331,019,698</u>	<u>-</u>	<u>164,494,924</u>	<u>495,514,622</u>	<u>6,999</u>	<u>495,521,621</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 CASH FLOW
FOR THE SIX MONTH ENDED 30 JUNE 2018
(The figures have not been audited)**

	Cumulative Quarter	
	Current Period Ended 30-Jun-18 RM	Preceding Period Ended 30-Jun-17 RM
Cash flows from operating activities		
(Loss) / Profit before taxation	(19,674,637)	937,538
Adjustments for:		
Non-cash items	5,535,493	5,530,653
Non operating items	<u>371,758</u>	<u>(246,512)</u>
Operating (loss) / profit before working capital changes	(13,767,386)	6,221,679
Decrease / (increase) in inventory	(15,393,837)	(15,440,407)
Decrease / (increase) in Trade and other receivables	67,021,055	171,918,830
Decrease / (increase) in inventories	(24,646,525)	(472,861)
Increase / (decrease) in Trade and other payables	<u>(50,531,357)</u>	<u>(182,711,443)</u>
Cash used in operations	(37,318,050)	(20,484,202)
Interest paid	(691,439)	(436,725)
Taxes paid	<u>(2,742,621)</u>	<u>(7,123,569)</u>
Net cash used in operating activities	(40,752,110)	(28,044,496)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,832,611)	(10,822,868)
Proceeds from disposal of property, plant and equipment	246,043	(3,166)
Purchase of other investment	(3,017,403)	-
Dividend received	-	5,932
Interest received	499,638	521,489
Net cash used in investing activities	<u>(6,104,333)</u>	<u>(10,298,613)</u>
Cash flows from financing activities		
Dividends paid to shareholders of the Company	-	(13,673,813)
Drawdown of bankers' acceptance	2,192,300	4,102,493
Drawdown of term loan	55,333	3,962,201
Repayment of borrowings	(5,065,063)	(3,056,596)
Placement/(withdrawal) of pledged deposit	-	71,891
Net changes in finance lease creditors	<u>(298,558)</u>	<u>(1,198,814)</u>
Net cash used in financing activities	(3,115,988)	(9,792,638)
Net decrease in cash and cash equivalents	(49,972,431)	(48,135,747)
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>43,833,647</u></u>	<u><u>5,138,280</u></u>
Cash and cash equivalents comprise of the followings:		
Cash and bank balances	41,031,100	27,269,091
Fixed deposit	30,007,740	9,228,921
Overdraft	<u>(20,668,764)</u>	<u>(25,236,892)</u>
	50,370,076	11,261,120
Less: Deposits pledged	<u>(6,536,429)</u>	<u>(6,122,840)</u>
	<u><u>43,833,647</u></u>	<u><u>5,138,280</u></u>



EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 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)	-
Inventories	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
6 months ended 30 June 2018								
Revenue								
External sales	28,018,276	42,375,797	22,234,640	4,631,633	2,741,784	100,002,130	-	100,002,130
Inter-segment sales	65,985	2,032,775	5,978,277	109,613	6,816,440	15,003,090	(15,003,090)	-
Total revenue	28,084,261	44,408,572	28,212,917	4,741,246	9,558,224	115,005,220	(15,003,090)	100,002,130
Segment profit/(loss)	(14,276,374)	1,304,538	1,269,769	(2,594,674)	(424,435)	(14,721,176)	(4,953,460)	(19,674,637)
	RM	RM	RM	RM	RM	RM	RM	RM
3 months ended 30 June 2018								
Revenue								
External sales	13,908,058	26,841,276	9,398,491	1,919,554	914,008	52,981,386	-	52,981,386
Inter-segment sales	32,993	824,269	2,238,862	42,635	5,908,220	9,046,979	(9,046,979)	-
Total revenue	13,941,050	27,665,545	11,637,353	1,962,189	6,822,228	62,028,365	(9,046,979)	52,981,386
Segment profit/(loss)	(7,046,355)	2,070,719	718,325	(1,839,839)	2,021,179	(4,075,971)	(4,976,730)	(9,052,701)



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 30 June		6 months ended 30 June	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income	(409,024)	(233,336)	(769,177)	(517,383)
Other income including investment income	(846,558)	(943,179)	(1,428,220)	(1,780,177)
Depreciation and amortization:				
-property, plant and equipment	2,780,492	2,141,076	5,129,162	4,291,376
Property, plant and equipment written off	458,417	-	555,884	-
Gain on disposal of:				
-property, plant and equipment	(119,725)	-	(142,143)	-
Reversal of impairment:				
-trade receivables	-	(40,000)	-	(80,000)
Interest expense	812,367	866,360	1,958,581	1,609,391

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 RM1,667,306 during the quarter under review.

There were no impairment nor reversal of such impairment during the current six 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 30 June 2018 are as follows:

	RM
Approved and contracted for	8,191,767
Approved but not contracted for	1,424,478

14. Changes in Contingent Liabilities

As at 30 June 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

	6 months ended 30.06.2018 RM
Progress billings charged to the ultimate holding corporation	-
Rental of quarry land to ultimate holding corporation	103,000
Tributes charged by the ultimate holding corporation	366,640
Estate agency fee charged by a related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	96,813
Revenue from oil palm from related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	936,601
Property management paid to a related company, Darulaman Asset Sdn. Bhd	27,475
Insurance paid to a related company, KSDC Insurance Brokers Sdn. Bhd.	1,570,326
	3,100,855



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

17. Performance Review

a) Current quarter vs previous year corresponding quarter

For the second quarter ended 30 June 2018, the Group recorded revenue of RM53 million. The revenue decreased by RM26 million compared to RM78.9 million achieved in the same corresponding period of last year. The Group recorded loss before tax of RM9.1 million in the second quarter while the Group posted profit before tax of RM 0.6 million in the same corresponding period of last year.

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

Performance of the operating business segments for the quarter ended 30 June 2018 compared to the previous year's corresponding quarter are as follows:

Property Division

The softness in property market continued in the second quarter under review. Cautious consumer sentiments coupled with stringent financing requirement have affected property take-up rates.

The Property Division contributed RM13.9 million to Group revenue compared to RM23.1 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 RM6.5 million compared to the previous year's corresponding period.

Road building and Quarry Division

This Division contributed RM27.7 million to Group revenue compared to RM34 million previously, a decrease of 21%. The decrease in revenue was due to lower contribution from road paving activities.

The division recorded RM2.1 million in profit before tax compared to RM4.5 million profit in the same quarter last year due to higher production cost.

Engineering and Construction Division

Slowdown in construction industry and uncertainties in Government infrastructures spending have affected our Engineering and Construction Division.



The Division provided RM9.4 million to Group revenue compared to RM19.8 million previously. The decrease in revenue was due to lower progress billing from its external projects. The profit contribution from this division has increased by RM0.6 million compared to the previous year's corresponding period due to better project margins from its on-going projects.

Leisure Division

This Division contributed RM1.9 million to Group revenue compared to RM1.5 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 RM1.8 million loss before tax compared to RM1.2 million in the same quarter last year mainly due higher marketing cost to promote new water theme park.

b) Current financial year to date against the previous year corresponding period

For the current financial year to date, the Group recorded revenue of RM100 million compared to RM142.8 million in the same corresponding period of last year representing a decrease of 30%. The Group recorded loss before tax of RM19.7 million compared to profit before tax of RM0.9 million last year.

The Property Division recorded lower revenue of RM28 million compared to RM53.4 million in 2017 due to the continued softness in property market in Kedah. The Division recorded loss before tax of RM14.3 million for the period compared to the profit RM0.4 million in 2017. The decrease in revenue and profitability for the period was mainly due to low take-up rates and sales conversion at Bandar Darulaman and Darulaman Perdana township.

Road and Quarry Division recorded 18% lower revenue of RM42.4 million compared to RM51.5 million in the previous year. It was mainly due to the lower contribution from road paving activities. Similarly, profit contribution decreased from RM6.5 million in 2017 to RM1.3 million in the same period this year due to the lower revenue and higher production costs.

The Construction Division contributed lower revenue of RM22.2 million compared to RM34.1 million in 2017, mainly due to lower progress billings from its external projects. Despite lower revenue, the Division recorded higher profit of RM1.3 million compared to RM0.3 million in 2017, due to better profit margin from its on-going construction contracts.

The Leisure Division recorded higher revenue of RM4.63 million compared to RM2.9 million in 2017, due to the opening of a new water theme park. However, the Division recorded higher loss before tax of RM2.6 million for the period compared to RM2.1 million in 2017 due to the higher marketing cost to promote the new water theme park.



18. Variation of Results against Preceding Quarter

	Current quarter ended 30 June 2018 RM	Preceding quarter ended 31 March 2018 RM
Revenue	52,981,386	47,020,744
Profit Before Taxation	(9,052,701)	(10,621,936)

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 performance for the current financial year is expected to be challenging.

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 requirement and at the same time managing rising development costs. Approximately 75% of the planned launches would be affordable housing priced at RM400,000 and below.

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. During the quarter the Division secured extension of contract for State Road Maintenance project for another year until 9 June 2019.

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.

Based on the current economic and political climate, the market for the Leisure Division is expected to remain competitive and challenging.

20. Variance from Profit Forecast or Profit Guarantee

Not applicable for the financial period ended 30 June 2018.



21. Income Tax Expense

	6 months ended 30 June 2018 RM	6 months ended 30 June 2017 RM
Malaysian income tax	554,065	242,528

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 30 June 2018 were as follows:

	Short-term RM	Long-term RM
Term loans	10,352,574	30,478,496
Sukuk Wakalah	50,000,000	-
Bankers' Acceptance	2,192,300	-
Hire Purchase	2,828,825	3,704,553
Revolving Credit	39,300,000	-
Bank overdraft	20,668,764	-
TOTAL	125,342,463	34,183,049

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 30 June 2018.



26. Earnings Per Share

a. Basic earnings per share

	6 months ended 30.06.2018 RM	6 months ended 30.06.2017 RM
Profit/(Loss) attributable to owners of the Company	(20,213,273)	716,154
Number of ordinary shares in issue	303,854,977	303,854,977
Basic earnings per share (sen)	(6.66)	0.23

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 18 August 2018.