



INTERIM FINANCIAL STATEMENTS

*- For The Quarter Ended
31st March 2019 -*

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APPENDIX 1



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2019
(The figures have not been audited)**

	Note	3 months ended 31 March	
		2019 RM	2018 RM
Continuing Operations			
Revenue	9	39,685,292	47,020,744
Cost of sales		(36,235,626)	(45,407,470)
Gross profit		<u>3,449,665</u>	<u>1,613,274</u>
Distribution expenses		(824,474)	(2,664,429)
Administrative expenses		(6,642,723)	(9,365,898)
Other operating income	10	746,230	941,815
Other operating expenses		(1,001)	(484)
Result from operating activities		<u>(3,272,303)</u>	<u>(9,475,722)</u>
Finance cost	10	(2,237,659)	(1,146,214)
Loss before taxation	10	<u>(5,509,962)</u>	<u>(10,621,936)</u>
Tax expense	21	(338,300)	(149,789)
Loss and total comprehensive expense for the period	9	<u><u>(5,848,262)</u></u>	<u><u>(10,771,725)</u></u>
Loss and total comprehensive expense for the period attributable to :			
Owners of the Company		(5,848,262)	(10,768,700)
Non-controlling interests		-	(3,025)
Loss and total comprehensive expense for the period		<u><u>(5,848,262)</u></u>	<u><u>(10,771,725)</u></u>
Basic loss per ordinary share (sen)	26	(1.92)	(3.55)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019
(The figures have not been audited)**

	Note	31.03.2019 RM	31.12.2018 RM
Assets			
Non-current assets			
Property, plant and equipment	12	97,970,481	99,318,986
Investment property		42,637,363	40,560,366
Other investments		135,250	135,250
Inventories		356,147,090	353,809,723
		<u>496,890,184</u>	<u>493,824,325</u>
Current assets			
Inventories		65,767,895	71,852,397
Contract assets		18,312,541	11,286,479
Contract costs		84,580	131,083
Trade and other receivables		70,107,160	83,637,415
Current tax assets		8,585,602	10,618,033
Other Investment		3,636,886	13,393,878
Deposits with licensed banks		17,617,920	17,387,803
Cash and bank balances		19,132,101	42,877,980
		<u>203,244,685</u>	<u>251,185,067</u>
Total assets		<u>700,134,868</u>	<u>745,009,392</u>
Current liabilities			
Trade and other payables		90,836,347	110,986,415
Contract liabilities		6,974,303	17,897,281
Loans and borrowings	23	115,298,364	122,215,836
		<u>213,109,014</u>	<u>251,099,532</u>
Non-current liabilities			
Deferred tax liabilities		812,814	812,814
Loans and borrowings	23	33,400,555	34,436,299
		<u>34,213,369</u>	<u>35,249,113</u>
Total liabilities		<u>247,322,383</u>	<u>286,348,645</u>
Share capital		331,019,698	331,019,698
Retained earnings		121,792,788	127,641,050
		<u>452,812,485</u>	<u>458,660,747</u>
Non-controlling interests		0	-
Total equity		<u>452,812,485</u>	<u>458,660,747</u>
Total equity and liabilities		<u>700,134,868</u>	<u>745,009,392</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2019
(The figures have not been audited)**

	<-----Attributable to owners of the parent----->			Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Share premium RM	Retained earnings RM			
As at 1 January 2018 as previously stated	331,019,698	-	184,708,199	515,727,896	22,428	515,750,324
Adjustment on initial application of MFRS 15, net of tax			(14,862,098)	(14,862,098)		(14,862,098)
As at 1 January 2018, restated	331,019,698	-	169,846,101	500,865,798	22,428	500,888,226
Total comprehensive income / (loss)	-	-	(10,768,700)	(10,768,700)	(3,025)	(10,771,725)
As at 31 March 2018	331,019,698	-	159,077,401	490,097,098	19,403	490,116,501
As at 1 January 2019	331,019,698	-	127,641,050	458,660,747	-	458,660,747
Total comprehensive income / (loss)	-	-	(5,848,262)	(5,848,262)	-	(5,848,262)
As at 31 March 2019	331,019,698	-	121,792,788	452,812,485	-	452,812,485

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 MARCH 2019
(The figures have not been audited)**

	Cumulative Quarter	
	Current Period Ended 31-Mar-19 RM	Preceding Period Ended 31-Mar-18 RM
Cash flows from operating activities		
Loss before taxation	(5,509,962)	(10,621,936)
Adjustments for:		
Non-cash items	2,511,758	2,634,787
Non operating items	875,800	796,314
Operating (loss) / profit before working capital changes	(2,122,404)	(7,190,835)
Increase in contract assets	(7,005,455)	(1,606,600)
Decrease in contract costs	46,503	-
Decrease in contract liabilities	(659,171)	-
Decrease / (increase) in Trade and other receivables	16,399,699	(2,964,203)
Decrease in inventories	3,747,135	8,353,470
Decrease in Trade and other payables	(31,792,828)	(30,726,988)
Cash (used) / generated from operations	(21,386,521)	(34,135,156)
Interest paid	(1,268,950)	(1,116,325)
Taxes paid	1,668,792	(1,384,829)
Net cash (used) / provided from operating activities	(20,986,679)	(36,636,310)
Cash flows from investing activities		
Acquisition of investment properties	(2,076,997)	-
Purchase of property, plant and equipment	(1,183,434)	(2,165,307)
Proceeds from disposal of property, plant and equipment	-	96,975
(Purchase) / proceeds from other investment	9,991,113	(13,137)
Interest received	387,397	380,563
Net cash used in investing activities	7,118,079	(1,700,906)
Cash flows from financing activities		
Drawdown of bankers' acceptance	2,098,891	-
Drawdown of term loan	20,000,000	4,011,137
Repayment of borrowings	(25,952,948)	(7,073,679)
Placement/(withdrawal) of pledged deposit	240,000	-
Net changes in finance lease creditors	(136,365)	(142,344)
Net cash used in financing activities	(3,750,422)	(3,204,886)
Net (decrease) / increase in cash and cash equivalents	(17,619,022)	(41,542,102)
Cash and cash equivalents at beginning of the period	29,286,713	93,806,078
Cash and cash equivalents at end of the period	11,667,691	52,263,976
Cash and cash equivalents comprise of the followings:		
Cash and bank balances	19,132,101	54,041,815
Fixed deposit	17,617,920	24,492,714
Overdraft	(18,676,839)	(19,734,124)
	18,073,182	58,800,405
Less: Deposits pledged	(6,405,491)	(6,536,429)
	11,667,691	52,263,976

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2019

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 2018. 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 2018.

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

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2018 except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRSs	Annual Improvements to MFRSs (2015 - 2017) Cycle IC
Interpretation 23	Uncertainty over Income Tax Treatments

The adoption of the above MFRSs does not have significant financial impact to the Group.



3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2018 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 quarry RM	Engineering and Construction RM	Leisure and Hospitality RM	Other reportable segments RM	Total reportable segments RM	Elimination RM	Consolidated RM
3 months ended 31 March 2019								
Revenue								
External sales	17,567,753	5,504,871	12,775,618	2,221,361	1,615,689	39,685,292	-	39,685,292
Inter-segment sales	33,443	4,300,667	5,244,435	9,564	908,220	10,496,329	(10,496,329)	-
Total revenue	17,601,195	9,805,538	18,020,053	2,230,925	2,523,909	50,181,620	(10,496,329)	39,685,292
Segment profit/(loss)	(3,787,909)	(1,654,370)	1,409,537	(785,858)	(714,632)	(5,533,232)	23,270	(5,509,962)



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	
	2019 RM	2018 RM
<i>After charging:</i>		
Depreciation and amortization:		
-property, plant and equipment	2,524,478	2,348,670
Property, plant and equipment written off	11,388	97,467
Interest expense	2,237,659	1,146,214
Rental expense	61,915	169,373
<i>After crediting:</i>		
Gain on disposal of:		
-property, plant and equipment	(994)	(22,418)
(Reversal)/ Allowance of impairment:		
-trade receivables	(338)	-
Interest income	(399,456)	(360,153)
Other income including rental and investment income	(346,774)	(581,662)

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 RM1,183,434 during the quarter under review.

There were no impairment nor reversal of such impairment during the current 3 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 2019 are as follows:

	<u>RM</u>
Approved and contracted for	<u>994,037</u>

14. Changes in Contingent Liabilities

As at 31 March 2019, 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 31.03.2019 RM
Progress billings charged to the ultimate holding corporation	-
Rental of quarry land to ultimate holding corporation	-
Tributes charged by the ultimate holding corporation	68,153
Estate agency fee charged by a related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	39,906
Revenue from oil palm from related company, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd.	114,266
Property management paid to a related company, Darulaman Asset Sdn. Bhd	15,315
Insurance paid to a related company, KSDC Insurance Brokers Sdn. Bhd.	234,279
	<u>471,919</u>



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

17. Performance Review

Current quarter vs previous year corresponding quarter

Based on Bank Negara Report, the Malaysian economy expanded by 4.5% in the first quarter of 31 March 2019, a sharp slowdown from the 5.3% GDP in the same corresponding period of last year. The Construction sector grew by 0.3% (1Q2018: 4.9%) while Mining and Quarry sector contracted by 2.1% (1Q2018: -0.6%).

For the first quarter ended 31 March 2019, the Group recorded revenue of RM39.7 million. The revenue decreased by 16% compared to RM47 million achieved in the same corresponding period of last year. However, the Group recorded lower loss before tax of RM5.5 million in the first quarter of 2019 compared to RM10.7 million in the same corresponding period of last year.

The Group recorded lower revenue for the first quarter compared to the same corresponding period of last year was mainly due to lower contribution from Road building and quarry division. Despite lower revenue, the Group posted lower loss before tax due better margins from Construction and Property projects and lower administrative and overhead expenses.

Performance of the operating business segments for the quarter ended 31 March 2019 compared to the previous year's corresponding quarter are as follows:

Property Division

The Property Division contributed RM17.6 million to Group revenue compared to RM14.1 million previously. The increase of the revenue was contributed by higher sales at Bandar Darulaman and Darulaman Utama Townships. Loss before tax decreased by RM3.5 million compared to the previous year's corresponding period due to better margin and lower operating costs.

Road building and Quarry Division

This Division contributed RM5.5 million to Group revenue compared to RM15.5 million previously, a decrease of 65%. The division recorded RM1.7 million in loss before tax compared to RM0.8 million loss in the same quarter last year. Lower revenue and higher loss are contributed by lesser construction activities resulting in lower sales of quarry products.



Engineering and Construction Division

The Division provided relatively the same amount of RM12.8 million to Group revenue for the current and the previous year. The profit contribution from this division increased by RM0.9 million compared to the previous year's corresponding period mainly from cost savings from the existing projects.

Leisure and Hospitality Division

This Division contributed RM2.2 million to Group revenue compared to RM2.7 million in the same corresponding period of last year. Lower revenue was mainly attributed to lower golf revenue, room sales and food and beverage.

The division recorded relatively the same amount of RM0.8 million in loss before tax for the current and previous year mainly due to lower operating costs.

18. Variation of Results against Preceding Quarter

	Current quarter ended 31 March 2019 RM	Preceding quarter ended 31 December 2018 RM
Revenue	39,685,292	54,126,499
Loss Before Taxation	(5,509,962)	(13,722,786)

Lower losses for the current quarter as compared to the preceding quarter was mainly due to better project margins from Property division.

19. Prospects for the current financial year

The Malaysian Institute of Economic Research (MIER) has forecasted Malaysia's 2019 gross domestic product (GDP) to post a moderate growth of 4.5% compared with 4.7% last year due to the slowdown in the global, as well as domestic demand.

The International Monetary Fund (IMF) projected the world's economy to grow at 3.3% in 2019, in contrast to 3.6% last year. There are growing risks to the global growth tilted towards the downside, predominantly due to factors related to trade policy uncertainties and the weakening financial market sentiments. Weaker economic growth in China due to the trade tensions with the US had contiguous effects on many world economies, including Malaysia.

Domestic demand is expected to grow by 5.1%, underpinned by a robust albeit slower growth in private consumption at 6.4%. Consumers are most likely to go for cautious



spending due to the concern of the high cost of living, although prices are under control and household debt burden is declining. Public consumption is projected to grow modestly at 1.5%, partly due to the government policy on cautious spending in the effort to address the issue of high public debt and at the same time experiencing reduced revenue without the goods and services tax (GST). The government is anticipated to enhance fiscal stimulus to boost growth as easy money would intensify capital reversal following the monetary policy normalization among developed economies.

Based on the latest report from Valuation and Property Services Department (JPPH), the local property market activity in 2019 is expected to gradually stabilize judging from the increase in volume and value of total transaction at the end of 2018. The property sector recorded 313,710 transactions worth RM140.33 billion in 2018, increased by 0.6% in volume and 0.3% in value compared to 2017. The residential overhang situation continued increase to 32,313 units valued at RM19.86 billion, an increase in volume of 30.6% and 27.0% in value (24,738 units worth RM15.64 billion in 2017). Kedah's unsold properties or its overhang registered a decrease from 3,783 units in 2017 to 3,311 units last year.

The property 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. The Group has approximately 2,000 acres of undeveloped land bank for future development.

Revenue and Profit contribution from Road and Quarry Division is expected to pick up in the second half of the year based on annual trend. Demand is expected to improve for aggregates and premix 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 market for the Leisure and Hospitality Division is expected to remain competitive and challenging.

Despite challenging business environment, the Group continued its business recovery plan with the aim to deliver a turnaround performance and recovery strategies for sustainable business which will include general strengthening of the core businesses and identify areas that can boost the performance of the Group as it moves forward.



20. Variance from Profit Forecast or Profit Guarantee

Not applicable for the financial period ended 31 March 2019.

21. Income Tax Expense

	3 months ended 31 March 2019 RM	3 months ended 31 March 2018 RM
Malaysian income tax	338,300	149,789

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 2019 were as follows:

	Short-term RM	Long-term RM
Term loans	25,031,694	30,425,880
Sukuk Wakalah	30,000,000	-
Bankers' Acceptance	2,098,891	-
Hire Purchase	2,490,940	2,974,674
Revolving Credit	37,000,000	-
Bank overdraft	18,676,839	-
TOTAL	115,298,364	33,400,554

24. Material Litigation

There is no pending material litigation since the last annual balance sheet date of 31 December 2018.

25. Dividends Payable

No interim dividend has been declared during quarter ended 31 March 2019.



26. Loss Per Share

a. Basic loss per share

	3 months ended 31.03.2019 RM	3 months ended 31.03.2018 RM
Loss attributable to owners of the Company	(5,848,262)	(10,768,700)
Number of ordinary shares in issue	303,854,977	303,854,977
Basic loss per share (sen)	(1.92)	(3.55)

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 26 May 2019.