PASDEC HOLDINGS BERHAD

**Company no: 367122-D**

**(Incorporated in Malaysia)**

**Financial Statements**

**as at 30 September 2017**

**PASDEC HOLDINGS BERHAD**

**Company No: 367122-D**

**(Incorporated in Malaysia)**

**Interim Financial Report – 30 September 2017**

|  |  |  |
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| **No** | **Particulars** | **Page No.** |
|  |  |  |
| 1. | Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income | 1 – 2 |
|  |  |  |
| 2. | Condensed Consolidated Statements of Financial Position | 3 – 4 |
|  |  |  |
| 3. | Condensed Consolidated Statements of Changes in Equity | 5 – 6 |
|  |  |  |
| 4. | Condensed Consolidated Statements of Cash Flow | 7 |
|  |  |  |
| 5. | Explanatory Notes as Required by the Listing Requirements of Bursa Malaysia Securities Berhad | 8 – 19 |

#### Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2017

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER**  **3 months ended** | | | | |  | **CUMULATIVE QUARTER**  **9 months ended** | | |
|  | **30.09.2017** | |  | 30.09.2016 | |  | **30.09.2017** |  | 30.09.2016 |
|  | **RM’000** | |  | RM’000 | |  | **RM’000** |  | RM’000 |
|  |  | |  | |  |  |  |  |  |
| Revenue | **38,660** | |  | | 27,133 |  | **109,751** |  | 87,682 |
| Cost of sales | **(25,944)** | |  | | (24,004) |  | **(72,479)** |  | (58,302) |
| **Gross profit** | **12,716** | |  | | 3,129 |  | **37,272** |  | 29,380 |
|  |  | |  | |  |  |  |  |  |
| **Other items of income** |  | |  | |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |
| Interest income | **(124)** | |  | | 249 |  | **304** |  | 442 |
| Other income | **1,097** | |  | | 1,984 |  | **3,756** |  | 5,168 |
|  |  | |  | |  |  |  |  |  |
| **Other items of**  **expense** |  | |  | |  |  |  |  |  |
|  | |  | |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |
| Personnel expenses | **(3,489)** | |  | | (5,491) |  | **(11,868)** |  | (14,203) |
| Other expenses | **(8,498)** | |  | | (2,176) |  | **(20,716)** |  | (16,732) |
| Finance costs | **(1,787)** | |  | | (1,546) |  | **(5,795)** |  | (4,838) |
|  |  | |  | |  |  |  |  |  |
| Share of results of |  | |  | |  |  |  |  |  |
| associates | **417** | |  | | 673 |  | **(204)** |  | 3,117 |
|  |  | |  | |  |  |  |  |  |
| **Profit/(loss) before tax from continuing operations** | | **332** |  | | (3,178) |  | **2,749** |  | 2,334 |
|  |  | |  | |  |  |  |  |  |
| Taxation (Note 19) | **(647)** | |  | | (854) |  | **(2,220)** |  | (1,285) |
|  |  | |  | |  |  |  |  |  |
| **(Loss)/profit from continuing operations, net of tax** | **(315)** | |  | | (4,032) |  | **529** |  | 1,049 |
|  |  | |  | |  |  |  |  |  |
| **Loss from discontinued operation** | **(133)** | |  | | - |  | **(133)** |  | - |
|  |  | |  | |  |  |  |  |  |
| **(Loss)/profit net of tax** | **(448)** | |  | | (4,032) |  | **396** |  | 1,049 |
|  |  | |  | |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2017 (continued)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER**  **3 months ended** | | |  | **CUMULATIVE QUARTER**  **9 months ended** | | |
|  | **30.09.2017** |  | 30.09.2016 |  | **30.09.2017** |  | 30.09.2016 |
|  | **RM’000** |  | RM’000 |  | **RM’000** |  | RM’000 |
| **Other comprehensive**  **(loss)/income** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Net gain available-for sale financial assets |  |  |  |  |  |  |  |
| * (Loss)/gain on fair   value changes | **(15)** |  | 28 |  | **(5)** |  | 1,911 |
| (Loss)/gain on foreign currency translation | **(309)** |  | (9,861) |  | **1,771** |  | (8,078) |
|  |  |  |
| Remeasurement  gain on defined benefit plan | **64** |  | - |  | **361** |  | - |
| **Other comprehensive**  **income/(loss) ,**  **net of tax** | **(260)** |  | (9,833) |  | **2,127** |  | (6,167) |
| **Total comprehensive**  **(loss)/income for**  **the period, net of**  **tax** | **(708)** |  | (13,865) |  | **2,523** |  | (5,118) |
|  |  |  |
|  |  |  |
|  |  |  |  |  |  |  |  |
| **(Loss)/income**  **attributable to:** |  |  |  |  |  |  |  |
| Owners of the parent |  |  |  |  |  |  |  |
| * Continuing operations | **(180)** |  | (4,112) |  | **1,098** |  | 1,044 |
| * Discontinued operation | **(133)** |  | - |  | **(133)** |  | - |
|  | **(313)** |  | (4,112) |  | **965** |  | 1,044 |
| Non-controlling interests | **(135)** |  | 80 |  | **(569)** |  | 5 |
|  | **(448)** |  | (4,032) |  | **396** |  | 1,049 |
|  |  |  |  |  |  |  |  |
| **Total comprehensive** |  |  |  |  |  |  |  |
| **(loss)/income** |  |  |  |  |  |  |  |
| **attributable to:** |  |  |  |  |  |  |  |
| Owners of the parent |  |  |  |  |  |  |  |
| * Continuing operations | **(560)** |  | (14,080) |  | **3,114** |  | (8,205) |
| - Discontinued operation | **(133)** |  | - |  | **(133)** |  | - |
|  | **(693)** |  | (14,080) |  | **2,981** |  | (8,205) |
| Non-controlling interests | **(15)** |  | 215 |  | **(458)** |  | 3,087 |
|  | **(708)** |  | (13,865) |  | **2,523** |  | (5,118) |
|  |  |  |  |  |  |  |  |
| **(Loss)/earnings per**  **share attributable to**  **owners of the Company** (Note 29) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Basic (sen) | **(0.22)** |  | (1.99) |  | **0.40** |  | 0.51 |
| Diluted | **-** |  | - |  | **-** |  | - |

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**Condensed Consolidated Statements of Financial Position**

as at 30 September 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Notes | **Unaudited** |  | Audited |
|  |  | **30.09.2017** |  | 31.12.2016 |
|  |  | **RM’000** |  | RM’000 |
| **ASSETS** |  |  |  |  |
| **Non-Current Assets** |  |  |  |  |
| Property, plant and equipment | 20 | **31,308** |  | 15,259 |
| Work in progress |  | **10,845** |  | 6,667 |
| Land held for property development |  | **134,607** |  | 133,612 |
| Investment properties | 20 | **87,139** |  | 22,747 |
| Investments in associates |  | **20,000** |  | 19,519 |
| Investment securities | 22 | **461** |  | 466 |
|  |  | **284,360** |  | 198,270 |
| **Current Assets** |  |  |  |  |
| Property development costs |  | **148,000** |  | 139,925 |
| Inventories |  | **42,704** |  | 72,736 |
| Trade receivables |  | **38,268** |  | 33,121 |
| Other receivables |  | **6,569** |  | 10,323 |
| Other current assets |  | **21,243** |  | 13,757 |
| Tax recoverable |  | **5,526** |  | 3,747 |
| Cash and bank balances |  | **17,741** |  | 28,276 |
|  |  | **280,051** |  | 301,885 |
| Assets of company classified as held for sale |  | **1,083** |  | - |
|  |  | **281,134** |  | 301,885 |
| **TOTAL ASSETS** |  | **565,494** |  | 500,155 |
|  |  |  |  |  |
| **EQUITY AND LIABILITIES** |  |  |  |  |
|  |  |  |  |  |
| **Current Liabilities** |  |  |  |  |
| Retirement benefit obligations |  | **1,048** |  | 916 |
| Loans and borrowings | 23 | **75,218** |  | 60,710 |
| Trade payables |  | **66,355** |  | 53,871 |
| Other payables |  | **34,222** |  | 47,431 |
| Tax payable |  | **2,135** |  | 24 |
|  |  | **178,978** |  | 162,952 |
| Liabilities of company classified as held for sale |  | **819** |  | - |
|  |  | **179,797** |  | 162,952 |
| **NET CURRENT ASSETS** |  | **101,337** |  | 138,933 |
|  |  |  |  |  |

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**Condensed Consolidated Statements of Financial Position**

as at 30 September 2017 (continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Notes | **Unaudited** |  | Audited |
|  |  | **30.09.2017** |  | 31.12.2016 |
|  |  | **RM’000** |  | RM’000 |
|  |  |  |  |  |
| **Non-Current Liabilities** |  |  |  |  |
| Retirement benefit obligations |  | **3,209** |  | 3,619 |
| Loans and borrowings | 23 | **47,501** |  | 47,320 |
| Other payables |  | **11,179** |  | 9,316 |
|  |  | **61,889** |  | 60,255 |
| **TOTAL LIABILITIES** |  | **241,686** |  | 223,207 |
|  |  |  |  |  |
| **Equity attributable to owners of the parent** |  |  |  |  |
| Share capital | 24 | **293,376** |  | 205,978 |
| Share premium | 24 | **-** |  | 43,008 |
| Other reserves | 25 | **(24,923)** |  | (26,525) |
| Retained earnings | 30 | **58,698** |  | 54,694 |
| Reserve of disposal company classified as held for sale | 31 | **(2,678)** |  | - |
|  |  | **56,020** |  | 54,694 |
|  |  | **324,473** |  | 277,155 |
| Non-controlling interests |  | **(665)** |  | (207) |
| **TOTAL EQUITY** |  | **323,808** |  | 276,948 |
| **TOTAL EQUITY AND LIABILITIES** |  | **565,494** |  | 500,155 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Net assets per share (RM) |  | **1.10** |  | 1.34 |

*The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**Condensed Consolidated Statement of Changes in Equity**

**for the period ended 30 September 2017**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **|------------------------Attributable to owners of the parent------------------------------|** | | | | | | | | | |  | |
|  |  |  | | **Non Distributable** | | | **Distributable** | **|----------------Non Distributable-------------------|** | | | |  | |
|  |  |  | | (Note 24) | | (Note 24) | (Note 30) |  | (Note 25(b) | (Note 25(c i&ii) | (Note 25(a)) | |  |
|  |  | **Total equity** | |  | |  |  |  |  |  |  | |  |
|  |  | **attributable** | | |  |  |  |  | **Fair** |  | **Foreign** | |  |
|  | |  | **to owners** |  | | |  |  | **Total** | **value** |  | **currency** | | **Non-** |
|  | | **Total**  **equity** | **of the**  **parent** | **Share**  **capital** | | | **Share**  **Premium** | **Retained earnings** | **other reserves** | **change**  **reserve** | **Others** | **exchange**  **reserve** | | **controlling**  **interest** |
|  | | **RM’000** | **RM’000** | **RM’000** | | | **RM’000** | **RM’000** | **RM’000** | **RM’000** | **RM’000** | **RM’000** | | **RM’000** |
|  | |  |  |  | | |  |  |  |  |  |  | |  |
| **1 Jan 2017** | | **276,895** | **277,102** | **205,978** | | | **43,008** | **54,694** | **(26,578)** | **17** | **(12,439)** | **(14,156)** | | **(207)** |
| Reclassification | | **-** | **-** | **43,008** | | | **(43,008)** | **-** | **-** | **-** | **-** | **-** | | **-** |
|  | | **276,895** | **277,102** | **248,986** | | | **-** | **54,694** | **(26,578)** | **17** | **(12,439)** | **(14,156)** | | **(207)** |
| Comprehensive | | |  |  | | |  |  |  |  |  |  | |  |
| profit/(loss) | | 529 | 1,098 | - | | | **-** | 1,098 | - | - | - | - | | (569) |
| Other comprehensive income/(loss) | | 2,127 | 2,016 | - | | | **-** | 361 | 1,655 | (5) | - | 1,660 | | 111 |
| **Total comprehensive income/(loss)** | | **2.656** | **3,114** | **-** | | | **-** | **1,459** | **1,655** | **(5)** | - | **1,660** | | **(458)** |
| Transaction with owner  Share issued for acquisition of properties | | **44,390** | **44,390** | **44,390** | | | **-** | **-** | **-** | **-** | **-** | **-** | | **-** |
| Loss attributable to disposal company classified as held for sale | | **(133)** | **(133)** | **-** | | | **-** | **(133)** | **-** | **-** | **-** | **-** | | **-** |
| **30 September**  **2017** | | **323,808** | **324,473** | **293,376** | | | **-** | **56,020** | **(24,923)** | **12** | **(12,439)** | **(12,496)** | | **(665)** |

*The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**Condensed Consolidated Statement of Changes in Equity**

**for the period ended 30 September 2016**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | **|------------------------------------Attributable to owners of the parent--------------------|** | | | | | | | | | | |  | |
|  | |  |  | | **|-Non Distributable -** | | | | **Distributable** | **|------------------Non Distributable-----------------|** | | | |  | |
|  | |  |  | | (Note24) | | | (Note 24) | (Note 30) |  | (Note 25(b)) | (Note 25(c(i)) | (Note25(a)) | |  |
|  | |  | **Total equity** | |  | | |  |  |  |  | **Premium**  **paid on** |  | |  |
|  | |  | **attributable** | | | |  |  |  |  | **Fair** | **acquisition** | **Foreign** | |  |
|  | |  | **to owners** | | |  | |  |  | **Total** | **value** | **of non-** | **currency** | | **Non-** |
|  | | **Total**  **equity** | **of the**  **parent** | **Share**  **capital** | | | | **Share premium** | **Retained earnings** | **other reserves** | **change**  **reserve** | **controlling**  **interest** | **exchange**  **reserve** | | **controlling**  **interest** |
|  | | **RM’000** | **RM’000** | **RM’000** | | | | **RM’000** | **RM’000** | **RM’000** | **RM’000** | **RM’000** | **RM’000** | | **RM’000** |
|  | |  |  |  | | | |  |  |  |  |  |  | |  |
| **1 Jan 2016** | | **305,548** | **304,418** | **205,978** | | | | **43,008** | **76,277** | **(20,845)** | **37** | **(9,898)** | **(10,984)** | | **1,130** |
|  | |  |  |  | | | |  |  |  |  |  |  | |  |
| Comprehensive | | |  |  | | | |  |  |  |  |  |  | |  |
| Income/(loss) | 1,049 | | 1,044 | - | | | | **-** | 1,044 | - | - | - | - | | 5 |
| Other comprehensive | | | |  | | | |  |  |  |  |  |  | |  |
| (loss)/income | | (6,167) | (9,249) | - | | | | **-** | - | (9,249) | 1,911 | - | (11,160) | | 3,082 |
| **Total comprehensive** | | | | | | | |  |  |  |  |  |  | |  |
| **(loss)/income** | | **(5,118)** | **(8,205)** | **-** | | | | **-** | **1,044** | **(9,249)** | **1,911** | - | **(11,160)** | | **3,087** |
| **30 September**  **2016** | | **300,430** | **296,213** | **205,978** | | | | **43,008** | **77,321** | **(30,094)** | **1,948** | **(9,898)** | **(22,144)** | | **4,217** |

*The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**Condensed Consolidated Statements of Cash Flow**

**for the period ended 30 September 2017**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **CUMULATIVE QUARTER** | | |
|  | **30.09.2017** |  | 30.09.2016 |
|  | **RM’000** |  | RM’000 |
| **Cash flows from operating activities** |  |  |  |
|  |  |  |  |
| Cash receipts from customers | **114,002** |  | 98,462 |
| Cash payments to suppliers and contractors | **(80,937)** |  | (70,680) |
| Cash payments to employees and for expenses | **(39,692)** |  | (20,640) |
| Cash (used in)/generated from operations | **(6,627)** |  | 7,142 |
| Net income tax paid | **(1,334)** |  | (1,937) |
| Interest income | **66** |  | - |
| Net cash(used in)/generated from operating activities | **(7,895)** |  | 5,205 |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
|  |  |  |  |
| Purchase of property, plant and equipment | **(50)** |  | (2,565) |
| Proceed from sale of property, plant and equipment | **22** |  | 28 |
| Proceeds from sale of investment properties | **-** |  | 733 |
| Dividend received | **22** |  | 21 |
| Net cash used in investing activities | **(6)** |  | (1,783) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Cash flows from financing activities** |  |  |  |
|  |  |  |  |
| Proceed from term loans | **-** |  | 20,098 |
| Repayment of term loans and finance lease | **(10,732)** |  | (15,889) |
| Repayment of obligation under finance leases | **(71)** |  | (54) |
| Loan interest | **(2,347)** |  | (6,579) |
| Net cash used in financing activities | **(13,150)** |  | (2,424) |
|  |  |  |  |
| **Net (decrease)/increase in cash and cash equivalents** | **(21,051)** |  | 998 |
| Cash and cash equivalents at beginning of period | **2,121** |  | 586 |
| **Cash and cash equivalents at end of period** | **(18,930)** |  | 1,584 |
|  |  |  |  |
| **Represented by:** |  |  |  |
|  |  |  |  |
| Cash and bank balances | **17,752** |  | 32,362 |
| Bank overdrafts | **(36,682)** |  | (30,778) |
|  | **(18,930)** |  | 1,584 |
|  |  |  |  |

*The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statement.*

Explanatory Notes Pursuant to FRS 134: Interim Financial Reporting and Listing Requirements of Bursa Malaysia Securities Berhad

## Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those of the annual financial statements for the year ended 31 December 2016 except for the adoption of the following Amendments to FRSs, that become effective for annual periods beginning on or after, January 2017:

**Description**

Amendments to FRS 107 Disclosure Initiative

Amendments to FRS 112 Recognition of Deferred tax Assets for Unrealised

Losses

Amendments to FRS 12 Annual Improvements to FRS Standard 2014-2016 Cycle

The adoption of the above did not have any significant impact on the financial statements of the Group.

The Group have not applied the following standards and amendments that have been issued by the MASB but are not yet effective.

MFRS 15 Revenue from Contracts with Customers

Amendment to MFRS 15 Clarification to MFRS 15

Amendment to MFRS 2 Classification and Measurement of Share-based

Payment Transactions

Amendment to MFRS 4 Applying MFRS 9 Financial Instruments with

MFRS 4 Insurance Contracts

MFRS 9 Financial Instruments

Amendments to MFRS 10 Sale or Contribution of Assets and between an

and MFRS 128 Investor and its Associate or Joint Venture

## 1 Basis of preparation (continued)

Amendment to MFRS 140 Transfer of Investment Property

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

MFRS 16 Leases

**2 Auditors’ report on preceding annual financial statements**

The auditors’ report on the financial statements for the year ended 31 December 2016 was not qualified.

**3 Seasonal or cyclical factors**

The Group’s performances were not materially affected by any significant seasonal or cyclical factors for the current period.

**4 Unusual items due to their nature, size or incidence**

There were no unusual items for the financial period 30 September 2017.

**5 Changes in estimates**

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

# 6 Issuance or repayment of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debts and equity securities for the current period except for the issuance of 80 million new ordinary shares as a purchase consideration for the acquisition of 12 parcels of office units valued at RM44.39 million.

**7 Dividends paid**

There were no dividends paid during the period under review.

**8 Valuation of property, plant and equipment**

There was no valuation of property, plant and equipment conducted during the period for the Group.

**9** **Segmental information**

The Group’s segmental information by activities for the 9 months period is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **CUMULATIVE PERIOD**  **9 MONTHS ENDED 30 SEPTEMBER 2017** | | | | | | | | | | | | | |
| **Continuing operations** | | | | | | |  |  |  |  |  |  | |
| **Property develop-ment** |  | **Manufac-**  **turing** |  | **Construc-**  **tion** |  | **Others** |  | **Elimi-**  **nation** |  | **Continuing**  **operations**  **Consolidated** |  | **Discontinued**  **operation** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **REVENUE :** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| External sales | 47,739 |  | 44,009 |  | 17,739 |  | 264 |  |  |  | 109,751 |  |  |
| Inter-segment sales | 6 |  | - |  | 3,642 |  | 1,479 |  | (5,127) |  | - |  |  |
|  | **47,745** |  | **44,009** |  | **21,381** |  | **1,743** |  | **(5,127)** |  | **109,751** |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **SEGMENT RESULTS:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating profit/(loss) | 12,541 |  | 830 |  | 94 |  | (3,968) |  | (1,053) |  | 8,444 |  | (149) |
| Interest income | 850 |  | - |  | 2 |  | 450 |  | (998) |  | 304 |  | - |
| Finance costs | (2,067) |  | (4,406) |  | (252) |  | (68) |  | 998 |  | (5,795) |  | 16 |
| Share of results of associates | - |  | 944 |  | - |  | (1,148) |  | - |  | (204) |  | - |
| **Profit /(loss)**  **before tax** | **11,324** |  | **(2,632)** |  | **(156)** |  | **(4,734)** |  | **(1,053)** |  | **2,749** |  | **(133)** |
| Taxation | (2,196) |  | - |  | - |  | (24) |  | - |  | (2,220) |  | - |
| **Profit/(loss) net of tax** | **9,128** |  | **(2,632)** |  | **(156)** |  | **(4,758)** |  | **(1,053)** |  | **529** |  | **(133)** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **CUMULATIVE PERIOD**  **9 MONTHS ENDED 30 SEPTEMBER 2016** | | | | | | | | | | |
| **Property develop-ment** |  | **Manufac-**  **turing** |  | **Construc-**  **tion** |  | **Others** |  | **Elimi-nation** |  | **Continuing**  **operations**  **Consolidated** |
|  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |  | **RM’000** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **REVENUE :** |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| External sales |  |  |  |  |  |  |  |  |  |  |  |
| * properties | 37,476 |  | 34,878 |  | 481 |  | 2,847 |  | - |  | 75,682 |
| * sale of land | 12,000 |  | - |  | - |  | - |  | - |  | 12,000 |
| Inter-segment sales | 6 |  | - |  | 3,474 |  | 2,219 |  | (5,699) |  | - |
|  | **49,482** |  | **34,878** |  | **3,955** |  | **5,066** |  | **(5,699)** |  | **87,682** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **SEGMENT RESULTS:** |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Operating profit/(loss) | 9,099 |  | (1,398) |  | (404) |  | (2,395) |  | (1,289) |  | 3,613 |
| Interest income | 991 |  | - |  | 2 |  | 876 |  | (1,427) |  | 442 |
| Finance costs | (2,246) |  | (3,032) |  | (258) |  | (729) |  | 1,427 |  | (4,838) |
| Share of results of associates | - |  | 2,520 |  | - |  | 597 |  | - |  | 3,117 |
| **Profit/(loss)**  **before tax** | **7,844** |  | **(1,910)** |  | **(660)** |  | **(1,651)** |  | **(1,289)** |  | **2,334** |
| Taxation | (1,280) |  | - |  | - |  | (5) |  | - |  | (1,285) |
| **Profit/(loss) net of tax** | **6,564** |  | **(1,910)** |  | **(660)** |  | **(1,656)** |  | **(1,289)** |  | **1,049** |

**10 Changes in the composition of the Group**

There were no changes in the composition of the Group for the period under review.

**11 Significant events subsequent to the end of the financial period**

There were no significant events subsequent to the end of the current quarter under review to 23 November 2017, being a date not later than 7 days from the date of issue of the quarterly report.

## 12 Contingent liabilities

There were no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2016.

## 13 Capital commitments of the Group

## 

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current** |  | **Preceding** |
|  | **Quarter** |  | **Quarter** |
|  | **30.09.2017** |  | 30.06.2017 |
|  | **RM’000** |  | RM’000 |
| Capital expenditure |  |  |  |
| Approved and contracted for: |  |  |  |
| Property, plant and equipment | **77,696** |  | 77,373 |

## 14 Review of performance

Overall performance – continuing operations

The Group recorded revenue of RM109.75 million for the first 9 months financial period ended 30 September 2017, an increase of 25% compared to RM87.68 million reported in the corresponding period last year mainly due to improved revenue contribution from property development, manufacturing and construction divisions.

However, the Group’s profit net of tax showed a reduction from RM1.05 million recorded in the same period last year to RM0.53 million during the current period as included in the profit last year was profit from sale of land of RM6.35 million (current period : NIL).

During the period under review, the results of Unifi installation services has been classified as discontinued operations following the decision of the Board to dispose of the company.

## 14 Review of performance (continued)

1. Property development division

|  |  |  |  |
| --- | --- | --- | --- |
|  | **CUMULATIVE QUARTER** | | |
|  | **9 months ended** | | |
|  | **30.09.2017** |  | 30.09.2016 |
|  | **RM’mil** |  | RM’mil |
|  |  |  |  |
| **Revenue** | **47.74** |  | 37.48 |
| **Sale of land** | **-** |  | 12.00 |
|  | **47.74** |  | 49.48 |

Property development division contributed 43% to the Group’s revenue for the period under review.

Higher revenue recorded in the current period was mainly attributable to improved progress of various on-going projects.

The followings are on-going and completed projects which had contributed to the revenue :-

On-going projects

* Bandar Damansara, Kuantan residential project
* Chendur Utama, Kuantan residential and commercial project
* Bandar Putra, Kuantan residential project
* Vista Verde II, Kuantan residential project

Completed projects

* Pasdec Idaman, Temerloh residential project
* Balok Perdana, Kuantan residential and commercial project
* ICT Hub, Putra Square, Kuantan commercial project

Sales of 2 units of shops at ICT Hub, Putra Square contributed RM6.12 million to the revenue for the period.

Consequently, property development division registered operating profit of RM12.54 million for the current period under review compared to RM9.10 million for the corresponding period last year.

## 14 Review of performance (continued)

1. Manufacturing division

Manufacturing division contributed 40% to the Group’s revenue for the period under review.

The Group’s manufacturing division has completed the relocation exercise from South Africa to Botswana in 3Q2017.

This division recorded 26% increase in revenue from RM34.88 million in the same period last year to RM44.01 million during the period under review due to strong demand from Nissan, Renault and Volkswagen South Africa.

The manufacturing division registered an operating profit of RM0.83 million for the current period compared to a loss of RM1.40 million for the corresponding period last year mainly due to higher relocation cost of RM2.97 million incurred last year compared to RM0.91 million incurred during the current period.

1. Construction division

Construction division registered a substantial increase in revenue from RM0.48 million in the corresponding period last year to RM17.74 million for the period under review mainly attributable to the progress of the construction of a feeder bus depot for Mass Rapid Transit Corporation Sdn. Bhd. at Kawasan Perindustrian Desa Tun Razak, Kuala Lumpur (“MRT Project”).

The construction division recorded RM94,000 operating profit during the current period under review compared to loss of RM404,000 for the same period last year.

## 15 Review of current quarter results against preceding quarter

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Continuing Operations** | | |
|  | **Current** |  | **Preceding** |
|  | **Quarter** |  | **Quarter** |
|  | **30.09.2017** |  | 30.09.2016 |
|  | **RM’000** |  | RM’000 |
|  |  |  |  |
| **Revenue** | **38,660** |  | 33,152 |
| **(Loss)/profit before tax** | **(315)** |  | 152 |

The increase in revenue during the quarter under review was attributable to improved contribution from property development, manufacturing and construction divisions.

## 15 Review of current quarter results against preceding quarter (continued)

However, the Group recorded a loss of RM315,000 during the current quarter due to the provision for compensation to a contractor of RM2.53 million as ruled by the Court. An appeal on the decision has been submitted to the Court.

## 16 Prospects for the current financial year

1. Property development division

The Group will continue its focus on affordable and mid-range property segment amidst the soft market sentiment in Malaysia.

The Group has RM19.95 million unbilled sales and RM197.76 million worth of unsold properties as at 30 September 2017. Therefore, the Group will intensify its efforts to increase sales revenue and ensure timely completion and handover of projects to buyers.

The Group expects the property development division to remain as the major contributor to the Group with marginal profit contribution.

1. Manufacturing division

Sales revenue is expected to increase in 4Q2017 with strong demand coming from our major customers, Nissan and Renault South Africa and the successful commissioning of new Volkswagen production line which will start its full manufacturing operation to cater for the new Volkswagen contract.

With the completion of the relocation exercise from South Africa to Botswana in 3Q2017, no more relocation expenses or duplication of cost will be incurred.

We expect a better contribution from manufacturing division to the results of the Group.

1. Construction division

The MRT Project with balance contract value of RM32.32 million is expected to be completed in 1Q2018.

We expect a positive contribution from this project in 4Q2017 when the Mechanical and Electrical works are carried out.

## 17 Profit forecast and profit guarantee

The Group had not provided any profit forecast or profit guarantee in a public document.

## 18 Disposal and exchange of investment securities

There was no disposal and exchange of securities during the period under review.

### 19 Taxation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER**  **3 months ended** | | **CUMULATIVE QUARTER**  **9 months ended** | |
|  | **30.09.2017** | 30.09.2016 | **30.09.2017** | 30.09.2016 |
|  | **RM’000** | RM’000 | **RM’000** | RM’000 |
|  |  |  |  |  |
| Malaysian income tax |  |  |  |  |
| * current period | **537** | (8) | **2,110** | 1,033 |
| * prior year under provision | **110** | 252 | **110** | 252 |
| Foreign income tax | **-** | 610 | **-** | - |
|  | **647** | 854 | **2,220** | 1,285 |

The Group’s effective tax rate for the financial period was lower than the statutory tax rate mainly due to utilisation of group reliefs.

## 20 Acquisition of property, plant and equipment and investment properties

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Property, plant and equipment** |  | **Investment properties** |
|  | **RM’000** |  | **RM’000** |
|  |  |  |  |
| 1 January 2017 | **15,259** |  | 22,747 |
| Acquisition – Zenith tower | **7,300** |  | 37,090 |
| Acquisition – Others | **9,228** |  | - |
| Transfer from inventories | **-** |  | 27,913 |
|  | **31,787** |  | 87,750 |
| Depreciation | **(479)** |  | (611) |
|  | **31,308** |  | 87,139 |

## 21 Corporate proposals

At the Extraordinary General Meeting held on 5 June 2017, the shareholders of the Company have approved the Proposed Renounceable Rights Issue of 114,391,200 new ordinary shares on the basis of two (2) rights shares for every five (5) existing shares held together with 114,391,200 free detachable warrants on the basis of one (1) warrant for every one (1) rights share subscribed (“Proposed Rights Issue with Warrants”).

## 21 Corporate proposals (continued)

On behalf of the Board, RHB Investment Bank Berhad had on 7 November 2017 announced that Bursa Malaysia Securities Berhad had vide its letter dated 6 November 2017 granted the Company up to 2 May 2018 to complete the Rights Issue with Warrants.

**22 Investment securities**

As at 30 September 2017, the available-for-sale financial assets position is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **As at 30.09.2017** |  | As at 30.09.2016 | |
|  | **Market value/**  **Carrying amount**  **RM’000** | |  | Market value/  Carrying amount  RM’000 | |
|  |  |
|  |  |
| Shares quoted in Malaysia | **11** | |  | 17 | |
| Unit trusts quoted in Malaysia | **450** | |  | 463 | |
|  | **461** | |  | 480 | |

## 23 Loans and borrowings

The Group’s exposure in loans and borrowings is as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Secured facilities** | **Denomination** | **Short term**  **RM’000** | **Long term**  **RM’000** | **As at**  **30.09.2017**  **RM’000** | As at  30.09.2016  RM’000 | **Remarks** |
| Overdraft | RM | **18,836** | **-** | **18,836** | 20,055 | Working capital |
| Overdraft | BWP | **17,846** | **-** | **17,846** | - | Working capital |
| ZAR | **-** | **-** | **-** | 11,582 |
| Term loan | RM | **1,718** | **23,110** | **24,828** | 31,406 | Investment |
| Term loan | BWP | **12,997** | **22,769** | **35,767** | 21,288 | Purchase of plant & equipment |
| Revolving credit | RM | **22,000** | **-** | **22,000** | 22,000 | Working capital |
| Bridging loan | RM | **1,581** | **1,333** | **2,915** | 9,070 | Project financing |
| Finance lease | RM | **240** | **289** | **528** | 710 | Purchase of motor vehicle |
| **TOTAL** | | **75,218** | **47,501** | **122,720** | **116,111** |  |

**Note**

BWP : Botswana Pula

ZAR : South African Rand

The increase in overseas borrowing is mainly due to disbursement of loans to finance the relocation of the manufacturing facilities from Brits in South Africa to Lobatse in Botswana which was completed in the 3Q 2017.

### 24 Share capital and share premium

As disclosed in note 6, there was an issuance of 80 million ordinary shares to Jasa Imani Sdn Bhd as purchase consideration for the acquisition of 12 parcels of office units. The fair market value based on the valuation report by an independent valuer was RM44.39 million. Under Section 74 of Companies Act 2016 (“CA2016”), all shares issued before or upon commencement of CA2016 shall have no par value and be recognised at fair values.

### Pursuant to Section 618(2) of the CA 2016, any amount standing to the credit of the share premium account shall become part of the share capital.

Latest issued share capital after issuance of 80 million new ordinary shares valued at RM44.39 million and the transfer of share premium of RM43.01 million to share capital was RM293,375,997.

### 25 Other reserves

1. **Foreign currency exchange reserve**

The foreign currency exchange deficit represents the differences arising from translation of the financial statements of foreign operations whose functional currencies are different from that of the Group’s presentation currency.

b) **Fair value change reserve**

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

c) **Others**

The others represent:-

1. Premium paid on acquisition of non-controlling interest on the acquisition of non-controlling interest in the existing subsidiary, the difference between the consideration and fair value of the interest acquired of RM9.90 million was reflected in equity as premium paid on acquisition on non-controlling interest.

ii) Capital reserve of RM2.45 million on acquisition of operation and Employee

Stocks Option Scheme of an associate.

### 26 Off balance sheet financial instruments

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

### 27 Material litigation

The Group was not engaged in any material litigation as at 23 November 2017, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

**28 Dividend**

There was no dividend declared for the quarter under review.

29 (Loss)/earnings per share

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER**  **3 months ended** | |  | **CUMULATIVE QUARTER**  **9 months ended** | |
|  | **30.09.2017** | 30.09.2016 |  | **30.09.2017** | 30.09.2016 |
|  | **RM’000** | RM’000 |  | **RM’000** | RM’000 |
| (Loss)/profit net of tax attributable to owners of the parent used in the computation of basic earnings per share |  |  |  |  |  |
| **(313)** | (4,112) |  | **965** | 1,044 |
|  |  |  |  |  |  |
| Add back : Loss from discontinued operation, net of tax, attributable to owners of the parent | **133** | - |  | **133** | - |
|  |  |  |  |  |  |
| (Loss)/profit net of tax from continuing operations attributable to owners of the parent used in the computation of basic earnings per share | **(180)** | (4,112) |  | **1,098** | 1,044 |
|  |  |  |  |  |  |
| Number of shares at the  beginning of the period  (unit ‘000) | **239,134** | 205,978 |  | **239,134** | 205,978 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Basic (loss)/earnings per share (sen) |  |  |  |  |  |
| * To owners of the parent | **(0.22)** | (1.99) |  | **0.40** | 0.51 |
| * From continuing operations attributable to owners of the parent | **(0.16)** | (1.99) |  | **0.46** | 0.51 |
| * From discontinued operation attributable to owners of the parent | **(0.06)** | - |  | **(0.06)** | - |

30 Realised and unrealised retained earnings disclosure

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Unaudited**  **30.09.2017**  **RM’000** |  | Audited  31.12.2016  RM’000 |
| Realised |  |  | **(155,556)** |  | (158,055) |
| Unrealised |  |  | **(1,655)** |  | - |
|  |  |  | **(157,211)** |  | (158,055) |
| Share of retained earnings of associates |  |  |  |  |  |
| * Realised |  |  | **(598)** |  | 551 |
|  |  |  | **(157,809)** |  | (157,504) |
| Less:  Consolidation adjustments |  |  | **(213,829)** |  | (212,198) |
| Retained earnings c/f |  |  | **56,020** |  | 54,694 |

31 Company classified as held for sale

The Company’s Board of Directors has approved to sell the entire 100% equity held in Prima Net Technologies Sdn Bhd, a subsidiary involved in Unifi installation to a third party. Todate, the terms and conditions of the agreement for the transaction are still being finalised.

32 Comparative figures

Certain comparative figures have been reclassified to conform to current period presentations.