PASDEC HOLDINGS BERHAD

**Company no: 367122-D**

**(Incorporated in Malaysia)**

**Financial Statements**

**as at 31 December 2017**

**PASDEC HOLDINGS BERHAD**

**Company No: 367122-D**

**(Incorporated in Malaysia)**

**Interim Financial Report – 31 December 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 – 18 |

#### Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER**  **3 months ended** | | | | |  | **CUMULATIVE QUARTER**  **12 months ended** | | |
|  | **31.12.2017** | |  | 31.12.2016 | |  | **31.12.2017** |  | 31.12.2016 |
|  | **RM’000** | |  | RM’000 | |  | **RM’000** |  | RM’000 |
|  |  | |  | |  |  |  |  |  |
| Revenue | **33,983** | |  | | 35,154 |  | **143,734** |  | 122,836 |
| Cost of sales | **(25,852)** | |  | | (33,204) |  | **(98,331)** |  | (91,506) |
| **Gross profit** | **8,131** | |  | | 1,950 |  | **45,403** |  | 31,330 |
|  |  | |  | |  |  |  |  |  |
| **Other items of income** |  | |  | |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |
| Interest income | **29** | |  | | 182 |  | **333** |  | 624 |
| Other income | **979** | |  | | (925) |  | **4,735** |  | 4,243 |
| Profit on disposal of a subsidiary | **2,300** | |  | | - |  | **2,300** |  | - |
|  |  | |  | |  |  |  |  |  |
| **Other items of**  **expense** |  | |  | |  |  |  |  |  |
|  | |  | |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |
| Personnel expenses | **(4,568)** | |  | | (5,169) |  | **(16,436)** |  | (19,372) |
| Other expenses | **(211)** | |  | | (12,469) |  | **(20,927)** |  | (29,201) |
| Finance costs | **(3,757)** | |  | | (2,007) |  | **(9,552)** |  | (6,845) |
|  |  | |  | |  |  |  |  |  |
| Share of results of |  | |  | |  |  |  |  |  |
| associates | **844** | |  | | (1,144) |  | **640** |  | 1,973 |
|  |  | |  | |  |  |  |  |  |
| **Profit/(loss) before tax from continuing operations** | | **3,747** |  | | (19,582) |  | **6,496** |  | (17,248) |
|  |  | |  | |  |  |  |  |  |
| Taxation (Note 18) | **1,462** | |  | | (5,507) |  | **(758)** |  | (6,792) |
|  |  | |  | |  |  |  |  |  |
| **Profit/(loss) from continuing operations, net of tax** | **5,209** | |  | | (25,089) |  | **5,738** |  | (24,040) |
|  |  | |  | |  |  |  |  |  |
| **Profit from discontinued operations** | **160** | |  | | - |  | **27** |  | - |
|  |  | |  | |  |  |  |  |  |
| **Profit/(loss) net of tax** | **5,369** | |  | | (25,089) |  | **5,765** |  | (24,040) |
|  |  | |  | |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |

*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.*

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017 (continued)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER**  **3 months ended** | | |  | **CUMULATIVE QUARTER**  **12 months ended** | | |
|  | **31.12.2017** |  | 31.12.2016 |  | **31.12.2017** |  | 31.12.2016 |
|  | **RM’000** |  | RM’000 |  | **RM’000** |  | RM’000 |
| **Other comprehensive**  **income/(loss)** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Net gain available-for sale financial assets |  |  |  |  |  |  |  |
| * (Loss)/gain on fair   value changes | **(2)** |  | (1,931) |  | **(7)** |  | (20) |
| Gain/(loss) on foreign currency translation | **(187)** |  | 4,906 |  | **1,584** |  | (3,172) |
|  |  |  |
| Re-measurement  gain on defined benefit plan | **186** |  | 1,175 |  | **547** |  | 1,175 |
| Share of capital reserve |  |  |  |  |  |  |  |
| - Acquisition of operation and |  |  |  |  |  |  |  |
| Employee Stocks Options |  |  |  |  |  |  |  |
| Scheme of an associate | **-** |  | (2,542) |  | **-** |  | (2,542) |
| **Other comprehensive**  **(loss)/income ,**  **net of tax** | **(3)** |  | 1,608 |  | **2,124** |  | (4,559) |
| **Total comprehensive**  **income/(loss) for**  **the year, net of**  **tax** | **5,366** |  | (23,481) |  | **7,889** |  | (28,599) |
|  |  |  |
|  |  |  |
|  |  |  |  |  |  |  |  |
| **Income/(loss)**  **attributable to:** |  |  |  |  |  |  |  |
| Owners of the parent |  |  |  |  |  |  |  |
| * Continuing operations | **5,373** |  | (23,801) |  | **6,471** |  | (22,757) |
| * Discontinued operation | **160** |  | - |  | **27** |  | - |
|  | **5,533** |  | (23,801) |  | **6,498** |  | (22,757) |
| Non-controlling interests | **(164)** |  | (1,288) |  | **(733)** |  | (1,283) |
|  | **5,369** |  | (25,089) |  | **5,765** |  | (24,040) |
|  |  |  |  |  |  |  |  |
| **Total comprehensive** |  |  |  |  |  |  |  |
| **income/(loss)** |  |  |  |  |  |  |  |
| **attributable to:** |  |  |  |  |  |  |  |
| Owners of the parent |  |  |  |  |  |  |  |
| * Continuing operations | **5,599** |  | (19,057) |  | **8,713** |  | (27,262) |
| - Discontinued operation | **160** |  | - |  | **27** |  | - |
|  | **5,759** |  | (19,057) |  | **8,740** |  | (27,262) |
| Non-controlling interests | **(393)** |  | (4,424) |  | **(851)** |  | (1,337) |
|  | **5,366** |  | (23,481) |  | **7,889** |  | (28,599) |
|  |  |  |  |  |  |  |  |
| **Earnings/(loss) per**  **share attributable to**  **owners of the Company** (Note 28) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Basic (sen) | **2.19** |  | (11.56) |  | **2.59** |  | (11.05) |
| 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.*

**Condensed Consolidated Statements of Financial Position**

as at 31 December 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Notes | **Unaudited** |  | Audited |
|  |  | **31.12.2017** |  | 31.12.2016 |
|  |  | **RM’000** |  | RM’000 |
| **ASSETS** |  |  |  |  |
| **Non-Current Assets** |  |  |  |  |
| Property, plant and equipment | 19 | **34,576** |  | 15,259 |
| Work in progress |  | **8,891** |  | 6,667 |
| Land held for property development |  | **142,691** |  | 134,612 |
| Investment properties | 19 | **58,915** |  | 22,747 |
| Investments in associates |  | **21,806** |  | 19,519 |
| Investment securities | 21 | **459** |  | 466 |
| Deferred tax asset |  | **3,595** |  | - |
|  |  | **270,933** |  | 199,270 |
| **Current Assets** |  |  |  |  |
| Property development costs |  | **121,117** |  | 138,925 |
| Inventories |  | **97,489** |  | 72,736 |
| Trade receivables |  | **35,073** |  | 33,121 |
| Other receivables |  | **12,760** |  | 10,323 |
| Other current assets |  | **19,593** |  | 13,757 |
| Tax recoverable |  | **5,794** |  | 3,747 |
| Cash and bank balances |  | **17,512** |  | 28,276 |
|  |  | **309,338** |  | 300,885 |
| Assets of company classified as held for sale |  | **30** |  | - |
|  |  | **309,368** |  | 300,885 |
| **TOTAL ASSETS** |  | **580,301** |  | 500,155 |
|  |  |  |  |  |
| **EQUITY AND LIABILITIES** |  |  |  |  |
|  |  |  |  |  |
| **Current Liabilities** |  |  |  |  |
| Retirement benefit obligations |  | **1,036** |  | 916 |
| Loans and borrowings | 22 | **68,909** |  | 74,217 |
| Trade payables |  | **69,286** |  | 52,845 |
| Other payables |  | **38,878** |  | 34,950 |
| Tax payable |  | **4,063** |  | 24 |
|  |  | **182,172** |  | 162,952 |
| Liabilities of company classified as held for sale |  | **32** |  | - |
|  |  | **182,204** |  | 162,952 |
| **NET CURRENT ASSETS** |  | **127,164** |  | 137,933 |
|  |  |  |  |  |

*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.*

**Condensed Consolidated Statements of Financial Position**

as at 31 December 2017 (continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Notes | **Unaudited** |  | Audited |
|  |  | **31.12.2017** |  | 31.12.2016 |
|  |  | **RM’000** |  | RM’000 |
|  |  |  |  |  |
| **Non-Current Liabilities** |  |  |  |  |
| Retirement benefit obligations |  | **3,139** |  | 3,619 |
| Loans and borrowings | 22 | **56,312** |  | 47,320 |
| Other payables |  | **12,335** |  | 9,315 |
|  |  | **71,786** |  | 60,254 |
| **TOTAL LIABILITIES** |  | **253,990** |  | 223,206 |
|  |  |  |  |  |
| **Equity attributable to owners of the parent** |  |  |  |  |
| Share capital | 23 | **293,376** |  | 205,978 |
| Share premium | 23 | **-** |  | 43,008 |
| Other reserves | 24 | **(24,830)** |  | (26,525) |
| Retained earnings | 29 | **58,823** |  | 54,695 |
|  |  | **327,369** |  | 277,156 |
| Non-controlling interests |  | **(1,058)** |  | (207) |
| **TOTAL EQUITY** |  | **326,311** |  | 276,949 |
| **TOTAL EQUITY AND LIABILITIES** |  | **580,301** |  | 500,155 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Net assets per share (RM) |  | **1.30** |  | 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.*

**Condensed Consolidated Statement of Changes in Equity**

**for the year ended 31 December 2017**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **|------------------------Attributable to owners of the parent------------------------------|** | | | | | | | | | |  | |
|  |  |  | | **Non Distributable** | | | **Distributable** | **|----------------Non Distributable-------------------|** | | | |  | |
|  |  |  | | (Note 23) | | (Note 23) | (Note 29) |  | (Note 24(b) | (Note 24  c(i)&(ii)) | (Note 24(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** | **276,949** | **277,156** | **205,978** | | | **43,008** | **54,695** | **(26,525)** | **17** | **(12,440)** | **(14,102)** | | **(207)** |
| Reclassification | **-** | **-** | **43,008** | | | **(43,008)** | **-** | **-** | **-** | **-** | **-** | | **-** |
|  | **276,949** | **277,156** | **248,986** | | | **-** | **54,695** | **(26,525)** | **17** | **(12,440)** | **(14,102)** | | **(207)** |
| Comprehensive | |  |  | | |  |  |  |  |  |  | |  |
| profit/(loss) | 5,765 | 6,498 | - | | | **-** | 6,498 | - | - | - | - | | (733) |
| Other comprehensive income | 2,124 | 2,242 | - | | | **-** | 547 | 1,695 | (7) | - | 1,702 | | (118) |
| **Total comprehensive income/(loss)** | **7,889** | **8,740** | **-** | | | **-** | **7,045** | **1,695** | **(7)** | - | **1,702** | | **(851)** |
| **Transaction with owner**   * Share issued for acquisition of properties | **44,390** | **44,390** | **44,390** | | | **-** | **-** | **-** | **-** | **-** | **-** | | **-** |
| * Disposal of a subsidiary | **(2,917)** | **(2,917)** | **-** | | | **-** | **(2,917)** | **-** | **-** | **-** | **-** | | **-** |
| **31 December**  **2017** | **326,311** | **327,369** | **293,376** | | | **-** | **58,823** | **(24,830)** | **10** | **(12,440)** | **(12,400)** | | **(1,058)** |

*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.*

**Condensed Consolidated Statement of Changes in Equity**

**for the year ended 31 December 2016**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | **|------------------------------------Attributable to owners of the parent--------------------|** | | | | | | | | | | |  | |
|  | |  |  | | **|-Non Distributable -** | | | | **Distributable** | **|------------------Non Distributable-----------------|** | | | |  | |
|  | |  |  | | (Note23) | | | (Note 23) | (Note 29) |  | (Note 24(b)) | (Note 247 c(i)&(ii)) | (Note24(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 2016** | | **305,548** | **304,418** | **205,978** | | | | **43,008** | **76,277** | **(20,845)** | **37** | **(9,898)** | **(10,984)** | | **1,130** |
|  | |  |  |  | | | |  |  |  |  |  |  | |  |
| Comprehensive | | |  |  | | | |  |  |  |  |  |  | |  |
| income/(loss) | (24,040) | | (22,757) | - | | | | **-** | (22,757) | - | - | - | - | | (1,283) |
| Other comprehensive | | | |  | | | |  |  |  |  |  |  | |  |
| (loss)/income | | (4,559) | (4,505) | - | | | | **-** | 1,175 | (5,680) | (20) | (2,542) | (3,118) | | (54) |
| **Total comprehensive** | | | | | | | |  |  |  |  |  |  | |  |
| **(loss)/income** | | **(28,599)** | **(27,262)** |  | | | |  | **(21,582)** | **(5,680)** | **(20)** | **-** | **(3,118)** | | **(1,337)** |
| **31 December**  **2016** | | **276,949** | **277,156** | **205,978** | | | | **43,008** | **54,695** | **(26,525)** | **17** | **(12,440)** | **(14,102)** | | **(207)** |

*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.*

**Condensed Consolidated Statements of Cash Flow**

**for the year ended 31 December 2017**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **CUMULATIVE QUARTER** | | |
|  | **31.12.2017** |  | 31.12.2016 |
|  | **RM’000** |  | RM’000 |
| **Cash flows from operating activities** |  |  |  |
|  |  |  |  |
| Cash receipts from customers | **168,917** |  | 143,817 |
| Cash payments to suppliers and contractors | **(127,717)** |  | (99,112) |
| Cash payments to employees and for expenses | **(48,358)** |  | (51,497) |
| Cash (used in)/generated from operations | **(7,158)** |  | (6,792) |
| Net income tax paid | **(1,640)** |  | (2,326) |
| Net cash used in from operating activities | **(8,798)** |  | (9,118) |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
|  |  |  |  |
| Purchase of property, plant and equipment | **(51)** |  | (12,727) |
| Proceed from disposal of property, plant and equipment | **22** |  | 10,271 |
| Proceeds from sale of investment properties | **-** |  | 1,153 |
| Interest received | **198** |  | 624 |
| Dividend received | **22** |  | 3,670 |
| Net cash generated from investing activities | **191** |  | 2,991 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Cash flows from financing activities** |  |  |  |
|  |  |  |  |
| Drawdown of term loans | **2,165** |  | 45,512 |
| Repayment of term loans | **(16,105)** |  | (30,475) |
| Repayment of obligation under finance leases | **(78)** |  | (530) |
| Loan interest | **(3,302)** |  | (6,845) |
| Net cash (used in)/generated from financing activities | **(17,320)** |  | 7,662 |
|  |  |  |  |
| **Net (decrease)/increase in cash and cash equivalents** | **(25,927)** |  | 1,535 |
| Cash and cash equivalents at beginning of year | **2,121** |  | 586 |
| **Cash and cash equivalents at end of year** | **(23,806)** |  | 2,121 |
|  |  |  |  |
| **Represented by:** |  |  |  |
|  |  |  |  |
| Cash and bank balances |  |  |  |
| * Continuing operations | **17,512** |  | 28,276 |
| * Discontinued operations | **24** |  | - |
|  | **17,536** |  | 28,276 |
| Bank overdrafts | **(41,342)** |  | (26,155) |
|  | **(23,806)** |  | 2,121 |

*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.*

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 performance was 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 year 31 December 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 new parcels of office units valued at RM44.39 million.

**7 Dividends paid**

There were no dividends paid during the year under review.

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

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

**9** **Segmental information**

The Group’s segmental information by activities for the year is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **CUMULATIVE PERIOD**  **12 MONTHS ENDED 31 DECEMBER 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 | 52,724 |  | 59,162 |  | 29,074 |  | 2,774 |  | - |  | 143,734 |  | - |
| Inter-segment sales | 8 |  | - |  | 3,812 |  | 1,973 |  | (5,793) |  | - |  | - |
|  | **52,732** |  | **59,162** |  | **32,886** |  | **4,747** |  | **(5,793)** |  | **143,734** |  | **-** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **SEGMENT RESULTS:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating profit/(loss) | 16,581 |  | 960 |  | 294 |  | (5,543) |  | 483 |  | 12,775 |  | 27 |
| Profit on disposal  of a subsidiary | - |  | - |  | - |  | - |  | 2,300 |  | 2,300 |  | - |
| Interest income | 1,068 |  | - |  | 5 |  | 653 |  | (1,393) |  | 333 |  | - |
| Finance costs | (3,949) |  | (6,568) |  | (342) |  | (86) |  | 1,393 |  | (9,552) |  | - |
| Share of results of associates | - |  | 1,236 |  | - |  | (596) |  | - |  | 640 |  | - |
| **Profit /(loss)**  **before tax** | **13,700** |  | **(4,372)** |  | **(43)** |  | **(5,572)** |  | **2,783** |  | **6,496** |  | **27** |
| Taxation | (4,045) |  | 3,311 |  | - |  | (24) |  | - |  | (758) |  | - |
| **Profit/(loss) net of tax** | **9,655** |  | **(1,061)** |  | **(43)** |  | **(5,596)** |  | **2,783** |  | **5,738** |  | **27** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **CUMULATIVE PERIOD**  **12 MONTHS ENDED 31 DECEMBER 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 | 64,876 | | |  | 46,809 |  | 7,416 |  | 3,735 |  | - |  | 122,836 |
| Inter-segment sales | - | | |  | - |  | 3,532 |  | 18,971 |  | (22,503) |  | - |
|  | **64,876** | | |  | **46,809** |  | **10,948** |  | **22,076** |  | **(22,503)** |  | **122,836** |
|  |  | | |  |  |  |  |  |  |  |  |  |  |
| **SEGMENT RESULTS:** |  | | |  |  |  |  |  |  |  |  |  |  |
|  |  | | |  |  |  |  |  |  |  |  |  |  |
| Operating profit/(loss) | 6,534 | | |  | (9,369) |  | (2,569) |  | (1,974) |  | (5,619) |  | (12,997) |
| Interest income | 1,303 | | |  | - |  | 3 |  | 1,209 |  | (1,894) |  | 621 |
| Finance costs | (2,944) | | |  | (4,550) |  | (342) |  | (903) |  | 1,894 |  | (6,845) |
| Share of results of associates | - | | |  | 3,083 |  | - |  | (1,110) |  | - |  | 1,973 |
| **Profit/(loss)**  **before tax** | **4,893** | | |  | **(10,836)** |  | **(2,908)** |  | **(2,778)** |  | **(5,619)** |  | **(17,248)** |
| Tax (expense)/benefit | | (513) | |  | - |  | - |  | 59 |  | - |  | (454) |
| Reversal of deferred tax asset | | | - |  | - |  | - |  | (6,338) |  |  |  | (6,338) |
| **Profit/(loss) net of tax** | **4,380** | | |  | **(10,836)** |  | **(2,908)** |  | **(9,057)** |  | **(5,619)** |  | **(24,040)** |

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

During the quarter, the Company had entered into a Share Sale Agreement dated 13 December 2017 for the disposal of its 100% equity interest in Prima Net Technologies Sdn Bhd to BIT Group Sdn Bhd. Prima Net ceased to be a subsidiary of the Group thereron.

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

There were no significant events subsequent to the end of the current quarter under review to 22 February 2018, 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** |
|  | **31.12.2017** |  | 30.09.2017 |
|  | **RM’000** |  | RM’000 |
| Capital expenditure |  |  |  |
| Approved and contracted for: |  |  |  |
| Property, plant and equipment | **79,650** |  | 77,696 |

## 14 Review of performance

Overall performance – continuing operations

The Group recorded an increase of 17% in revenue from RM122.84 million last year to RM143.73 million this year attributable to strong demand for manufacturing products and significant progress in construction activities during the current year.

During the year, further to the recovery of certain impairment loss of financial asset and minimal relocation and duplication costs in Botswana and South Africa respectively, the Group had recognised profit net of tax of RM5.76 million compared to net loss of RM24.04 million last year when the relocation exercise to Botswana was still in progress and part of the operations in South Africa continued.

## 14 Review of performance (continued)

1. Property development division

|  |  |  |  |
| --- | --- | --- | --- |
|  | **CUMULATIVE QUARTER** | | |
|  | **12 months ended** | | |
|  | **31.12.2017** |  | 31.12.2016 |
|  | **RM’mil** |  | RM’mil |
|  |  |  |  |
| **Revenue** | **52.72** |  | 52.88 |
| **Sale of land** | **-** |  | 12.00 |
|  | **52.72** |  | 64.88 |

Property development division contributed 37% to the Group’s revenue for the current year under review.

The on-going projects brought forward from last year and completed projects not fully sold were as follows:-

On-going projects

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

Completed projects

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

The revenue was relatively the same for both years as the progress of the on-going projects was slow, which to a certain extend affected sales of properties. Sales were also affected by buyers’ inability to secure end-financing.

The increase in registered operating profit for the year of RM16.58 million compared to RM6.53 million last year was mainly due to recovery of certain impairment loss amounting to RM8.31 million in 4Q2017.

## 14 Review of performance (continued)

1. Manufacturing division

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 RM46.81 million last year to RM59.16 million this year due to strong demand from Nissan, Renault and Volkswagen South Africa. In 3Q2017, a new NF 250 programme for Volkswagen was introduced.

As a result, this division has registered operating profit of RM960,000 compared to loss of RM9.37 million last year.

1. Construction division

Revenue from construction division increased substantially from RM7.42 million last year to RM29.07 million for the year under review attributable to 87% 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”).

This was translated to an operating profit of RM294,000 for the current year compared to loss of RM2.57 million last year.

## 15 Review of current quarter results against preceding quarter

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Continuing Operations** | | |
|  | **Current** |  | **Preceding** |
|  | **Quarter** |  | **Quarter** |
|  | **31.12.2017** |  | 30.09.2017 |
|  | **RM’000** |  | RM’000 |
|  |  |  |  |
| **Revenue** | **33,983** |  | 38,660 |
| **Profit/(loss) before tax** | **3,747** |  | (315) |

Slow progress of on-going properties and discouraging sales of properties had caused lower recognition of revenue during the current quarter.

On the other hand, the Group recognised profit before tax following profit on disposal of a subsidiary and recovery of impairment loss.

## 16 Profit forecast and profit guarantee

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

## 17 Disposal and exchange of investment securities

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

### 18 Taxation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER**  **3 months ended** | | **CUMULATIVE QUARTER**  **12 months ended** | |
|  | **31.12.2017** | 31.12.2016 | **31.12.2017** | 31.12.2016 |
|  | **RM’000** | RM’000 | **RM’000** | RM’000 |
|  |  |  |  |  |
| Malaysian income tax |  |  |  |  |
| * current year | **1,849** | (457) | **3,959** | 576 |
| * prior year under provision | **-** | (374) | **110** | (122) |
| Deferred tax asset | **(3,311)** | 6,338 | **(3,311)** | 6,338 |
|  | **(1,462)** | 5,507 | **758** | 6,792 |

## 19 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** |  | **37,091** |
| Acquisition – Others | **14,862** |  | **-** |
| Disposal | **(253)** |  | **-** |
|  | **37,168** |  | **59,838** |
| Depreciation | **(2,592)** |  | **(923)** |
| 31 December 2017 | **34,576** |  | **58,915** |

## 20 Corporate proposals

At the Extraordinary General Meeting (EGM) 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 at an indicative issue price of RM0.30 per share, together with 114,391,200 free detachable warrants on the basis of one (1) warrant for every one (1) rights share subscribed.

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

**21 Investment securities**

As at 31 December 2017, the available-for-sale financial assets position is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **As at 31.12.2017** |  | As at 31.12.2016 | |
|  | **Market value/**  **Carrying amount**  **RM’000** | |  | Market value/  Carrying amount  RM’000 |
|  |  |
|  |  |
| Shares quoted in Malaysia | **9** | |  | 15 |
| Unit trusts quoted in Malaysia | **450** | |  | 451 |
|  | **459** | |  | 466 |

## 22 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**  **31.12.2017**  **RM’000** | As at  31.12.2016  RM’000 | **Remarks** |
| Overdraft | RM | **19,538** | **-** | **19,538** | 19,087 | Working capital |
| Overdraft | BWP | **21,803** | **-** | **21,803** | 7,462 | Working capital |
| Term loan | RM | **12,029** | **30,927** | **42,956** | 29,920 | Investment |
| Term loan | BWP | **12,519** | **25,088** | **37,607** | 34,855 | Purchase of plant & equipment |
| Revolving credit | RM | **1,500** | **-** | **1,500** | 22,000 | Working capital |
| Bridging loan | RM | **1,334** | **-** | **1,334** | 7,553 | Project financing |
| Finance lease | RM | **186** | **297** | **483** | 660 | Purchase of motor vehicle |
| **TOTAL** | | **68,909** | **56,312** | **125,221** | **121,537** |  |

**22 Loans and borrowings (continued)**

**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.

During the quarter under review, Asian Finance Bank Berhad had converted the existing revolving credit facility into term loan facility.

### 23 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 new 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.

### 24 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.

**24 Other reserves (continued)**

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.

### 25 Off balance sheet financial instruments

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

### 26 Material litigation

The Group was not engaged in any material litigation as at 22 February 2018, the latest practicable date which is not earlier than 7 days from the date of issue of this financial report.

**27 Dividend**

There was no dividend declared for the quarter under review.

28 Earnings/(loss) per share

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER**  **3 months ended** | |  | **CUMULATIVE QUARTER**  **12 months ended** | |
|  | **31.12.2017** | 31.12.2016 |  | **31.12.2017** | 31.12.2016 |
|  | **RM’000** | RM’000 |  | **RM’000** | RM’000 |
|  |  |  |  |  |  |
| Profit/(loss) net of tax from operations attributable to owners of the parent used in the computation of basic earnings per share | **5,533** | (23,801) |  | **6,498** | (22,757) |
| Weighted average number of shares  (unit ‘000) | **250,845** | 205,978 |  | **250,845** | 205,978 |
| Basic (loss)/earnings per share (sen) |  |  |  |  |  |
| * To owners of the parent | **2.19** | (11.56) |  | **2.59** | (11.05) |

29 Realised and unrealised retained earnings disclosure

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Unaudited**  **31.12.2017**  **RM’000** |  | Audited  31.12.2016  RM’000 |
| Realised |  |  | **(154,763)** |  | (158,055) |
| Share of retained earnings of associates |  |  |  |  |  |
| * Realised |  |  | **1,191** |  | 551 |
|  |  |  | **(153,572)** |  | (157,504) |
| Less:  Consolidation adjustments |  |  | **(212,395)** |  | (212,198) |
| Retained earnings c/f |  |  | **58,823** |  | 54,694 |

30 Companies classified as held for sales

The Company’s Board of Directors has approved to sell the entire 100% equity interests of the Group in two (2) subsidiaries.

31 Comparative figures

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