

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(Unaudited) Current Year Quarter 30.06.2018	(Unaudited) Preceding Year Corresponding Quarter 30.06.2017	(Unaudited) 18 Months To Date 30.06.2018	(Unaudited) Preceding 18 Months Corresponding To Date 30.06.2017
		RM'000	RM'000	RM'000	RM'000
Revenue	9	14,645	22,462	152,397	N/A
Cost of sales		(8,846)	(19,025)	(128,473)	N/A
Gross profit		5,799	3,437	23,924	N/A
Other operating income		1,373	1,798	4,859	N/A
Operating expenses		(4,745)	(1,809)	(13,900)	N/A
Finance costs		(1,690)	(2,029)	(6,995)	N/A
Profit before taxation	9, 20	737	1,397	7,888	N/A
Taxation	21	(438)	(463)	(2,471)	N/A
Net profit for the period/year		299	934	5,417	N/A
Other comprehensive income:-					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation		(389)	(666)	(1,252)	N/A
Total comprehensive income		(90)	268	4,165	N/A
Net profit/(loss) attributable to:-					
Equity holders of the Company		264	1,145	5,515	N/A
Non-controlling interests		35	(211)	(98)	N/A
		299	934	5,417	N/A
Total comprehensive income/(expense) attributable to:-					
Equity holders of the Company		(95)	520	4,347	N/A
Non-controlling interests		5	(252)	(182)	N/A
		(90)	268	4,165	N/A
Earnings per share attributable to equity holders of the Company:-					
Basic earnings per share (sen)	25(a)	0.08	0.33	1.58	N/A
Diluted earnings per share (sen)	25(b)	0.06	0.24	1.16	N/A

Due to the change in the financial year ended from 31 December 2017 to 30 June 2018, there were no comparative financial information available for the 18 months financial period ended 30 June 2018.

The Unaudited Condensed Consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The notes set out on pages 5 to 15 form an integral part of the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(Unaudited) At End Of Current Period To Date 30.06.2018	(Audited) At End Of Preceding Financial Year 31.12.2016
Note	RM'000	RM'000
NON CURRENT ASSETS		
Property, plant and equipment	4,703	7,290
Land and property development costs	74,746	79,898
Intangible assets	8,261	8,261
Trade receivables - retention sum	3,806	8,954
Other receivables	4,831	5,668
	96,347	110,071
CURRENT ASSETS		
Inventories	802	6,539
Land and property development costs	68,965	90,143
Amount owing by customers on contracts	93,800	76,454
Trade receivables	62,628	69,526
Other receivables	11,376	15,684
Tax recoverable	923	56
Fixed deposits with license bank	5,837	6,267
Cash held under Housing Development Account	293	166
Cash and bank balances	1,673	1,807
	246,297	266,642
CURRENT LIABILITIES		
Amount owing to customers on contracts	1,451	1,102
Trade payables	39,977	64,786
Other payables	23,422	12,595
Hire purchase payables	263	38
Short term borrowings	23 39,143	43,318
Short term loans	23 483	15,873
Tax payables	772	794
	105,511	138,506
NET CURRENT ASSETS	140,786	128,136
	237,133	238,207
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share Capital	44,885	31,696
Share Premium	-	8,552
Reserves	149,707	145,360
	194,592	185,608
NON-CONTROLLING INTERESTS	1,547	1,729
TOTAL EQUITY	196,139	187,337
NON CURRENT LIABILITIES		
Trade payables	5,363	13,446
Other payables	3,104	-
Hire purchase payables	239	-
Long term loans	23 32,147	36,325
Deferred taxation	141	1,099
	40,994	50,870
	237,133	238,207
NET ASSETS PER SHARE (RM)	0.56	0.59

The Unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The notes set out on pages 5 to 15 form an integral part of the interim financial report.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company						Total	Non-Controlling Interests	Total Equity
	Share Capital	Non - Distributable				Distributable			
		Share Premium	Exchange Reserve	Capital Reserve	Warrants Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At End Of Current Period To Date									
30.06.2018 (Unaudited)									
At 1 January 2017	31,696	8,552	9,138	58,030	24,089	54,103	185,608	1,729	187,337
Issuance of share	4,849	-	-	-	-	-	4,849	-	4,849
Share issuance expenses	-	(212)	-	-	-	-	(212)	-	(212)
Net profit for the period	-	-	-	-	-	5,515	5,515	(98)	5,417
Other comprehensive income/(expense) for the period	-	-	(1,168)	-	-	-	(1,168)	(84)	(1,252)
Total comprehensive income/(expense) for the period	-	-	(1,168)	-	-	5,515	4,347	(182)	4,165
Transition to no-par value regime on 31 January 2017 ^	8,340	(8,340)	-	-	-	-	-	-	-
At 30 June 2018	44,885	-	7,970	58,030	24,089	59,618	194,592	1,547	196,139

^ With effect from 31 January 2017, the Company Act 2016 ("the Act") have abolished the concept of nominal value in shares. Instead the amount standing in the share premium account will be recognised as part of the company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the effective date of the Act, use the amount standing to the credit of its share premium account of RM8,340,374 for the purposes as set out in Section 618(3) of the Act.

Due to the change in the financial year ended from 31 December 2017 to 30 June 2018, there were no comparative financial information available for the 18 months financial period ended 30 June 2018.

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The notes set out on pages 5 to 15 form an integral part of the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 18 Months To Date 30.06.2018	(Unaudited) Preceding 18 Months Cooresponding To Date 30.06.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,888	N/A
Adjustments for:-		
Non-cash items	3,126	N/A
Non-operating items	3,861	N/A
Operating profit before working capital changes	14,875	N/A
Net change in current assets	33,524	N/A
Net change in current liabilities	(21,280)	N/A
Cash generated from operations	27,119	N/A
Interest received	355	N/A
Interest paid	(9,613)	N/A
Tax refund	188	N/A
Tax paid	(4,505)	N/A
Net cash from operating activities	13,544	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	113	N/A
Reduction in land and property development costs	5,152	N/A
Net cash from investing activities	5,265	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4,849	N/A
Repayment of hire purchase payables	(332)	N/A
Drawdown of bank borrowings	10,885	N/A
Repayment of bank borrowings	(30,454)	N/A
Release of fixed deposits	429	N/A
Net cash used in financing activities	(14,623)	N/A
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,186	N/A
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(18)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(41,345)	N/A
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(37,177)	N/A
Cash and cash equivalents at the end of period comprise:-		
Cash and bank balances	1,966	N/A
Fixed deposits with licensed banks	5,837	N/A
Less: short term borrowings	(39,143)	N/A
	(31,340)	N/A
Less: fixed deposits pledged with licensed banks	(5,837)	N/A
	(37,177)	N/A

Due to the change in the financial year ended from 31 December 2017 to 30 June 2018, there were no comparative financial information available for the 18 months financial period ended 30 June 2018.

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The notes set out on pages 5 to 15 form an integral part of the interim financial report.

**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
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PART A: EXPLANATORY INFORMATION IN COMPLIANCE WITH FINANCIAL REPORTING STANDARD ("FRS") 134

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with FRS 134 "Interim Financial Reporting" and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the annual audited financial statements of the Prinsiptek Corporation Berhad Group ("the Group") for the financial year ended 31 December 2016.

These explanatory information attached to the interim financial report 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 2016.

On 16 November 2017, the Board of Directors had approved the change of financial year end of the Company from 31 December to 30 June. The next audited financial statements of the Company shall be for a period of eighteen (18) months, made up from 1 January 2017 to 30 June 2018. Thereafter, the financial year end of the Company shall be end on 30 June for each subsequent year.

2. CHANGES IN ACCOUNTING STANDARDS

The Group falls within the scope definition of Transitioning Entities. Transitioning Entities were initially allowed to defer adoption of the new Malaysian Financial Reporting Standards ("MFRS") Framework until 1 January 2013. Adoption of the MFRS Framework by Transitioning Entities were then mandatory for annual periods beginning on or after 1 January 2013, thereby requiring the Group to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ended 31 December 2013.

On 28 October 2015, MASB further notified that Transitioning Entities would be required to comply with the new MFRS framework for annual periods beginning 1 January 2018. The Group, being Transitioning Entity, will continue to apply with FRS until the MFRS Framework is adopted, no later than annual periods beginning on or after 1 January 2018. For the financial year ending 30 June 2018, the Group therefore continues to prepare financial statements using Financial Reporting Standards ("FRS").

The significant accounting policies adopted were consistent with those of the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the following amendments to Financial Reporting standards ("FRSs") effective for financial periods as stated below:-

		Effective date for financial periods beginning on or after
Amendments to FRS 12	Disclosure of Interests in Other Entities (Annual Improvements to FRSs 2014-2016)	1 January 2017
Amendments to FRS 107	Disclosure Initiative	1 January 2017

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2. CHANGES IN ACCOUNTING STANDARDS (CONT'D)

		Effective date for financial periods beginning on or after
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

Accounting standards, amendments to accounting standards and interpretations that are applicable for the Group in the following periods but are not yet effective:

		Effective date for financial periods beginning on or after
Amendments to FRS 1	First time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to FRSs 2014-2016)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
FRS 9	Financial Instruments	1 January 2018
Amendments to FRS 128	Investments in Associates and Joint Ventures (Annual Improvements to FRSs 2014-2016 Cycle)	1 January 2018
Amendments to FRS 140	Transfer of Investment Property	1 January 2018
IC Interpretations 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 10 and FRS 128	Consolidated Financial Statements and Investment in Associates or Joint Venture	Effective date yet to be determined by the Malaysian Accounting Standards Board

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2. CHANGES IN ACCOUNTING STANDARDS (CONT'D)

The Group will adopt the above pronouncement when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statement. However, the Group is still in the midst of assessing the impact of the above pronouncement.

The impact of the above accounting standards, amendments to accounting standards and interpretations effective during the financial period does not have any significant impact to the financial results and position of the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the preceding audited financial statements of the Group was not subjected to any audit qualifications.

4. SEASONAL OR CYCLICAL FACTORS

The Group's performance during the current year quarter under review and period to date was not affected by unusual seasonal or cyclical fluctuations.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

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

6. CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported by the Group in prior financial years which have a material effect in the current year quarter.

7. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities by the Company during the current year quarter under review and period to date except for the issuance of 31,695,600 shares at an issue price of RM0.153 per share pursuant to private placement exercise, which was completed on 22 June 2017.

In addition, none of the outstanding Warrants 2014/2019 were exercised during the current year quarter under review and period to date.

8. DIVIDEND

There was no dividend paid during the current year quarter under review and period to date.

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9. SEGMENTAL INFORMATION

Segmental information for the current period to date is presented in respect of the Group's business segments as follows:-

	<u>Construction</u> RM'000	<u>Property Development</u> RM'000	<u>Trading and Others</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
<u>Revenue</u>					
External sales	79,559	50,427	22,411	-	152,397
Inter-segment sales	24,107	8,357	2,843	(35,307)	-
Total revenue	<u>103,666</u>	<u>58,784</u>	<u>25,254</u>	<u>(35,307)</u>	<u>152,397</u>
<u>Results</u>					
Segment results	8,592	3,315	(158)	-	11,749
Interest expense					(6,995)
Interest income					3,134
Total results					<u>7,888</u>
<u>Assets</u>					
Segment assets	171,719	152,709	11,456	-	335,884
Unallocated corporate assets					6,760
Total Assets					<u>342,644</u>

10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group states its property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. The Group does not adopt a policy to revalue its property, plant and equipment.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material subsequent events from the end of the current interim financial period to the date of this report that have not been reflected in this report.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition of the Group during the current year quarter under review and period to date.

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13. DISCONTINUED OPERATIONS

There was no discontinued operations event during the current year quarter under review / period to date.

14. CAPITAL COMMITMENT

Non-cancellable operating lease commitments are as follows:-

	Current Period To Date <u>30.06.2018</u> RM'000	Preceding Year To Date <u>31.12.2016</u> RM'000
Future minimum rentals payables:		
Within one year	71	1,264
Between one and two years	94	159
	<u>165</u>	<u>1,423</u>

15. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	Current Period To Date <u>30.06.2018</u> RM'000
Secured bank guarantees given by the Group in the ordinary course of business to:-	
- trade suppliers	1,000
- authorities	240
- clients	19,450
	<u>20,690</u>

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**PART B: ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")**

16. REVIEW OF PERFORMANCE

For the current year quarter, the Group achieved a total revenue of RM14.65 million representing a decrease of RM7.81 million or 34.77% as compared to RM22.46 million in the preceding year corresponding quarter. This was due to lower progress billings recognised in Construction Division and Trading Division pursuant to the completion of one (1) construction project. And, the Group recorded a lower profit after taxation of RM0.30 million representing a decrease of RM0.63 million or 67.74% as compared to RM0.93 million in the preceding year corresponding quarter mainly attributed to the loss on disposal of machinery and equipment of RM1.86 million and recognition of loss from the fair value adjustment on long term loan and receivables accounts during the current year quarter.

Pursuant to the change of financial year from 31 December 2017 to 30 June 2018, no comparative figures are presented.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group registered a lower revenue of RM14.65 million for the current year quarter as compared to RM15.63 million in the preceding quarter.

However, the profit before taxation was decreased to RM0.74 million in the current year quarter as compared to RM1.29 million in the preceding quarter. The decrease in profit before taxation of RM0.55 million or 42.64% due to the higher operating expenses and finance costs incurred during the current year quarter.

18. PROSPECTS

With the existing balance order book in the Construction Division, the progressive recognition of sales from the Property Development Division and the potential new construction projects, the Board of Directors is cautious of the sustaining performance of the Group for the coming financial quarter.

The Group will continue to adopt a prudent approach in its investments and focus on its core activities to enhance and strengthen the synergy among its group of companies.

**19. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT AND SHORTFALL IN PROFIT
GUARANTEE**

The Group did not publish any profit forecast in respect of the current year quarter.

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20. PROFIT BEFORE TAXATION IS DERIVED AFTER CHARGING/(CREDITING)

	Current Year Quarter <u>30.06.2018</u> RM'000	18 Months To Date <u>30.06.2018</u> RM'000
Interest income	(657)	(3,134)
Other income	(716)	(1,725)
Interest expense	1,690	6,995
Depreciation and amortisation	123	1,118
Loss on disposal of property, plant and equipment	1,856	2,104

21. TAXATION

	Current Year Quarter <u>30.06.2018</u> RM'000	18 Months To Date <u>30.06.2018</u> RM'000
Malaysia tax in respect of:-		
- current results	438	2,471

The effective tax rate for the Group for the current year quarter and period to date was higher than the statutory tax rate due to certain expenses are not allowable as deduction for tax purpose and no group relief is available with respect to losses incurred by certain companies within the Group.

22. CORPORATE PROPOSALS - STATUS OF THE CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this report.

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23. GROUP BORROWINGS

	Current Period To Date <u>30.06.2018</u> RM'000	Preceding Year To Date <u>31.12.2016</u> RM'000
<u>Secured</u>		
Project loans	642	-
Bank overdrafts	39,143	34,695
Banker's acceptance	-	8,623
Fixed loan	3,938	2,014
Term loan	28,050	33,000
Commodity Murabahah Term Financing	-	17,184
Total bank borrowings	<u>71,773</u>	<u>95,516</u>
Analysed as:		
<u>Secured</u>		
Short term borrowings and loans	39,626	59,191
Long term loans	32,147	36,325
	<u>71,773</u>	<u>95,516</u>

24. MATERIAL LITIGATIONS

Save as disclosed below, the Company and its subsidiary companies are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant as at the date of this report:-

In respect of an arbitration filed by Prinsiptek (M) Sdn Bhd ("PST") on 22 May 2014, PST is claimed against Teamforce Builders Sdn Bhd ("Teamforce") for a sum of RM648,526.57 being the advance payment for the construction and completion of structural and architectural works and the supply of labour and materials for the installation of cornice works rendered by Teamforce to PST.

Teamforce has filed the Statement of Defence and Counterclaim for a sum of RM2,547,603.02 for workdone on 25 July 2014.

Teamforce served on PST the Statement Of Re-Amended Defence and Re-Amended Counterclaim where the sum claimed by Teamforce has been revised to RM3,292,792.60. PST's claim against Teamforce has now revised to RM1,412,763.39.

During the hearing on 22 February 2016, the Arbitrator directed both parties that an expert witness will be appointed to measure certain disputed items and the cost of such appointment to be shared equally by parties.

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24. MATERIAL LITIGATIONS (CONT'D)

There was a site inspection held on 2 August 2016, for which the Arbitrator and the expert witness have been accompanied by both parties to having a visual inspection on the disputed items. On 12 January 2017, the expert witness was unable to complete his expert report within the time granted thus, the Arbitrator has directed all the parties that there will be a period of 3 months given to the expert witness upon agreeable by both parties. On 15 March 2017, the expert has again failed to deliver the expert report by the extended period and he has requested to withdraw from the appointment of the expert witness. To avoid further prolongation to the conclusion of this Arbitration, the Tribunal has decided to appoint a new expert witness.

On 31 July 2018, the new expert witness has come out with a report and the parties now have been directed by the Tribunal to review the expert report and advise the Tribunal, whether the party(ies) require(s) an examination session with the new expert witness with regard to the content of the report by 16 August 2018.

25. EARNINGS PER SHARE

a) Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's net profit attributable to the equity holders of the Company for the current year quarter / period to date by the weighted average number of ordinary shares in issue during the current year quarter / period to date under review as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter <u>30.06.2018</u>	Preceding Year Corresponding Quarter <u>30.06.2017</u>	18 Months To Date <u>30.06.2018</u>	Preceding 18 Months Corresponding To Date <u>30.06.2017</u>
Net profit attributable to the equity holders of the Company (RM'000)	264	1,145	5,515	N/A
Weighted average number of ordinary shares in issue ('000)	348,652	348,652	348,652	N/A
Basic earnings per share (sen)	0.08	0.33	1.58	N/A

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25. EARNINGS PER SHARE (CONT'D)

b) Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's net profit attributable to the equity holders of the Company for the current year quarter / period to date by the weighted average number of ordinary shares, after adjusted for the effects of dilutive potential ordinary shares from the assumed full exercise of warrants at the beginning of the financial period of the Company as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter <u>30.06.2018</u>	Preceding Year Corresponding Quarter <u>30.06.2017</u>	15 Months To Date <u>30.06.2018</u>	Preceding 15 Months Corresponding To Date <u>30.06.2017</u>
Net profit attributable to the equity holders of the Company (RM'000)	264	1,145	5,515	N/A
Weighted average number of Ordinary shares in issue ('000)	348,652	348,652	348,652	N/A
Adjustment for the assumed full exercise of warrants ('000)	126,783	126,783	126,783	N/A
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	475,435	475,435	475,435	N/A
Diluted earnings per share (sen)	0.06	0.24	1.16	N/A



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**PART C : INFORMATION ON PROVISION OF FINANCIAL ASSISTANCE PURSUANT TO
PARAGRAPH 8.23 AND PRACTICE NOTE 11 / 2001 UNDER LISTING
REQUIREMENTS OF BURSA SECURITIES**

26. FINANCIAL ASSISTANCE

There is no financial assistance rendered by the Company and the Group for the current year quarter / period to date.

By order of the Board

Dato' Foo Chu Jong
Managing Director

Subang Jaya
Date: 17 August 2018