

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FORTH FINANCIAL QUARTER ENDED 30 JUNE 2019

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(Unaudited) Current Year Quarter 30.06.2019	(Audited) Preceding Year Corresponding Quarter 30.06.2018	(Unaudited) Current Year To Date 30.06.2019	(Audited) Preceding Year To Date 30.06.2018
		RM'000	RM'000	RM'000	RM'000
Revenue	9	74,750	14,645	120,176	N/A
Cost of sales		(69,648)	(8,846)	(105,970)	N/A
Gross profit		5,102	5,799	14,206	N/A
Other operating income		233	1,373	1,145	N/A
Operating expenses		(1,937)	(4,745)	(8,102)	N/A
Finance costs		(366)	(1,690)	(2,116)	N/A
Profit before taxation	9, 20	3,032	737	5,133	N/A
Taxation	21	(705)	(438)	(1,477)	N/A
Net profit for the period		2,327	299	3,656	N/A
Other comprehensive income/(expense):-					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation		1,737	(389)	3,621	N/A
Total comprehensive income		4,064	(90)	7,277	N/A
Net profit attributable to:-					
Equity holders of the Company		2,256	264	3,011	N/A
Non-controlling interests		71	35	645	N/A
		2,327	299	3,656	N/A
Total comprehensive income/(expense) attributable to:-					
Equity holders of the Company		3,855	(95)	6,384	N/A
Non-controlling interests		209	5	893	N/A
		4,064	(90)	7,277	N/A
Earnings per share attributable to equity holders of the Company:-					
Basic earnings per share (sen)	25(a)	0.64	0.08	0.86	N/A
Diluted earnings per share (sen)	25(b)	0.60	0.07	0.81	N/A

In 2018, the Company changed its financial year ended from 31 December 2017 to 30 June 2018 and made up its financial statements for 18 months period ended 30 June 2018. Therefore, there are no comparative figures are disclosed as there are no comparable interim period in the preceding financial year/period.

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 period ended 30 June 2018.

The notes set out on pages 5 to 16 form an integral part of the interim financial report.

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(Unaudited) At End Of Current Period To Date 30.06.2019	(Audited) At End Of Preceding Financial Period 30.06.2018 Restated	(Audited) At Beginning Of Preceding Financial Period 01.01.2017
Note	RM'000	RM'000	RM'000
NON CURRENT ASSETS			
Property, plant and equipment	2,943	3,158	7,290
Land and property development costs	86,285	71,428	79,898
Intangible assets	8,261	8,261	8,261
Trade receivables - retention sum	12,205	6,607	8,954
Other receivables	-	-	5,668
Deferred tax assets	602	629	-
Total Non Current Assets	110,296	90,083	110,071
CURRENT ASSETS			
Inventories	887	802	6,538
Land and property development costs	50,021	83,336	97,175
Amount owing by customers on contracts	95,215	92,649	76,454
Trade receivables	60,878	59,216	69,526
Other receivables	17,214	19,974	15,684
Tax recoverable	160	925	56
Fixed deposits with license bank	5,379	5,837	6,267
Cash held under Housing Development Account	210	293	166
Cash and bank balances	4,353	1,673	1,808
Total Current Assets	234,317	264,705	273,674
CURRENT LIABILITIES			
Amount owing to customers on contracts	682	300	1,102
Trade payables	42,082	46,705	64,786
Other payables	20,388	29,312	12,595
Finance lease payables	245	263	38
Short term borrowings	23 37,471	39,144	43,318
Short term loans	23 17,344	3,782	15,873
Tax payables	680	772	794
Total Current Liabilities	118,892	120,278	138,506
NET CURRENT ASSETS	115,425	144,427	135,168
	225,721	234,510	245,239
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share Capital	52,977	44,885	31,696
Share Premium	-	-	8,552
Reserves	153,179	152,419	152,392
	206,156	197,304	192,640
NON-CONTROLLING INTERESTS	2,440	1,547	1,729
TOTAL EQUITY	208,596	198,851	194,369
NON CURRENT LIABILITIES			
Trade payables	820	6,573	13,446
Finance lease payables	-	239	-
Long term loans	23 16,305	28,847	36,325
Deferred tax liabilities	-	-	1,099
Total Non Current Liabilities	17,125	35,659	50,870
	225,721	234,510	245,239
NET ASSETS PER SHARE (RM)	0.55	0.57	0.61

The Unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 June 2018.

The notes set out on pages 5 to 16 form an integral part of the interim financial report.

**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
FOR THE FORTH FINANCIAL QUARTER ENDED 30 JUNE 2019**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company					Total	Non-Controlling Interests	Total Equity
	Non - Distributable				Distributable			
	Share Capital	Exchange Reserve	Capital Reserve	Warrants Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At End Of Current Period To Date								
30.06.2019 (Unaudited)								
At 1 July 2018, as previously stated	44,885	7,970	58,030	24,089	59,679	194,653	1,547	196,200
Effect of transition to MFRS framework	-	(9,138)	-	-	11,466	2,328	-	2,328
At 1 July 2018, as restated	44,885	(1,168)	58,030	24,089	71,145	196,981	1,547	198,528
Exercise of warrants	8,092	-	-	(5,301)	-	2,791	-	2,791
Net profit for the period	-	-	-	-	3,011	3,011	645	3,656
Other comprehensive income for the period	-	3,373	-	-	-	3,373	248	3,621
Total comprehensive income for the period	-	3,373	-	-	3,011	6,384	893	7,277
At 30 June 2019	52,977	2,205	58,030	18,788	74,156	206,156	2,440	208,596

In 2018, the Company changed its financial year ended from 31 December 2017 to 30 June 2018 and made up its financial statements for 18 months period ended 30 June 2018. Therefore, there are no comparative figures are disclosed as there are no comparable interim period in the preceeding financial year/period.

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 period ended 30 June 2018.

The notes set out on pages 5 to 16 form an integral part of the interim financial report.

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Current Year To Date 30.06.2019	(Audited) Preceding Year To Date 30.06.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,133	N/A
Adjustments for:-		
Non-cash items	881	N/A
Non-operating items	3,036	N/A
Operating profit before working capital changes	9,050	N/A
Net change in current assets	26,660	N/A
Net change in current liabilities	(14,790)	N/A
Cash generated from operations	20,920	N/A
Interest received	505	N/A
Interest paid	(7,652)	N/A
Tax paid	(777)	N/A
Net cash from operating activities	12,996	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	25	N/A
Addition in land and property development costs	(12,817)	N/A
Net cash used in investing activities	(12,792)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance leases	(258)	N/A
Drawdown of bank borrowings	3,292	N/A
Proceeds from issuance of ordinary shares	2,790	N/A
Repayment of bank borrowings	(2,272)	N/A
Release of fixed deposits pledged	458	N/A
Net cash used from financing activities	4,010	N/A
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,214	N/A
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	55	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(37,177)	N/A
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(32,908)	N/A
Cash and cash equivalents at the end of period comprise:-		
Cash and bank balances	4,563	N/A
Fixed deposits with licensed banks	5,379	N/A
Less: short term borrowings	(37,471)	N/A
	(27,529)	N/A
Less: fixed deposits pledged with licensed banks	(5,379)	N/A
	(32,908)	N/A

In 2018, the Company changed its financial year ended from 31 December 2017 to 30 June 2018 and made up its financial statements for 18 months period ended 30 June 2018. Therefore, there are no comparative figures are disclosed as there are no comparable interim period in the preceeding financial year/period.

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 June 2018.

The notes set out on pages 5 to 16 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 MFRS 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 period ended 30 June 2018.

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 period ended 30 June 2018.

2. CHANGES IN ACCOUNTING STANDARDS

The financial statements of the Group for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. For the periods up to and including the financial year ended 30 June 2018, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS").

The Group has consistently applied the same accounting policies in the preparation of the financial statements of the Group for the financial year ended 30 June 2019, the comparative financial statements for the financial year ended 30 June 2018, and the opening MFRSs statements of financial position as at 1 January 2017, other than those as discussed below:

MFRS 1 exemption options

(i) Exemption for business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. For the acquisition before date of transition i.e. 1 January 2017, the Group has elected to apply MFRS 3 prospectively from the date of transition. In addition, the Group has also applied the exemption for MFRS 10 Consolidated Financial Statements.

(ii) Reclassification of capital reserve

In adopting the new MFRS framework, the Group had reclassified the capital reserve to retained earnings. Comparatives have been restated to conform with current year's presentation.

(iii) Currency translation differences

The cumulative currency translation differences for all foreign operations has been deemed to be zero at 1 January 2017.

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2. CHANGES IN ACCOUNTING STANDARDS (CONT'D)

MFRS 9 “Financial Instruments”

The Group has opted for the exemption from the requirement to restate the comparative information for MFRS 9 where the comparative information in the Group’s first MFRS financial statements need not comply with MFRS 7 Financial Instruments: Disclosures or the completed version of MFRS 9, to the extent that the disclosures required by MFRS 7 relate to items within the scope of MFRS 9. The date of transition to MFRS 7 and MFRS 9 is the beginning of the first MFRS reporting period (1 July 2018). Accordingly, comparative information for 30 June 2018 was not restated and continued to be reported under the previous accounting policies governed under FRS 139.

The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2018. The detailed impact of the change in accounting policy on financial instruments is disclosed as follows:

(i) Classification and measurement of financial assets

Until 30 June 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss (“FVTPL”), loans and receivables (“L&R”), held-to-maturity (“HTM”), and available-for-sale (“AFS”) financial assets.

From 1 July 2018, the new accounting policies for classification and measurement of financial assets under MFRS 9.

Classification of the Group’s financial assets consisting of trade and other receivables and cash and bank balances that have previously been classified as loans and receivables based on FRS 139 are now classified as and continue to be measured at amortised cost after adoption of MFRS 9.

MFRS 15 “Revenue from Contracts with Customers”

The Group applied MFRS 15 which is applied retrospectively from 1 July 2018. This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The effects of the adoption of MFRS 15 are as follows:

(i) Accounting for costs incurred to obtain a contract

In prior reporting periods, sales commissions and other costs incurred in order to secure long term property development contracts with purchasers were expensed in profit or loss as they did not qualify for recognition as an asset under other accounting standards. Following the adoption of MFRS 15, such incremental costs of obtaining a contract, if recoverable, are capitalised as contract cost assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

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2. CHANGES IN ACCOUNTING STANDARDS (CONT'D)

(ii) Accounting for incentives payable on behalf of customers

In prior reporting periods, free legal fees and other incentive packages incurred on behalf of customers that can be applied against amounts owed to the Group were expensed in profit or loss as they did not qualify for recognition as an asset under other accounting standards. Following the adoption of MFRS 15, these incentives payable on behalf of customers are accounted for as a variable consideration and is presented as a reduction of the transaction price.

(iii) Collection of consideration from customers not probable

Upon the adoption of MFRS 15, the Group had deferred the recognition of revenue from sales of development properties where the Group was not able to determine the probability that the Group would be able to collect the consideration to which the Group will be entitled.

(iv) Accounting for liquidated and ascertained damages

In prior reporting periods, liquidated and ascertained damages penalties when the Group fails to deliver its obligations for the contract with the customer within the stipulated period were accounted for as an expense charge in profit or loss with a corresponding increase in a provision account. Following the adoption of MFRS 15, liquidated and ascertained damages penalties are accounted for as a variable consideration and is presented as a reduction of the transaction price.

(v) Presentation of contract assets and liabilities

Reclassifications were made to be consistent with the terminology used under MFRS 15:

- (a) Contract assets recognised in relation to property development activities which were previously presented as accrued billings.
- (b) Contract liabilities recognised in relation to property development activities which were previously presented as progress billings.
- (c) Contract assets/liabilities recognised in relation to construction activities which were previously presented as part of amount due from/to contract customers.

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2. CHANGES IN ACCOUNTING STANDARDS (CONT'D)

The effect of the changes in account policies above arising from the transition to MFRSs are summarised as follows:

Effect on retained profits

	30.6.2018 RM'000	1.1.2017 RM'000
As previously reported	59,679	54,103
Reclassification of exchange reserve	9,138	9,138
Net unrealised gain from the disposal of land	11,547	-
Net adjustment to transaction price for marketing fees previously expensed	(2,361)	-
Net impairment on trade receivables	(2,437)	-
Recognition of provision for foreseeable loss	(4,421)	-
	<u>11,466</u>	<u>9,138</u>
As restated	<u>71,145</u>	<u>63,241</u>

A summary of the effects on the financial statements are shown below:

Group	As previously stated RM'000	Effects of transition to MFRS RM'000	As restated RM'000
1.1.2017			
Statement of financial position (extract)			
Exchange Reserve	9,138	(9,138)	-
Retained profits	54,103	9,138	63,241
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30 June 2018			
Statement of financial position (extract)			
Land and property development costs	73,827	9,509	83,336
Trade and other receivables	82,397	(3,207)	79,190
Retained profits	59,679	11,466	71,145
Deferred tax (liabilities)/assets	(141)	770	629
Trade and other payables	(71,596)	4,421	(76,017)
<hr/>			
Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2018 (extract)			
Revenue	152,083	6,747	145,336
Cost of sales	(128,159)	4,480	(123,679)
Operating expenses	(6,478)	(3,207)	(9,685)
Taxation	(2,469)	(770)	(1,699)
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2. CHANGES IN ACCOUNTING STANDARDS (CONT'D)

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
MFRS 16	Leases	1 January 2019
Amendments to MFRS 3	Business Combination (Annual improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 11	Joint Arrangement (Annual improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 112	Income taxes (Annual improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 119	Employee Benefits (Plan amendment, curtailment or settlement)	1 January 2019
Amendments to MFRS 123	Borrowing Costs (Annual improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2	Share Based Payments	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020

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2. CHANGES IN ACCOUNTING STANDARDS (CONT'D)

		<u>Effective date for financial periods beginning on or after</u>
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138	Intangible Assets	1 January 2020
Amendments to IC Interpretation 12	Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC interpretation 132	Intangible Assets – Web Site Costs	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date yet to be determined by the Malaysian Accounting Standards Board

The impact of the above is still being assessed. Aside from the above mentioned, the adoption of the accounting standards, amendments to accounting standards, IC Interpretation and amendments to IC Interpretation are not expected to have any significant impact to the financial statements 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 year to date was not affected by unusual seasonal or cyclical fluctuations.



**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
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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 year 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

During the current year quarter, a total of 27,900,311 new ordinary shares were issued pursuant to the exercise of 27,900,311 warrants at the issue price of RM0.10 per share. The shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 25 June 2019.

8. DIVIDEND

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

**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
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9. SEGMENTAL INFORMATION

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

	<u>Construction</u>	<u>Property Development</u>	<u>Trading and Others</u>	<u>Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	96,596	20,747	2,833	-	120,176
Inter-segment sales	5,294	2,988	1,054	(9,336)	-
Total revenue	<u>101,890</u>	<u>23,735</u>	<u>3,887</u>	<u>(9,336)</u>	<u>120,176</u>
<u>Results</u>					
Segment results	3,768	4,062	(1,701)	-	6,129
Interest expense					(2,116)
Interest income					1,120
Total results					<u>5,133</u>
<u>Assets</u>					
Segment assets	182,348	136,201	19,923	-	338,472
Unallocated corporate assets					6,141
Total Assets					<u>344,613</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 year to date.

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13. DISCONTINUED OPERATIONS

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

14. CAPITAL COMMITMENT

Non-cancellable operating lease commitments are as follows:-

	Current Year To Date <u>30.06.2019</u> RM'000	Preceding Period To Date <u>30.06.2018</u> RM'000
Future minimum rentals payables:		
Within one year	73	71
Between one and two years	24	94
	<u>97</u>	<u>165</u>

15. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	Current Year To Date <u>30.06.2019</u> RM'000
Secured bank guarantees given by the Group in the ordinary course of business to:-	
- trade suppliers	1,100
- authorities	670
- clients	12,730
	<u>14,500</u>

**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
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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 RM74.75 million, representing an increase of RM60.10 million as compared to RM14.65 million in the preceding year corresponding quarter. This was mainly attributed to the recognition of final progress billing of the completed projects during the current year quarter.

The Group recorded the profit after taxation of RM2.33 million, representing an increase of RM2.03 million as compared to RM0.30 million in the preceding year corresponding quarter due to a better control of its operating expenses and finance costs incurred during the current year quarter.

Following to the change in the previous financial year from 31 December 2017 to 30 June 2018, there were no comparative financial figure available for 12-months financial period ended 30 June 2018.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group registered a higher revenue of RM74.75 million for the current year quarter as compared to RM29.59 million in the preceding quarter. There was an increase of revenue of RM45.16 million due to the increased in the recognition of progress billing in the Construction Division.

As a result, the profit before taxation was increased to RM3.03 million in the current year quarter as compared to RM0.74 million in the preceding 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.

**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS
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20. PROFIT BEFORE TAXATION IS DERIVED AFTER CHARGING/(CREDITING)

	Current Year Quarter <u>30.06.2019</u> RM'000	Current Year To Date <u>30.06.2019</u> RM'000
Interest income	(212)	(1,120)
Other income	(21)	(25)
Interest expense	366	2,116
Depreciation and amortisation	50	203
Impairment on trade receivables	(912)	694

21. TAXATION

	Current Year Quarter <u>30.06.2019</u> RM'000	Current Year To Date <u>30.06.2019</u> RM'000
Malaysia tax in respect of:-		
- current results	<u>705</u>	<u>1,477</u>

The effective tax rate for the Group for the current year quarter was lower than the statutory tax rate as certain income is not subject to income tax.

Overall effective tax rate for the Group for the current year 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

On 14 June 2019, UOB Kay Hian Securities Sdn Bhd on behalf of the board, announced that the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of Prinsiptek Corporation Berhad ("PCB") ("Proposal"). The Proposal will entail the issuance of up to 47,543,520 Placement Shares at an issue price of not more than 10% discount to the weighted average market price of PCB's shares for the 5 market day immediately before the price fixing date.

Pursuant to the Private Placement, 37,600,000 new ordinary shares were issued at RM0.1353 per share and subsequently listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 5 August 2019. The proceeds of RM5.09 million will be utilised for repayment of bank borrowings and working capital purposes.

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23. GROUP BORROWINGS

	Current Year To Date <u>30.06.2019</u> RM'000	Preceding Period To Date <u>30.06.2018</u> RM'000
<u>Secured</u>		
Bank overdrafts	37,471	39,144
Fixed loan	7,104	3,937
Term loan	26,545	28,692
Total bank borrowings	<u>71,120</u>	<u>71,773</u>
Analyzed as:		
<u>Secured</u>		
Short term borrowings and loans	54,815	42,926
Long term loans	16,305	28,847
	<u>71,120</u>	<u>71,773</u>

24. MATERIAL LITIGATIONS

Since the last quarter report ended 30 June 2018, the following are the changes:-

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.

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.

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24. MATERIAL LITIGATIONS (CONT'D)

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.

On 26 February 2019, the Arbitrator and the new expert witness have been accompanied by both parties to cross examined on the content of the report. The matter is now pending another site inspection and further examination to be fixed.

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 / year to date by the weighted average number of ordinary shares in issue during the current year quarter / year to date under review as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter <u>30.06.2019</u>	Preceding Year Corresponding Quarter <u>30.06.2018</u>	Current Year To Date <u>30.06.2019</u>	Preceding Year To Date <u>30.06.2018</u>
Net profit attributable to the equity holders of the Company (RM'000)	2,256	264	3,011	N/A
Weighted average number of ordinary shares in issue ('000)	350,977	348,652	350,977	N/A
Basic earnings per share (sen)	0.64	0.08	0.86	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 / year 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>30.06.2019</u>	Preceding Year Corresponding Quarter <u>30.06.2018</u>	Current Year To Date <u>30.06.2019</u>	Preceding Year To Date <u>30.06.2018</u>
Net profit attributable to the equity holders of the Company (RM'000)	2,256	264	3,011	N/A
Weighted average number of Ordinary shares in issue ('000)	350,977	348,652	350,977	N/A
Adjustment for the assumed full exercise of warrants ('000)	22,819	29,257	22,819	N/A
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	373,796	377,910	373,796	N/A
Diluted earnings per share (sen)	0.60	0.07	0.81	N/A



PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)
(Incorporated in Malaysia)

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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 / year to date.

By order of the Board

Dato' Liew Kok Leong
Executive Director

Subang Jaya
Date: 29 August 2019