

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

|  | Individual Quarter<br>(2nd quarter)                   |   | Changes<br>(%) | Cumulative Quarter  |   | Changes<br>(%) |
|--|---|---|----------------|---|---|----------------|
|  | Current<br>quarter<br>ended<br>30.06.2019<br>(RM'000) | Corresponding<br>quarter<br>ended<br>30.06.2018<br>(RM'000) |                | Current<br>period-to-date<br>ended<br>30.06.2019<br>(RM'000)<br>(UNAUDITED) | Corresponding<br>period-to-date<br>ended<br>30.06.2018<br>(RM'000)<br>(UNAUDITED) |                |
| 1 Revenue  | 259,358   | 278,396   | -6.8%          | 523,536   | 533,536   | -1.9%          |
| 2 Cost of sales  | (205,308)   | (224,352)   | -8.5%          | (422,042)   | (434,425)   | -2.9%          |
| 3 Gross profit   | 54,050  | 54,044  | 0.0%           | 101,494   | 99,111  | 2.4%           |
| 4 Other income   | 2,715   | 2,126   | 27.7%          | 11,540  | 7,809   | 47.8%          |
| 5 Administrative expenses                                  | (7,727)   | (8,499)   | -9.1%          | (15,600)  | (14,585)  | 7.0%           |
| 5A Other operating expenses                                | (1,607)   | (746)   | 115.4%         | (3,948)   | (2,494)   | 58.3%          |
| 6 Profit from operations                                   | 47,431  | 46,925  | 1.1%           | 93,486  | 89,841  | 4.1%           |
| 7 Finance cost   | (165)   | (906)   | -81.8%         | (275)   | (1,060)   | -74.1%         |
| 8 Profit before tax  | 47,266  | 46,019  | 2.7%           | 93,211  | 88,781  | 5.0%           |
| 9 Taxation   | (11,499)  | (10,932)  | 5.2%           | (22,256)  | (21,227)  | 4.8%           |
| 10 Profit after tax ("PAT") for the period                 | 35,767  | 35,087  | 1.9%           | 70,955  | 67,554  | 5.0%           |
| <b>Attributable to :</b>                                   |   |   |                |   |   |                |
| Owners of the Company                                      | 35,781  | 35,166  | 1.7%           | 70,903  | 67,514  | 5.0%           |
| Non-controlling Interests ("NCI")                          | (14)  | (79)  | -82.3%         | 52  | 40  | 30.0%          |
|  | 35,767  | 35,087  | 1.9%           | 70,955  | 67,554  | 5.0%           |
| 11 Profit per share attributable to owners of the Company: |   |   |                |   |   |                |
| (i) Basic earnings per ordinary share ("EPS")(sen)*        | 2.90  | 2.83  |                | 5.74  | 5.44  |                |
| (ii) Diluted earnings per ordinary share (sen)*            | 2.55  | 2.49  |                | 5.05  | 4.78  |                |

\* Basic earnings per share for the quarter and cumulative financial period is calculated based on the profit for the period divided by the weighted average number of ordinary shares in issue for the quarter and financial period respectively. Diluted earnings per share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares. Please refer to Note B11 for further details.

**(The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)**

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|   | Individual Quarter                              |   | Cumulative Quarter  |   |
|---|---|---|---|---|
|   | Current quarter ended<br>30.06.2019<br>(RM'000) | Corresponding quarter ended<br>30.06.2018<br>(RM'000) | Current period-to-date ended<br>30.06.2019<br>(RM'000)<br>(UNAUDITED) | Corresponding period-to-date ended<br>30.06.2018<br>(RM'000)<br>(UNAUDITED) |
| 1 PAT for the period                        | 35,767  | 35,087  | 70,955  | 67,554  |
| 2 Other Comprehensive Expense:              |   |   |   |   |
| - Foreign currency translation differences  | 149   | 60  | 68  | (297)   |
| 3 Total comprehensive income for the period | <u>35,916</u>                                   | <u>35,147</u>   | <u>71,023</u>   | <u>67,257</u>   |
| <b>Attributable to :</b>                    |   |   |   |   |
| Owners of the Company                       | 35,930  | 35,226  | 70,971  | 67,217  |
| Non-controlling Interests ("NCI")           | (14)  | (79)  | 52  | 40  |
|   | <u>35,916</u>                                   | <u>35,147</u>   | <u>71,023</u>   | <u>67,257</u>   |

**(The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)**

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   | <b>As at<br/>30.06.2019<br/>(RM'000)<br/>(UNAUDITED)</b> | <b>As at<br/>31.12.2018<br/>(RM'000)<br/>(AUDITED)</b> |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>Non-Current Assets</b>   |  |  |
| Property, Plant and Equipment   | 163,121  | 160,618  |
| Investment Properties   | 2,126  | 2,593  |
| Other Investments   | 17,000   | 8,201  |
| Intangible Assets   | 353,140  | 353,155  |
| Trade Receivables   | 167,757  | 166,278  |
|   | <b>703,144</b>   | <b>690,845</b>   |
| <b>Current Assets</b>   |  |  |
| Inventories   | 103,145  | 104,366  |
| Trade and other receivables   | 347,108  | 241,792  |
| Contract assets - Amount due from customers for contract works        | 9,033  | 12,762   |
| Contract assets - Accrued billings in respect of property development | -  | 26,396   |
| Tax Recoverables  | 2,741  | 1,716  |
| Fixed Deposits and Quoted Unit Trusts                                 | 123,110  | 97,062   |
| Cash and Bank Balances  | 127,963  | 155,573  |
|   | <b>713,100</b>   | <b>639,667</b>   |
| <b>TOTAL ASSETS</b>   | <b>1,416,244</b>   | <b>1,330,512</b>                                       |
| <b>EQUITY AND LIABILITIES</b>   |  |  |
| <b>Equity Attributable to Equity Holders of the Company</b>           |  |  |
| Share Capital   | 642,658  | 642,658  |
| Treasury Shares   | (10,893)   | (8,056)  |
| Other Reserves  | 744  | 676  |
| Retained Profits  | 387,718  | 341,475  |
|   | <b>1,020,227</b>   | <b>976,753</b>   |
| <b>Non-controlling Interests</b>                                      | <b>2,063</b>   | <b>2,002</b>   |
| <b>Total Equity</b>   | <b>1,022,290</b>   | <b>978,755</b>   |

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

|   | <b>As at<br/>30.06.2019<br/>(RM'000)<br/>(UNAUDITED)</b> | <b>As at<br/>31.12.2018<br/>(RM'000)<br/>(AUDITED)</b> |
|---|--|--|
| <b>Non-Current Liabilities</b>  |  |  |
| Trade and other payables  | 63,283   | 59,507   |
| Deferred tax liabilities  | 7,823  | 7,010  |
| Lease liabilities   | 1,795  | -  |
|   | 72,901   | 66,517   |
| <b>Current Liabilities</b>  |  |  |
| Trade and other payables  | 175,605  | 183,159  |
| Contract Liabilities - Amount due to customers for contract works           | 49,071   | 33,197   |
| Contract Liabilities - Progress billings in respect of property development | 5,975  | -  |
| Borrowings  | 78,038   | 60,123   |
| Provision for Taxation  | 11,593   | 8,761  |
| Lease liabilities   | 771  | -  |
|   | 321,053  | 285,240  |
| <b>Total Liabilities</b>  | 393,954  | 351,757  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | 1,416,244  | 1,330,512  |
| Net assets per share attributable to owners of the Company (RM)             | 0.83   | 0.79   |
| No. of ordinary shares (in thousand)  | 1,232,878  | 1,235,619  |

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

|  | Attributable to Equity Holders of the Company |                             |                              |                               |   | Total Equity<br>RM'000 |
|--|---|-----------------------------|------------------------------|-------------------------------|---|------------------------|
|  | <----- Non-Distributable ----->               |                             |                              |                               |   |                        |
|  | Share<br>Capital<br>RM'000                    | Other<br>Reserves<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained<br>Profits<br>RM'000 | Non<br>Controlling<br>Interests<br>RM'000 |                        |
| <b>6 MONTHS PERIOD ENDED 30 JUNE 2019</b>      |   |                             |                              |                               |   |                        |
| Balance as at 1 January 2019                   | 642,658                                       | 676                         | (8,056)                      | 341,475                       | 2,002                                     | 978,755                |
| Total Comprehensive Income<br>for the period   | -   | 68                          | -                            | 70,903                        | 52  | 71,023                 |
| Dividend declared                              | -   | -                           | -                            | (24,660)                      | -   | (24,660)               |
| Acquisition of equity interest in a subsidiary | -   | -                           | -                            | -                             | 9   | 9                      |
| Shares repurchased                             | -   | -                           | (2,837)                      | -                             | -   | (2,837)                |
| Balance as at 30 June 2019                     | 642,658                                       | 744                         | (10,893)                     | 387,718                       | 2,063                                     | 1,022,290              |
| <b>6 MONTHS PERIOD ENDED 30 JUNE 2018</b>      |   |                             |                              |                               |   |                        |
| Balance as at 1 January 2018                   | 642,658                                       | 724                         | -                            | 234,367                       | 1,862                                     | 879,611                |
| Effect of adopting MFRS 9                      | -   | -                           | -                            | (6,260)                       | -   | (6,260)                |
| Balance as at 1 January 2018 (Restated)        | 642,658                                       | 724                         | -                            | 228,107                       | 1,862                                     | 873,351                |
| Total Comprehensive Income<br>for the period   | -   | (297)                       | -                            | 67,514                        | 40  | 67,257                 |
| Dividend declared                              | -   | -                           | -                            | (6,210)                       | -   | (6,210)                |
| Balance as at 30 June 2018                     | 642,658                                       | 427                         | -                            | 289,411                       | 1,902                                     | 934,398                |

**(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)**

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**CONSOLIDATED CASHFLOW STATEMENT**

|   | <b>Current<br/>period-to-date<br/>ended<br/>30.06.2019<br/>(RM'000)<br/>(UNAUDITED)</b> | <b>Corresponding<br/>period-to-date<br/>ended<br/>30.06.2018<br/>(RM'000)<br/>(UNAUDITED)</b> |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |   |   |
| Profit before tax   | 93,211  | 88,781  |
| Adjustment for :  |   |   |
| Amortisation and depreciation of property, plant and equipments | 18,777  | 15,822  |
| Non-cash items  | (4,869)   | 252   |
| Operating Profit Before Working Capital Changes                 | 107,119   | 104,855   |
| Changes in working capital :                                    |   |   |
| Net change in operating assets                                  | (62,445)  | (49,844)  |
| Net change in operating liabilities                             | 5,698   | (17,220)  |
| Net Cash Generated from Operations                              | 50,372  | 37,791  |
| Interest received   | 2,791   | 2,820   |
| Interest paid   | (166)   | (85)  |
| Income tax paid   | (19,724)  | (22,736)  |
| Net Cash Generated from Operating Activities                    | 33,273  | 17,790  |
| <b>CASH FLOW USED IN INVESTING ACTIVITIES</b>                   |   |   |
| Acquisition of property, plant and equipments                   | (20,238)  | (36,335)  |
| Acquisition of quoted shares                                    | (8,742)   | -   |
| Acquisition of subsidiaries, net of cash acquired (Note 1)      | (1,344)   | -   |
| Proceeds from disposal of property, plant and equipments        | 5,277   | 4,966   |
| Proceeds from disposal of quoted shares                         | 454   | -   |
| Net Cash Used In Investing Activities                           | (24,593)  | (31,369)  |
| <b>CASH FLOW USED IN FINANCING ACTIVITIES</b>                   |   |   |
| Lease payment   | (650)   | -   |
| Purchase from treasury shares                                   | (2,837)   | -   |
| Dividend declared during the period                             | (24,660)  | (6,210)   |
| Net Cash Used In Financing Activities                           | (28,147)  | (6,210)   |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                | (19,467)  | (19,789)  |
| <b>EFFECT OF EXCHANGE RATE CHANGES</b>                          | (10)  | (295)   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>         | 192,512   | 185,416   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>               | 173,035   | 165,332   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD CONSIST OF:</b>   |   |   |
| Cash and Bank Balances  | 127,963   | 95,132  |
| Fixed Deposits and Quoted Unit Trust                            | 123,110   | 129,327   |
| Less: Short term borrowing                                      | (78,038)  | (59,127)  |
|   | 173,035   | 165,332   |

**(The Condensed Consolidated Cashflow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)**

## **NOTES TO THE REPORTS**

### **EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING**

#### **A1. Corporate Information**

Kerjaya Prospek Group Berhad is a public limited company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office is located at No. 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor. The principal place of business is located at No.1, 2nd Floor, Bangunan One Wangsa, Jalan Wangsa Permai, Taman Wangsa Permai, 52200 Kuala Lumpur.

#### **A2. Malaysian Financial Reporting Standards ("MFRS")**

##### **A2.1 Basis of Preparations**

The interim financial reports of the Group are unaudited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysia Accounting Standard Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial reports should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

##### **A2.2 Significant Accounting Policies**

The accounting policies and methods of computation adopted by the Group in these quarterly financial reports are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2018, except for the adoption of the following new standards, amendments to the standards and interpretations during the current financial period:

|   |   |
|---|---|
| MFRS 9  | Prepayment Features with Negative Compensation (Amendment to MFRS 9)        |
| MFRS 16   | Leases  |
| MFRS 128  | Long-term Interests in Associates and Joint Ventures (Amendment to MFRS 12) |
| MFRS 119  | Plan Amendment, Curtailment or Settlement (Amendment to MFRS 119)           |
| IC Interpretation 23                                  | Uncertainty over Income Tax Treatments                                      |
| Annual Improvements to MFRS Standards 2015-2017 Cycle |   |

The adoption of the above standards and interpretation did not have any material effect on the financial performance or position of the Group.

##### **i. MFRS 16 Leases**

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

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MFRS 16 eliminates the clarification of lease by lease as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group applied the simplified retrospective approach. Under this approach, the Group is not required to restate the comparatives and the MFRS 16 adjustments will be reflected in the opening retained earnings as at 1 January 2019, being the date of initial application ("DIA"). At DIA, the Group recognised and measured the lease liability at the present value of the remaining lease payments, discount at the Group's incremental borrowing rate at DIA. The Group recognised and measured the right-to-use asset, on a lease-by-lease basis, at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before DIA.

As permitted by the exemptions under the standard, the Group has not applied the principles of MFRS 16 to short term leases (a lease with term of 12 months or less from date of commencement) and lease for which the underlying asset is of low value.

The change in accounting policy affected the following items in the statement of financial position on DIA:

- Property, Plant and Equipment (Right-of-use assets) -increased by RM2.64 million,
- Lease liability - increase by RM2.64 million and
- no effect on opening retained earnings.

### **A3. Audit Report**

The audited financial statements for the preceding financial year ended 31 December 2018 were not subject to any qualification.

### **A4. Seasonal or Cyclical Factors**

The principal business operations of the Group are not significantly affected by any seasonal or cyclical factors.

### **A5. Unusual Items**

There were no unusual items in the current quarter under review that affecting the assets, liabilities, equity, net income or cashflow of the Group.

**A6. Changes in Estimates**

There were no significant changes in estimates that have a material effect to the current quarter under review.

**A7. Debt and Equity Securities**

During the current quarter, the Company repurchased 1,907,800 units of its issued ordinary shares from the open market at price of RM1.16 to RM1.39 per share. Total consideration paid was RM2.4 million including transaction costs and this was financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of section 127 of the Companies Act, 2016. As at 30 June 2019, 9,090,600 units ordinary shares have been repurchased for RM10.89 million including transaction costs.

Other than the above, there were no issuance, cancellations, resale and repayment of debt and equity securities for the Group during the current quarter and financial period under review.

**A8. Dividends Paid**

On 29 April 2019, the Board of Directors, pursuant to the Company's Constitution, recommended a single-tier final dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2018 for approval of the shareholders at the Annual General Meeting on 30 May 2019, which thereon approval granted. The total amount of RM24.66 million has been paid on 03 July 2019.

**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A9. Segmental Information**

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

|                     | <b>Construction<br/>(RM'000)</b> | <b>Manufacturing<br/>(RM'000)</b> | <b>Property<br/>Development<br/>(RM'000)</b> | <b>Investment<br/>(RM'000)</b> | <b>Others<br/>(RM'000)</b> | <b>Elimination<br/>(RM'000)</b> | <b>Total<br/>(RM'000)</b> |
|---------------------|----------------------------------|-----------------------------------|--|--------------------------------|----------------------------|---------------------------------|---------------------------|
| External Revenue    | 489,813                          | 115                               | 33,608                                       | -                              | -                          | -                               | 523,536                   |
| Inter Group Revenue | 62,247                           | 5,413                             | -  | -                              | -                          | (67,660)                        | -                         |
|                     | 552,060                          | 5,528                             | 33,608                                       | -                              | -                          | (67,660)                        | 523,536                   |

**RESULTS**

|                   |        |       |       |       |     |       |        |
|-------------------|--------|-------|-------|-------|-----|-------|--------|
| Segmental Results | 57,436 | 1,688 | 5,487 | 2,225 | (3) | 4,070 | 70,903 |
|-------------------|--------|-------|-------|-------|-----|-------|--------|

**OTHER INFORMATION**

|                       |         |         |         |         |       |           |           |
|-----------------------|---------|---------|---------|---------|-------|-----------|-----------|
| Segmental Assets      | 926,094 | 116,276 | 114,890 | 734,964 | 43    | (476,023) | 1,416,244 |
| Segmental Liabilities | 577,983 | 110,392 | 63,719  | 61,550  | 4,639 | (424,329) | 393,954   |

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

|                     | <b>Construction<br/>(RM'000)</b> | <b>Manufacturing<br/>(RM'000)</b> | <b>Property<br/>Development<br/>(RM'000)</b> | <b>Investment<br/>(RM'000)</b> | <b>Others<br/>(RM'000)</b> | <b>Elimination<br/>(RM'000)</b> | <b>Total<br/>(RM'000)</b> |
|---------------------|----------------------------------|-----------------------------------|--|--------------------------------|----------------------------|---------------------------------|---------------------------|
| External Revenue    | 482,029                          | 1,276                             | 50,231                                       | -                              | -                          | -                               | 533,536                   |
| Inter Group Revenue | 109,677                          | 6,443                             | -  | 80,000                         | -                          | (196,120)                       | -                         |
|                     | 591,706                          | 7,719                             | 50,231                                       | 80,000                         | -                          | (196,120)                       | 533,536                   |

**RESULTS**

|                   |        |       |       |        |      |          |        |
|-------------------|--------|-------|-------|--------|------|----------|--------|
| Segmental Results | 58,719 | 2,195 | 9,597 | 81,502 | (49) | (84,450) | 67,514 |
|-------------------|--------|-------|-------|--------|------|----------|--------|

**OTHER INFORMATION**

|                       |         |         |        |         |       |           |           |
|-----------------------|---------|---------|--------|---------|-------|-----------|-----------|
| Segmental Assets      | 805,066 | 112,409 | 87,513 | 758,931 | 88    | (478,551) | 1,285,456 |
| Segmental Liabilities | 573,274 | 110,125 | 51,965 | 25,243  | 9,148 | (418,697) | 351,058   |

As the business of the Group is engaged entirely in Malaysia, no reporting by geographical location of operation is presented.

**A9. Segmental Information (contd.)**

For management purposes, the Group is organised into business units based on their products and services, and has four (4) reportable operating segments as follow:

- (i) Construction - Main building construction works, provision of contract workmanship and other related services.
- (ii) Manufacturing - Manufacture, assemble, installation and sale of light fittings, furniture, kitchen cabinetry and related products.
- (iii) Property Development - Development of residential and/or commercial properties.
- (iv) Investment - Investment holding companies.
- (v) Others - Other dormant companies.

**Segment performance for the financial period ended 30 June 2019 as compared to corresponding preceding period ended 30 June 2018**

**(i) Construction**

The construction segment has achieved a total revenue of RM552.06 million in the current financial period representing a decrease of approximately 6.7% as compared to its corresponding preceding financial period of RM591.71 million. Segmental profit was recorded at RM57.44 million on current financial period compare to corresponding preceding financial period of RM58.72 million. The decrease in revenue was mainly due to progress construction work on-site. The construction segment is expected to continue to deliver positive results and improve the Group's overall turnover and profitability moving forward.

**(ii) Manufacturing**

The revenue on manufacturing segment has decreased to RM5.53 million in current financial period compared to its corresponding preceding financial period of RM7.72 million. The segmental profit has decreased from RM2.20 million to RM1.69 million. Revenue was recognised from the progress work of projects that were secured.

**(iii) Property Development**

The property development division continues to recognise its revenues of RM33.61 million and a profit of RM5.49 million for the current financial year on the project with encouraging take up rate and higher development progress being registered for the project.

**(iv) Investment**

The Investment division shows a segmental profit of RM2.23 million in the current financial period mainly due to gain on investment in foreign quoted shares. However, it shows a decrease of RM79.28 million compare to corresponding preceding financial period mainly due to no dividend income was declared from its subsidiaries.

**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A10. Profit Before Tax**

|  | <b>Individual<br/>Quarter<br/>30.06.2019<br/>(RM'000)</b> | <b>Cumulative<br/>Quarter<br/>30.06.2019<br/>(RM'000)</b> |
|--|---|---|
| Net fair value gain  | 1,850   | (5,473)   |
| Interest income  | (1,409)   | (2,791)   |
| Amortisation and depreciation of property, plant and equipment | 9,423   | 18,777  |
| Interest expenses  | 88  | 166   |
| Loss on disposal of property, plant and equipment              | (116)   | 8   |
| Allowance for ECL (MFRS 9)                                     | 1,422   | 3,112   |

**A11. Subsequent Events**

There were no subsequent events as at 20 August 2019, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

**A12. Changes in Composition of the Group**

On 11 October 2018, the Group has announced that its wholly owned subsidiary, Bazarbayu Sdn Bhd ("Bazarbayu"), has entered into a Share Sale Agreement ("SSA") to acquire 90,000 ordinary shares in Yakin LAnd Sdn Bhd ("YLSB") representing 90% equity interest in YLSB. On 10 January 2019, the Group has announced that the completion of the SSA with the payment of the remaining balances of purchase consideration and vendor's advances by Bazarbayu to the vendor. Consequential thereof, Yakin Land Sdn Bhd has become a 90%-owned subsidiary of the Group.

**A13. Changes in Contingent Liabilities or Contingent Assets**

| (a) Contingent Liabilities   | <b>Cumulative<br/>Quarter<br/>30.06.2019<br/>(RM'000)</b> |
|--|---|
| Corporate guarantee given to banks for facilities granted to subsidiaries              | 217,089   |
| Corporate guarantee given to third parties for the benefit of the Group's subsidiaries | 190,086   |
|  | <u>407,175</u>  |

(b) Contingent Assets

As at the date of this report, there were no contingent assets.

**A14. Capital Commitments**

As at the date of this report, the Group has no material capital commitments.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of Performance**

For the current financial quarter under review, the Group posted a revenue of RM259.36 million as compared to its corresponding preceding year financial quarter of RM278.40 million. The Profit After Tax ("PAT") in the current quarter of RM35.77 million, representing an increase of RM0.68 million from its corresponding preceding year financial quarter of RM35.09 million.

Overall, the increase in profit was mainly attributed to the construction segment of the Group which currently has a substantial orderbook comprising of projects awarded by premier property developers in Malaysia. Manufacturing segment performance has declined slightly due to completion of current project. This division primarily complements the Group's construction business. The Group's property development project in Genting Permai is completed in year 2019, therefore the property development segment contributed lower earnings to the Group as compared to the financial period ended 30 June 2018.

**B2. Change in Results of Current Quarter Compared to Preceding Quarter**

|  | <b>Current<br/>Quarter ended<br/>30.06.2019<br/>(RM'000)</b> | <b>Immediate<br/>Preceding<br/>Quarter ended<br/>31.03.2019<br/>(RM'000)</b> | <b>Changes<br/>(%)</b> |
|--|--|--|------------------------|
| Revenue                                      | 259,358  | 264,178  | -1.8%                  |
| Operating Profit                             | 47,431   | 46,055   | 3.0%                   |
| Profit Before Tax                            | 47,266   | 45,945   | 2.9%                   |
| Profit After Tax                             | 35,767   | 35,188   | 1.6%                   |
| Profit Attributable to Owners of the Company | 35,781   | 35,122   | 1.9%                   |

For the current quarter, the Group recorded a revenue and PBT of RM259.36 million and RM47.27 million respectively as compared to RM264.18 million and RM45.95 million respectively in its immediate preceding quarter due to timing of delivery of works on construction segment which all on going projects were at their planned progression. On the property development segment, the maiden property project; Vista Residences, has also recorded encouraging result with a good take-up rate and progress.

**B3. Current Year Prospects**

The Group is pleased that it has delivered growth in profit despite a slight decrease in revenue. The Group's outstanding order book stands at RM3.4 billion as at financial period ended 30 June 2019. During the current financial period ended 30 June 2019, the Group has secured building contracts worth RM1.1 billion. Subsequent to financial period ended 30 June 2019, the Group has also accepted a letter of award amounting to RM95 million. Total building contracts secured in year 2019 was RM1.2 billion.

Moving forward, the Group aims to focus on the construction segment to be the main revenue driver of the Group.

**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

The Group will continue to exercise vigilance and prudence in achieving its objectives of expansion.

Notwithstanding the Group's objective to expand its core business in construction, it will maintain the manufacturing segment as part of its integrated business objective and strategy and complete the existing property development project.

As announced in Budget 2019 on 2 November 2018, Malaysia will be revising downwards the projected GDP growth rate from the previously announced 5.0-5.5% to 4.8% in 2018 and 4.9% in 2019 against the backdrop of an increasing challenging external environment. The market would be challenging but sustainable. Barring any unforeseen circumstances, the Group is cautiously optimistic on its overall businesses moving forward and will continue to sharpen its competitive edge to achieve sustainable growth in the market.

**B4. Profit Forecast**

There were no profit forecast prepared or profit guarantee made by the Group.

**B5. Taxation**

|                                | <b>Individual<br/>Quarter<br/>30.06.2019<br/>(RM'000)</b> | <b>Cumulative<br/>Quarter<br/>30.06.2019<br/>(RM'000)</b> |
|--------------------------------|---|---|
| Malaysia income tax            |   |   |
| - current year                 | 11,326  | 21,433  |
| - under provided in prior year | 10  | 10  |
|                                | <u>11,336</u>   | <u>21,443</u>   |
| Deferred tax                   |   |   |
| - current year                 | 163   | 813   |
|                                | <u>11,499</u>   | <u>22,256</u>   |

Effective tax rates for the financial period ended 30 June 2019 is lower than statutory tax rate of 24% mainly due to inclusion of certain non-taxable items in the income statement.

**B6 Group Borrowings and Debt Securities**

Details of the group borrowings as at 30 June 2019 were as follows:

|   | <b>Cumulative<br/>Quarter<br/>30.06.2019<br/>(RM'000)</b> |
|---|---|
| <b>Short term borrowings - Unsecured</b>    |   |
| (i) Cashline facilities (denominated in RM) | <u>78,038</u>   |

**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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**B7. Status of Corporate Proposals**

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

**B8. Changes in Material Litigation**

There were no material litigations for the Group as at the date of this report.

**B9. Dividend**

Total dividend for the financial year ending 31 December 2019 and financial year ended 31 December 2018 are summarised as follow:

|                         | <b>Net Per Share</b> | <b>Net Per Share</b> |
|-------------------------|----------------------|----------------------|
|                         | <b>FY2019</b>        | <b>FY2018</b>        |
|                         | <b>(sen)</b>         | <b>(sen)</b>         |
| <u>Interim Dividend</u> |                      |                      |
| Single-tier dividend    | ***                  | 1.5 *                |
| <u>Final Dividend</u>   |                      |                      |
| Single-tier dividend    | ***                  | 2.0**                |

\* The Board of Directors has approved an interim dividend of 1.5 sen per ordinary share (based on the enlarged share capital after completion of the bonus issues of six bonus shares for every five existing ordinary shares on 27 February 2018) in respect of the financial year ended 31 December 2018. The approved interim dividend payable represent approximately 27.6% of profit after tax for financial period ended 30 June 2018.

The total amount of RM18.62 million has been paid on 30 October 2018.

\*\* On 14 April 2019, the Board of Directors proposed the single-tier final dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2018 and has been tabled for approval at the AGM on 30 May 2019.

The total amount of RM24.66 million has been paid on 03 July 2019.

The Company has declared a total dividend RM43.28 million which is approximately 31.3% of the profit after taxation ("PAT") for the financial year ended 31 December 2018 which is 6.3% above the Company's dividend policy of 25% of PAT.

\*\*\* Not applicable for the current quarter under review.

**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**B10. Derivatives and Fair Value Changes of Financial Liabilities**

- (a) There were no derivatives as at the current quarter under review.
- (b) The fair value changes arising from discounting future retention sum receivables and retention sum payables to present value for the current quarter under review has been accounted accordingly. The net fair value gain for the financial period amounted to approximately RM5.47 million.

**B11. Earnings Per Share**

|   | Individual Quarter Ended |             | Cumulative Quarter Ended |             |
|---|--------------------------|-------------|--------------------------|-------------|
|   | 30.06.2019               | 30.06.2018  | 30.06.2019               | 30.06.2018  |
| <b>Earnings</b>   |                          |             |                          |             |
| Profit attributable to owners of the Company (RM'000)                             | 35,781                   | 35,166      | 70,903                   | 67,514      |
| <b>a) Basic</b>   |                          |             |                          |             |
| Weighted average number of ordinary shares ('000)                                 | 1,233,401                | 1,241,969   | 1,234,263                | 1,241,969   |
| <b>Basic Profit per share attributable to equity holders of the Company (Sen)</b> | <u>2.90</u>              | <u>2.83</u> | <u>5.74</u>              | <u>5.44</u> |

**b) Diluted**

For the purpose of calculating diluted earnings per share, the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares issued during the year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. exercise of warrants.

|   | Individual Quarter Ended |                  | Cumulative Quarter Ended |                  |
|---|--------------------------|------------------|--------------------------|------------------|
|   | 30.06.2019               | 30.06.2018       | 30.06.2019               | 30.06.2018       |
| <b>Earnings</b>   |                          |                  |                          |                  |
| Profit attributable to owners of the Company (RM'000)                               | 35,781                   | 35,166           | 70,903                   | 67,514           |
| Weighted average number of ordinary shares ('000)                                   | 1,233,401                | 1,241,969        | 1,234,263                | 1,241,969        |
| Effect of dilution of warrants ('000)   | 169,359                  | 169,359          | 169,359                  | 169,359          |
| Effect of dilution of RCPS ('000)   | -                        | -                | -                        | -                |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000)    | <u>1,402,760</u>         | <u>1,411,328</u> | <u>1,403,622</u>         | <u>1,411,328</u> |
| <b>Diluted Profit per share attributable to equity holders of the Company (Sen)</b> | <u>2.55</u>              | <u>2.49</u>      | <u>5.05</u>              | <u>4.78</u>      |

**B12. Authorised for Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 August 2019.