

**MERCURY INDUSTRIES BERHAD**  
(Company No. 105550 - K)

The Board of Directors is pleased to announce the following :  
**UNAUDITED INTERIM REPORT OF THE GROUP FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

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

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Quarter Ended 31/12/2018 RM'000	Preceding Year Quarter Ended 31-12-17 RM'000	Changes		Current Year To Date 31/12/2018 RM'000	Preceding Year To Date 31-12-17 RM'000	Changes	
			Amount RM'000	%			Amount RM'000	%
<b>Continuing Operations</b>								
Revenue	36,126	19,509	16,617	85.2%	104,861	74,030	30,831	41.6%
Cost of Sales	(32,964)	(16,443)	(16,521)	100.5%	(93,411)	(61,230)	(32,181)	52.6%
Gross Profit	3,162	3,066	96	3.1%	11,450	12,800	(1,350)	-10.6%
Other Income	1,050	(36)	1,086	3016.9%	1,605	10,190	(8,585)	-84.2%
Operating Expenses	(3,226)	(1,446)	(1,780)	123.1%	(7,282)	(5,552)	(1,730)	31.2%
Profit from Operations	986	1,584	(598)	-37.8%	5,773	17,438	(11,665)	-66.9%
Finance Costs	(937)	(293)	(644)	219.8%	(2,744)	(1,411)	(1,333)	94.5%
Profit Before Tax	49	1,291	(1,242)	-96.2%	3,029	16,027	(12,998)	-81.1%
Income Tax	(32)	(548)	516	-94.2%	(1,206)	(2,406)	1,200	-49.9%
<b>Profit From Continuing Operations</b>	<b>17</b>	<b>743</b>	<b>(726)</b>	<b>-97.7%</b>	<b>1,823</b>	<b>13,621</b>	<b>(11,798)</b>	<b>-86.6%</b>
<b>Discontinued Operation</b>								
Profit from discontinued operation, net of tax	-	210	(210)	100.0%	-	2,198	(2,198)	-100.0%
<b>Profit For The Period</b>	<b>17</b>	<b>953</b>	<b>(936)</b>	<b>-98.2%</b>	<b>1,823</b>	<b>15,819</b>	<b>(13,996)</b>	<b>-88.5%</b>
<b>Other Comprehensive Income, Net Of Tax</b>	-	-	-		-	-	-	
<b>Total comprehensive income for the period</b>	<b>17</b>	<b>953</b>	<b>(936)</b>	<b>-98.2%</b>	<b>1,823</b>	<b>15,819</b>	<b>(13,996)</b>	<b>-88.5%</b>
<b>Total comprehensive income attributable to:</b>								
Owners of the Company - continuing operations	231	372	(141)	-37.9%	1,483	11,727	(10,244)	-87.4%
Owners of the Company - discontinued operation	-	210	(210)	100.0%	-	2,198	(2,198)	-100.0%
Non-controlling interests	(214)	371	(585)	-157.7%	340	1,894	(1,554)	-82.0%
<b>Total comprehensive income for the period</b>	<b>17</b>	<b>953</b>	<b>(936)</b>	<b>-98.2%</b>	<b>1,823</b>	<b>15,819</b>	<b>(13,996)</b>	<b>-88.5%</b>
<b>Earnings per share (Sen)</b>								
- Continuing Operations	0.57	0.93			3.69	29.19		
- Discontinued Operation	-	0.52			-	5.47		
	<b>0.57</b>	<b>1.45</b>			<b>3.69</b>	<b>34.66</b>		

The Condensed Consolidated Statements of Profit or Loss And Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

**B CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 31/12/2018 RM'000</b>	<b>Audited As At 31/12/2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	5,025	6,123
Goodwill on consolidation	31,509	31,509
Investment properties	5,680	5,680
Deferred tax assets	754	74
	<u>42,968</u>	<u>43,386</u>
<b>Current Assets</b>		
Inventories	2,080	-
Trade receivables	115,217	85,782
Other receivables	2,892	1,853
Amount due from customers on contracts	49	12,663
Other investments	104	143
Short term deposits	2,260	1,862
Cash and bank balances	4,699	467
	<u>127,301</u>	<u>102,770</u>
<b>TOTAL ASSETS</b>	<b><u>170,269</u></b>	<b><u>146,156</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	122,001	122,001
Accumulated losses	(48,534)	(47,866)
<b>Equity attributable to owners of the Company</b>	<u>73,467</u>	<u>74,135</u>
Non-controlling interests	10,960	10,772
<b>Total Equity</b>	<u>84,427</u>	<u>84,907</u>
<b>Non current Liabilities</b>		
Term loan > 12 months	1,473	171
Finance lease liabilities	1,750	2,466
	<u>3,223</u>	<u>2,637</u>
<b>Current Liabilities</b>		
Trade payables	27,510	34,941
Others payables	7,691	5,155
Amount due to customers on contracts	6,709	215
Finance lease liabilities	1,179	1,207
Term loan < 12 months	419	57
Bank overdrafts	949	1,214
Bank borrowings	38,162	15,385
Tax payable	-	438
	<u>82,619</u>	<u>58,612</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>170,269</u></b>	<b><u>146,156</u></b>
<b>Net assets per share (RM)</b>	<b>1.828</b>	<b>1.845</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

**C CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<--- Attributable To Owners Of The Company --->				Non- Controlling Interest RM'000	Total Equity RM'000
	Issued Capital RM'000	Share Premium RM'000	Accumulated Loss RM'000	Total RM'000		
<b>Balance as of 1.1.2018 (Restated)</b>	122,001	-	(47,866)	74,135	10,772	84,907
Expected credit loss (MFRS 9)	-	-	(544)	(544)	(152)	(696)
Total Comprehensive Income For The Period	-	-	1,483	1,483	340	1,823
Final Dividend for year ended 31/12/2017	-	-	(1,607)	(1,607)	-	(1,607)
<b>Balance as of 31.12.2018</b>	<u>122,001</u>	<u>-</u>	<u>(48,534)</u>	<u>73,467</u>	<u>10,960</u>	<u>84,427</u>
<b>Balance as of 1.1.2017</b>	40,182	81,819	(61,791)	60,210	8,878	69,088
Total Comprehensive Income For The Period	-	-	13,925	13,925	1,894	15,819
Share Premium transferred to Issued Capital	81,819	(81,819)	-	-	-	-
<b>Balance as of 31.12.2017</b>	<u>122,001</u>	<u>-</u>	<u>(47,866)</u>	<u>74,135</u>	<u>10,772</u>	<u>84,907</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

**D CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>The Group</b>	<b>12 months ended 31/12/2018 RM'000</b>	<b>12 months ended 31-12-17 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation from continuing operations	3,029	16,027
Profit before taxation from discontinued operation	-	2,862
	<u>3,029</u>	<u>18,889</u>
Adjustment for non-cash items	7,093	(6,539)
Operating Profit Before Working Capital Changes	<u>10,122</u>	<u>12,350</u>
Changes in working capital:		
Inventories	(2,080)	(494)
Receivables	(32,266)	(8,688)
Customers on contract	17,249	(2,992)
Payables	(5,210)	(24,206)
Bills payable	-	(3,128)
Income tax paid	(1,911)	(3,356)
<b>Net Cash Used In Operating Activities</b>	<u>(14,096)</u>	<u>(30,514)</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of subsidiary company, net of cash acquired	-	(7,192)
Purchase of property, plant and equipment	(747)	(1,358)
Placement of fixed deposits pledged	(1,023)	(620)
Proceeds from disposal of property, plant & equipment	322	138
Proceeds from disposal of subsidiary	-	45,177
Interest received	70	327
<b>Net Cash (Used In)/From Investing Activities</b>	<u>(1,378)</u>	<u>36,472</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividend paid to shareholders	(1,607)	(2,411)
Drawdown of bankers acceptance	5,871	-
Drawdown of factoring facility	18,473	-
Drawdown of term loan	98	-
Finance costs paid	(2,744)	(1,411)
Repayment of finance lease liabilities	(745)	(1,111)
Repayment for term loan	-	(14,603)
<b>Net Cash From/(Used In) Financing Activities</b>	<u>19,346</u>	<u>(19,536)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	3,872	(13,578)
Reclassified to assets held for sale	-	5,216
Balance as of 1 January	(122)	8,240
<b>Balance as at end of financial period</b>	<u>3,750</u>	<u>(122)</u>

Cash and cash equivalents at the end of the financial year comprise the following balance amount:

	<b>As at 31/12/2018 RM'000</b>	<b>As at 31-12-17 RM'000</b>
Cash and bank balances	4,699	467
Bank overdrafts	(949)	(1,214)
Short term deposits	2,260	1,862
Less: Fixed deposits pledged	<u>(2,260)</u>	<u>(1,237)</u>
	<u>3,750</u>	<u>(122)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

## Part A - Explanatory Notes Pursuant To Financial Reporting Standard 134

### 1. Basis of Preparation

The interim financial report is unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 - Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the Annual Financial Statements of the Group for the year ended 31 December 2017.

Apart from the above, the quarterly financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

### 2. Financial Reporting Standards

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRSs") framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRSs") framework with the International Financial Reporting Standards ("IFRSs") framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRSs on the financial statements of the Group.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2018. The adoption of these new and revised MFRS and IC Interpretations have not resulted in any material impact upon the financial statements of the Group, except for the following:

#### ***MFRS 9 - Financial Instruments***

The impact on the adoption of MFRS 9 is as follows:

##### (i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value [either through other comprehensive income ("OCI"), or through profit or loss],
- and those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

##### (ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### (iii) Impairment assessment on financial assets

The Group adopted expected credit loss model ("ECL") instead of the current incurred loss model on its financial assets. The ECL model is forward-looking and eliminates the need for a trigger event to have incurred before credit losses are recognised.

##### (iv) Transition

The Group adopted the standard by using the modified retrospective method. Hence the cumulative effect of the initially applied standard was recognised as an adjustment to the opening balances of retained earnings as at 1 January 2018 and comparative was not restated.

MFRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by the Group.

### 3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification of the Group audited financial statements for the year ended 31 December 2017.

#### 4. Segmental Reporting

Segmental report for the financial period ended 31 December 2018 is as follows:

	<i>Discontinued Operation</i>		<i>Continuing Operations</i>			<i>Consolidated</i>
	<i>Manufacturing &amp; Trading</i>	<i>Building Materials</i>	<i>Construction</i>	<i>Investment Holding</i>	<i>Eliminations</i>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>12 Months Ended 31/12/2018</b>						
<b>Revenue</b>						
External revenue	-	8,755	96,104	2	-	104,861
Inter-segment revenue	-	20,277	-	700	(20,977)	-
Total revenue	-	29,032	96,104	700	(20,977)	104,861
<b>Results</b>						
Segment profit	-	2,838	4,014	(1,149)	-	5,703
Interest income	-	-	68	2	-	70
Finance cost	-	(542)	(2,190)	(12)	-	(2,744)
Profit before tax	-	2,296	1,892	(1,159)	-	3,029
<b>12 Months Ended 31/12/2017</b>						
<b>Revenue</b>						
External revenue	17,083	7,357	66,645	28	-	91,113
Inter-segment revenue	8,100	5,852	-	140	(14,092)	-
Total revenue	25,183	13,209	66,645	168	(14,092)	91,113
<b>Results</b>						
Segment profit	2,808	559	8,995	39,397	(31,785)	19,974
Interest income	54	-	19	254	-	327
Finance cost	-	(66)	(448)	(897)	-	(1,411)
Profit before tax	2,862	493	8,566	38,754	(31,785)	18,890

#### Sales Revenue By Geographical Market

	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31/12/2018</b>	<b>31-12-2017</b>
	RM'000	RM'000
Malaysia - continuing operations	104,861	74,030
Malaysia - discontinued operation	-	12,811
	104,861	86,841
Other Countries - discontinued operation *	-	4,272
	104,861	91,113

\* less than 5% for each of the components.

#### 5. Unusual Item Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review.

#### 6. Change Of Estimates Used

There was no material change in estimates for the financial quarter under review.

#### 7. Seasonality Or Cyclicity Of Interim Operations

The Group's operations are not significantly affected by any seasonal or cyclical factors.

#### 8. Dividends Paid

There was no dividend paid during the financial quarter under review (2017: Nil).

#### 9. Issuance, Cancellation, Repurchases, Resale and Repayments Of Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter ended 31 December 2018.

#### 10. Material Events Not Reflected In The Financial Statements

There were no material events in the financial quarter under review that have not been reflected in the financial statements for the said period.

#### 11. Changes In The Composition Of The Group

There were no changes in the composition of the Group for the current quarter ended 31 December 2018.

#### 12. Capital Commitments

There is a capital commitment of RM15.39 million in respect of the acquisition of the remaining 30% equity interest in the subsidiary, Paramount Bounty Sdn Bhd ("PBSB"), which has not been reflected in the interim financial statements for the current quarter ended 31 December 2018.

#### 13. Contingent Liabilities/Assets

The Company has issued unsecured corporate guarantees totalling RM103.9 million to certain financial institutions and building materials suppliers for credit facilities granted to its subsidiary companies. Accordingly, the Company is contingently liable to such financial institutions and suppliers to the extent of the amount of credit facilities utilised. There is no contingent assets as at the date of this report.

#### 14. Recurrent Related Party Transactions

Details of the relationship between the Group and its related party are as described below.

##### Name of Related Party

(a) Pujian Development Sdn Bhd ("Pujian")

##### Relationship

\* Pujian is a subsidiary of EcoFirst Consolidated Berhad in which Dato' Tiong Kwing Hee ("Dato' Tiong") is the Group Chief Executive Officer, Director and major shareholder. Dato' Tiong is also the Managing Director and major shareholder of Mercury.

\* Shareholders' mandate has already been obtained at the last Annual General Meeting held on 24 May 2018.

The information on the transactions which have been entered into with the Group during the period is as follows:

Nature of Transactions	Current Quarter 31/12/2018 RM'000	Year to date 31/12/2018 RM'000
	Pujian	
(i) Civil & construction works for Pujian	32,416	93,055
(ii) Rental of office space from Pujian	48	217

#### 15. Material Subsequent Event

There were no material events subsequent to the end of the financial period under review that have not been reflected in the financial statements for the said period.

### Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

#### 16. Review Of Performance

During the quarter under review, Group's revenue of the Continuing Operations increased by RM16.62 million (+85.2%) to RM36.13 million as compared to RM19.51 million achieved in the corresponding quarter in 2017, while Group's pretax profit decreased by RM1.24 million (-96.2%) to RM0.05 million as compared to RM1.29 million achieved in the corresponding quarter of 2017. The explanation for the variances is as stated in the segmental review below.

For the Construction Segment, due to the accelerated pace of construction works in its Ampang project, revenue increased by RM20.27 million (+130.0%) to RM35.84 million while pretax profit decreased by RM2.45 million (-142.2%) to a loss of RM0.73 million as compared to RM15.59 million and RM1.72 million respectively in the corresponding quarter of 2017. In spite of the increase in revenue, the segment suffered a loss mainly due to the partial reversal of recognised profit and the impairment of receivable arising from the termination of the construction contract of the Tg. Kling project. The loss was also attributable to the adjustment in profit margin due to the increase in construction costs and increase in administrative overheads.

For the Building Materials Segment, revenue decreased by RM0.24 million (-3.53%) to RM6.55 million while pretax profit increased by RM0.51 million (+425.0%) to RM0.63 million as compared to RM6.79 million and RM0.12 million respectively in the corresponding quarter of 2017. In spite of higher sales to its sister company, there is a decrease in sales to some customers whose projects are coming towards completion. The substantial increase in pretax profit was due to the reversal of certain provision and impairment which are no longer required.

For the Investment Holding Segment, it recorded a revenue of RM0.62 million on management fee receivable and a pretax profit of RM0.16 million during the current quarter. In the corresponding quarter of 2017, there was no revenue while pretax loss was RM0.34 million.

For the financial year under review, Group revenue of the Continuing Operations increased by RM30.83 million (+41.6%) to RM104.86 million while pretax profit decreased by RM13.0 million (-81.1%) to RM3.03 million as compared to the corresponding period in 2017. The increase in revenue was mainly due to the accelerated pace of construction works in its Ampang project. The decrease in pretax profit in the current year was attributable to the reversal of recognised profit and impairment of receivable as stated earlier, the higher operating expenses and higher finance costs. Moreover, in 2017 there was a gain of RM8.85 million arising from the disposal of the entire equity interest in Silverlight Prospects Sdn Bhd ("SPSB").

#### 17. Comparison With Previous Quarter's Results

	Current Quarter 31/12/2018 RM'000	Previous Quarter 30/9/2018 RM'000	Changes	
			RM'000	%
<b>Continuing Operations</b>				
Revenue	36,126	25,562	10,564	41.3
Operating Profit	986	2,219	(1,233)	(55.6)
Profit Before Interest and Tax	986	2,219	(1,233)	(55.6)
Profit Before Tax	49	1,534	(1,485)	(96.8)
Profit After Tax	17	942	(925)	(98.2)
Profit Attributable to Owners of the Company	231	613	(382)	(62.4)

The comparison of the performance over the two quarters can be explained by the following breakdown:

	<b>Building Materials</b>	<b>Construction</b>	<b>Investment Holding</b>	<b>Eliminations</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>a) Turnover</b>					
i) For the current quarter ended 31/12/2018	6,550	35,836	620	(6,880)	36,126
ii) For the previous quarter ended 30/9/2018	9,845	22,817	82	(7,182)	25,562
<b>Variance (value)</b>	<b>(3,295)</b>	<b>13,019</b>	<b>538</b>	<b>302</b>	<b>10,564</b>
<b>Variance (%)</b>	<b>-33.5%</b>	<b>57.1%</b>	<b>656.1%</b>	<b>-4.2%</b>	<b>41.3%</b>
<b>b) Pretax Profit/ (Loss)</b>					
i) For the current quarter ended 31/12/2018	620	(727)	156		49
ii) For the previous quarter ended 30/9/2018	821	1,046	(333)		1,534
<b>Variance (value)</b>	<b>(201)</b>	<b>(1,773)</b>	<b>489</b>		<b>(1,485)</b>
<b>Variance (%)</b>	<b>-24.5%</b>	<b>-169.5%</b>	<b>-146.8%</b>		<b>-96.8%</b>

For the current quarter, revenue increased by RM10.56 million (+41.3%) while pretax profit decreased by RM1.48 million (-96.8%) as compared to the previous quarter. The increase in revenue was solely due to the additional contribution of RM13.02 million from PBSB which compensated for the decrease in revenue of the Building Materials Segment. Pretax profit was much lower in the current quarter mainly due to the loss suffered by PBSB arising from the factors stated above. The holding company recorded a pretax profit of RM0.16 million arising from management fee charged on its subsidiaries.

## 18. Prospects For 2019

With the uncertainties engendered by the US-China trade tensions, the changes in policies by the new government, and the strengthening US Dollar, Malaysia is expected to experience slower economic growth in 2019. The challenging operating conditions in the residential property sector is expected to prolong well into 2019. Owing to the overhang of unsold stock of completed properties, new project launches planned by our developer clients are being deferred until there is more clarity in the prevailing economic conditions. As for PBSB, the construction subsidiary, it is actively pursuing new projects to replenish its orderbook. It is optimistic of securing some new construction contracts this year.

In view of the uncertainties stated, the Board's outlook on the prospects for 2019 is dependent on the ability of PBSB to secure new construction contracts during the year. If new contracts materialise and barring unforeseen circumstances, the Board is cautiously optimistic that the Group will continue to remain profitable in 2019 as there is also a guaranteed profit after tax of RM1.0 million on the purchase of Mercury Building Supplies Sdn Bhd ("MBS").

## 19. Variance From Profit Forecast

This note is not applicable.

## 20. Profit/(Loss) For The Period

Profit/(Loss) for the period is arrived at:

	<b>Current Quarter</b>	<b>Corresponding Quarter</b>	<b>Year to date</b>	<b>Year to date</b>
	<b>31/12/2018</b>	<b>31-12-17</b>	<b>31/12/2018</b>	<b>31-12-17</b>
	RM'000	RM'000	RM'000	RM'000
<b>After charging:</b>				
Depreciation & amortisation	436	350	1,713	1,382
Fair value adjustment on investment properties	-	(94)	-	(94)
Fair value adjustment on other investments	21	-	39	(4)
Allowance for impairment loss on receivables	1,726	-	1,726	-
Interest expenses	937	293	2,744	1,411
Loss on sale of property, plant and equipment	-	29	-	29
Rental expenses	57	43	217	73
<b>And after crediting:</b>				
Interest income	46	99	70	327
Rental income	56	52	214	210
Gain on sale of property, plant and equipment	189	-	189	58
Gain on sale of subsidiary company	-	(210)	-	8,853

## 21. Discontinued Operation

The results of the discontinued operation is as summarised below:

	<b>Current Quarter</b>	<b>Corresponding Quarter</b>	<b>Year to date</b>	<b>Year to date</b>
	<b>31/12/2018</b>	<b>31-12-17</b>	<b>31/12/2018</b>	<b>31-12-17</b>
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	17,083
Cost of goods sold	-	(835)	-	(9,853)
Other income	-	-	-	199
Operating expenses	-	625	-	(4,567)
	-	<b>210</b>	-	<b>2,862</b>
Income Tax	-	-	-	(664)
Profit for the period	-	<b>210</b>	-	<b>2,198</b>

**22. Income Tax Expense**

	<b>Current Quarter 31/12/2018 RM'000</b>	<b>Year to date 31/12/2018 RM'000</b>
Provision for current taxation		
- Current year	427	1,549
- Under/(Overprovision) in prior year	(40)	12
Provision for deferred taxation	<u>(355)</u>	<u>(355)</u>
	<u>32</u>	<u>1,206</u>

**23. Gain or Loss On Derivatives**

This is not applicable as the Group does not deal in derivatives.

**24. Exceptional Items**

There were no exceptional items during the financial quarter under review.

**25. Status Of Corporate Proposals**

The proposed acquisition of 30% equity interest in PBSB is still pending completion in the financial quarter under review.

**26. Status of Utilisation of Proceeds From Disposal of SPSB**

Purpose	Proposed Utilisation	Actual Utilisation As At 31 December 2018	Initial Timeframe For Utilisation Of Proceeds From Date of Disposal ( 22 June 2017)	Balance Of Unutilised Proceeds
	RM'000	RM'000		RM'000
(a) Repayment of bank borrowings	30,000	30,000	Within 12 months	Nil
(b) Working capital purposes	19,650	18,083	Within 24 months	1,567
(c) Defray expenses on disposal of SPSB #	850	759	Within 3 months	91
<b>Total</b>	<b>50,500</b>	<b>48,842</b>		<b>1,658</b>

# Remaining balance of RM91,000 will be channeled as working capital purposes of the Company.

**27. Group Borrowings And Debt Securities**

(a) The Group's borrowings as of 31 December 2018 are as follows:

	<b>As At Period Ended 31/12/2018</b>		
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	<b>Total borrowings RM'000</b>
Secured:-			
Term loan	1,473	419	1,892
Bank overdraft	-	949	949
Bankers' acceptance	-	5,871	5,871
	<u>1,473</u>	<u>7,239</u>	<u>8,712</u>
Unsecured:-			
Factoring loan	-	32,291	32,291
	<u>-</u>	<u>32,291</u>	<u>32,291</u>
<b>Total</b>	<u>1,473</u>	<u>39,530</u>	<u>41,003</u>

	<b>As At Period Ended 31/12/2017</b>		
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	<b>Total borrowings RM'000</b>
Secured:-			
Term loan	171	1,623	1,794
Unsecured:-			
Bank overdraft	-	1,214	1,214
Factoring loan	-	13,818	13,818
	<u>-</u>	<u>15,032</u>	<u>15,032</u>
<b>Total</b>	<u>171</u>	<u>16,655</u>	<u>16,826</u>

(b) There were no borrowings or debt securities denominated in foreign currencies.

**28. Changes In Material Litigation**

There is no material litigation as of the date of this report.

**29. Dividend Payable**

The Board has not proposed any dividend for the financial quarter under review.

**30. Profit Guarantee**

In the acquisition of the 100% equity interest in MBS, the vendors have guaranteed that MBS will achieve an audited Profit After Tax of RM1.0 million per annum for each of the financial year ending 31 December 2018, 2019 and 2020.

For the financial year ended 31 December 2018, MBS achieved an unaudited PAT of RM1.85 million. Thus the guaranteed PAT of RM1.0 million for the year is considered as fulfilled.

**31. Earnings Per Ordinary Share**

The basic earnings per share is calculated by dividing the profit for the period attributable to the Owners of the Company by the weighted average number of ordinary shares in issue during the period:-

	<u>Current Quarter</u>		<u>Year to date</u>	
	<u>31/12/2018</u>	<u>31-12-17</u>	<u>31/12/2018</u>	<u>31-12-17</u>
Profit attributable to Owners of the Company (RM'000)				
- continuing operations	231	372	1,483	11,727
- discontinued operation	-	210	-	2,198
	<u>231</u>	<u>582</u>	<u>1,483</u>	<u>13,925</u>
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic earnings per share (Sen)				
- continuing operations	0.57	0.93	3.69	29.19
- discontinued operation	-	0.52	-	5.47
	<u>0.57</u>	<u>1.45</u>	<u>3.69</u>	<u>34.66</u>

**ADDITIONAL INFORMATION**

- Gross interest income
- Gross interest expense

<b>INDIVIDUAL QUARTER</b>	
Current Year Quarter	Preceding Year Corresponding Quarter
<u>31/12/2018</u>	<u>31-12-17</u>
RM'000	RM'000
46	99
937	293

<b>CUMULATIVE QUARTER</b>	
Current Year To Date	Preceding Year Corresponding Period
<u>31/12/2018</u>	<u>31-12-17</u>
RM'000	RM'000
70	327
2,744	1,411