

Unaudited Financial Statements and Related Announcement for the Third Quarter Ended 30 September 2019

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income	Group		Change %	Group		Change %
	3Q2019 RM'000	3Q2018 RM'000		9M2019 RM'000	9M2018 RM'000	
Revenue	29,316	21,749	35%	58,990	70,394	-16%
Cost of sales	(23,503)	(14,209)	65%	(38,334)	(46,109)	-17%
Gross profit	5,813	7,540	-23%	20,656	24,285	-15%
Interest income	5	15	-67%	17	17	0%
Other gains	50	185	-73%	817	758	8%
Marketing and distribution costs	(552)	(435)	27%	(1,289)	(1,428)	-10%
Administrative expenses	(3,496)	(5,527)	-37%	(12,955)	(17,486)	-26%
Other losses	(1,105)	(25)	4320%	(511)	(49)	943%
Finance costs	(628)	(1,052)	-40%	(4,168)	(2,895)	44%
Share of profit (loss) from equity-accounted associates	246	(42)	N.M.	231	25	824%
Profit before tax	333	659	-49%	2,798	3,227	-13%
Income tax benefits (expenses)	325	(524)	N.M.	(899)	(1,974)	-54%
Profit, net of tax	658	135	387%	1,899	1,253	52%
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Ex change difference on translating foreign operations, net of tax	41	(51)	N.M.	23	(17)	N.M.
Other comprehensive income (loss) for the period, net of tax	41	(51)	N.M.	23	(17)	N.M.
Total comprehensive income for the period	699	84	732%	1,922	1,236	56%
(Loss) Profit attributable to owners of the parent, net of tax	(198)	44		1,794	901	
Profit attributable to non-controlling interests, net of tax	856	91		105	352	
Profit, net of tax	658	135		1,899	1,253	
Total comprehensive (loss) income attributable to owners of the parent	(158)	(7)		1,816	884	
Total comprehensive profit attributable to non-controlling interests	857	91		106	352	
Total comprehensive income for the period	699	84		1,922	1,236	

N.M. – Not meaningful

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1(a)(ii) Notes to statement of comprehensive income

Loss before tax is stated after (charging) / crediting:

	Group			Group		
	3Q2019 RM'000	3Q2018 RM'000	Change %	9M2019 RM'000	9M2018 RM'000	Change %
Interest income	5	15	-66.7%	17	17	0.0%
Interest expense	(628)	(1,052)	-40.3%	(4,168)	(2,895)	44.0%
Depreciation of property, plant and equipment	(638)	(723)	-11.8%	(1,906)	(2,112)	-9.8%
Depreciation of right-of-use assets	(268)	-	N.M.	(693)	-	N.M.
(Allowance for) Reversal of impairment on trade and other receivables - net	(747)	-	N.M.	461	-	N.M.
Allowance for impairment on leasehold property	(466)	-	N.M.	(466)	-	N.M.
Foreign exchange adjustment net gain (loss)	109	(24)	N.M.	(42)	(48)	-12.5%

N.M. - Not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position	Group		Company	
	As at	As at	As at	As at
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	12,560	14,663	6	-
Development rights	11,276	11,276	-	-
Investment in subsidiaries	-	-	54,859	54,859
Investment in associate	4,573	4,342	-	-
Investment properties	11,411	11,286	-	-
Deferred tax assets	362	417	-	-
Other assets	5,602	2,045	1,551	1,551
Total non-current assets	45,784	44,029	56,416	56,410
<u>Current assets</u>				
Inventories	127,631	128,919	-	-
Trade and other receivables	60,809	89,968	3,509	4,364
Other assets	14,741	14,689	98	62
Cash and cash equivalents	7,312	6,090	480	569
Total current assets	210,493	239,666	4,087	4,995
Total assets	256,277	283,695	60,503	61,405
EQUITY AND LIABILITIES				
<u>Equity attributable to owners of the parent</u>				
Share capital	144,552	144,552	381,051	381,051
Accumulated losses	(133,883)	(135,677)	(405,512)	(405,677)
Foreign currency translation reserve	2,848	2,826	70,268	70,268
Share option reserve	3,398	3,398	3,398	3,398
Merger reserve	1,563	1,563	-	-
Other reserve	1,147	1,495	-	-
Equity, attributable to owners of the parent	19,625	18,157	49,205	49,040
Non-controlling interests	(1,390)	(1,496)	-	-
Total equity	18,235	16,661	49,205	49,040
<u>Non-current liabilities</u>				
Other payables	10,781	8,979	-	-
Other liabilities	55	55	-	-
Other financial liabilities	16,849	21,284	-	-
Total non-current liabilities	27,685	30,318	-	-
<u>Current liabilities</u>				
Income tax payable	20,577	19,948	-	-
Trade and other payables	131,293	159,132	4,475	3,990
Other liabilities	3,427	2,680	-	-
Other financial liabilities	55,060	54,956	6,823	8,375
Total current liabilities	210,357	236,716	11,298	12,365
Total liabilities	238,042	267,034	11,298	12,365
Total equity and liabilities	256,277	283,695	60,503	61,405

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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Borrowings and Debt Securities	Group	
	As at 30.09.2019	As at 31.12.2018
	RM'000	RM'000
<u>Amount repayable in one year or less, or on demand</u>		
- secured	55,060	54,956
	55,060	54,956
<u>Amount repayable after one year</u>		
- secured	16,849	21,284
	16,849	21,284

Details of any collateral:

The banking facilities of the Group comprised of bank overdrafts, term loans, finance leases and trade lines.

The bank overdrafts are covered by:-

1. Joint and several guarantees of certain directors of the Company;
2. Assignment over the rights, title and interest to the properties held for sale;
3. Corporate guarantees provided by certain subsidiaries of the Company;
4. Legal charges on some of the subsidiaries' projects land and properties held for sale;
5. Legal charge or deed of assignment and power of attorney over properties held for sale; and
6. Pledge at restricted in use cash and cash equivalents of the Group.

The banker acceptance are covered by:

1. Joint and several guarantees of certain directors of the Company;
2. Corporate guarantees provided by certain subsidiaries of the Group; and
3. Legal charge or deed of assignment and power of attorney over the associate's properties held for sale.

The term loans are covered by the following:

4. Upfront fixed deposit of RM260,000 and interest;
5. Joint and several guarantee by certain directors of the Company;
6. Joint and several guarantee by ex-director of one of the subsidiaries of the Company;
7. Corporate guarantees provided by certain subsidiaries of the Company;
8. Legal charges on some of the subsidiaries' projects land and properties held for sale and leasehold property;
9. Legal charge or power of attorney over properties held for sale;
10. Assignment over the rights, titles and interest to the properties held for sale;
11. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS); and
12. Legal assignment of life policy in respect of director of the Company.

The preference shares are covered by the following:-

1. Deed of assignment of development properties units; and
2. Personal guarantees provided by certain directors of the Company.

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows	3Q2019 RM'000	3Q2018 RM'000	9M2019 RM'000	9M2018 RM'000
<u>Cash flows from operating activities</u>				
Profit before tax	333	659	2,798	3,227
Adjustments for:				
Depreciation of property, plant and equipment	638	723	1,906	2,112
Depreciation of right-of-use assets	268	-	693	-
Interest expense	628	1,052	4,168	2,895
Interest income	(5)	(15)	(17)	(17)
Property, plant and equipment written off	-	-	3	-
Allowance for impairment on leasehold property	466	-	466	-
Allowance for (Reversal of) impairment on trade and other receivables - net	747	-	(461)	-
Share of (profit) loss from equity-accounted associates	(246)	42	(231)	(25)
Operating cash flows before changes in working capital	2,829	2,461	9,325	8,192
Inventories	(2,572)	908	1,288	(53,744)
Trade and other receivables	125,536	3,028	29,620	16,102
Other assets	924	99	(4,336)	12,977
Trade and other payables	(124,561)	(570)	(27,500)	22,705
Other liabilities	588	1,608	747	1,954
Net cash flows from operations before tax	2,744	7,534	9,144	8,186
Income tax paid	(178)	(40)	(178)	(91)
Net cash flows from operating activities	2,566	7,494	8,966	8,095
<u>Cash flows from investing activities</u>				
Purchase of property, plant and equipment	(17)	(220)	(294)	(366)
Investment properties	-	(5,271)	(126)	(5,282)
Interest received	5	15	17	17
Net cash flows used in investing activities	(12)	(5,476)	(403)	(5,631)
<u>Cash flows from financing activities</u>				
Repayment of borrowings	(1,211)	(1,632)	(3,544)	(3,831)
Cash restricted in use	192	(44)	(317)	(44)
Proceeds from (Repayment to) Shareholders	523	185	568	(41)
Proceeds from Associate	53	265	242	2,092
Interest paid	(1,360)	(1,052)	(3,817)	(2,895)
Net cash flows used in financing activities	(1,803)	(2,278)	(6,868)	(4,719)
Net increase (decrease) in cash and cash equivalents	751	(260)	1,695	(2,255)
Cash and cash equivalents, statement of cash flows, beginning balance	2,460	1,323	1,512	3,319
Effect of exchange rate changes on cash and cash equivalents	(7)	3	(3)	2
Cash and cash equivalents, statement of cash flows, ending balance	3,204	1,066	3,204	1,066
<u>Cash and cash equivalents comprised of :</u>				
Cash and bank balances	7,312	5,922	7,312	5,922
Bank overdraft	(2,485)	(3,551)	(2,485)	(3,551)
Cash restricted in use	(1,623)	(1,305)	(1,623)	(1,305)
	3,204	1,066	3,204	1,066

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity									
	Total equity	Attributable to parent	Share capital	Accumulated losses	Foreign exchange reserve	Share option reserve	Merger reserve	Other reserve	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Current period:									
Opening balance at 1 January 2019	16,661	18,157	144,552	(135,677)	2,826	3,398	1,563	1,495	(1,496)
Movement in equity:									
Total comprehensive income for the period	1,922	1,816	-	1,794	22	-	-	-	106
Reversal of other reserve	(348)	(348)	-	-	-	-	-	(348)	-
Closing balance at 30 September 2019	18,235	19,625	144,552	(133,883)	2,848	3,398	1,563	1,147	(1,390)
Previous period:									
Opening balance at 1 January 2018	52,142	52,497	144,552	(100,120)	2,902	3,600	1,563	-	(355)
Movement in equity:									
Total comprehensive income for the period	1,236	884	-	901	(17)	-	-	-	352
Closing balance at 30 September 2018	53,378	53,381	144,552	(99,219)	2,885	3,600	1,563	-	(3)

	Total equity	Share capital	Accumulated losses	Foreign exchange reserve	Share option reserve
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Current period:					
Opening balance at 1 January 2019	49,040	381,051	(405,677)	70,268	3,398
Movement in equity:					
Total comprehensive income for the period	165	-	165	-	-
Closing balance at 30 September 2019	49,205	381,051	(405,512)	70,268	3,398
Previous period:					
Opening balance at 1 January 2018	431,764	381,051	(23,155)	70,268	3,600
Movement in equity:					
Total comprehensive loss for the period	(3,543)	-	(3,543)	-	-
Closing balance at 30 September 2018	428,221	381,051	(26,698)	70,268	3,600

Note : The Foreign Exchange Reserve and Merger Reserve are not available for distribution as cash dividends.

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There have been no changes in the Company's share capital since the end of the previous period reported on.

As at 30 September 2019 and 30 September 2018, the Company did not hold any treasury shares and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30.09.2019	As at 31.12.2018
Total number of issued shares excluding treasury shares	<u>224,917,251</u>	<u>224,917,251</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There are no subsidiary holdings as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to its audited financial statements as at 31 December 2018, except as explained in item 5 below.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

SFRS(I) 16 Leases

The Group has applied SFRS(I) 16 *Leases* that is effective from 1 January 2019.

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease, and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group and the Company have applied the changes in accounting policies using the modified retrospective approach. The impact of adoption is adjusted against the opening balance of retained earnings on 1 January 2019, which is the date of initial application. Comparatives are not restated.

As a result of the application of SFRS(I) 16, the Group recorded the right-of-use assets under other assets and lease liabilities under other payables. Depreciation of right-of-use assets and interest expenses of lease liabilities were charged to profit or loss accordingly.

IAS 23

On 6 March 2019, the International Financial Reporting Standards ("IFRS") Interpretation Committee has finalised the agenda decision on IAS 23 Borrowing Costs – Revenue recognised over time. It was concluded that borrowing costs would not be capitalised when the borrowings relate to the construction of a residential multi-unit real estate development for which revenue is recognised over time. The Group has ceased capitalisation of certain borrowing costs on development properties and construction contracts in FY2018.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.
- (a) Based on the weighted average number of ordinary shares on issue;

Earnings Per Share	Group		Group	
	3Q2019	3Q2018	9M2019	9M2018
(Loss) Profit attributable to the owners of the parent during the financial period (RM'000)	(198)	44	1,794	901
Weighted average number of ordinary shares on issue	224,917,251	224,917,251	224,917,251	224,917,251
Basic (loss) profit per share for (loss) profit attributable to owners of the parent during the financial period (sen)	(0.09)	0.02	0.80	0.40

- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

Diluted earnings per share is not presented as there is no potential dilutive ordinary share existing during the relevant financial periods presented.

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- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -
- (a) current financial period reported on; and
 - (b) immediately preceding financial year.

Net Asset Value	Group		Company	
	As at 30.09.2019	As at 31.12.2018	As at 30.09.2019	As at 31.12.2018
Net asset value (RM'000)	19,625	18,157	49,205	49,040
Number of issued shares excluding treasury shares	224,917,251	224,917,251	224,917,251	224,917,251
Net asset value per ordinary share (sens)	8.73	8.07	21.88	21.80

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

Revenue increased by RM7.6 million or 35% from RM21.7 million in 3Q2018 to RM29.3 million in 3Q2019 was mainly due the increase in revenue from construction contracts by RM7.0 million and sales of development properties and completed units by RM1.8 million. Such increase was partially offset by the decrease in sales of construction materials by RM1.2 million.

The gross profit margin of the Group for 3Q2018 and 3Q2019 were 34.7% and 19.8% respectively. The lower gross profit margin in 3Q2019 was mainly due to the lower-yield development projects and construction contracts in 3Q2019 as compared to 3Q2018.

Decrease in other gains for 3Q2019 was mainly due to decrease in sundry income.

The increase in marketing and distribution costs was mainly due to the amortisation of contract cost for the period.

Administrative expenses decreased by RM2.0 million from RM5.5 million in 3Q2018 to RM3.5 million in 3Q2019 was mainly resulted by the decrease in employee benefits expense.

Increase in other losses was mainly due to allowance for impairment on leasehold property.

The decrease in finance costs for 3Q2019 was mainly due to the adjustment of notional interest expenses for non-current other payables.

Share of profit or loss from equity-accounted associate was the recognition of results in the Group's associate, Tiya Development Sdn Bhd. The share of profit in 3Q2019 was arising from the net profit in the associate.

Income tax benefits in 3Q2019 was mainly due to the decrease in chargeable income for the Group in 9M2019.

Statements of Financial Position

Group

Non-current assets of the Group increased by RM1.8 million from RM44.0 million as at FY2018 to RM45.8 million as at 3Q2019 was mainly due to the increase in advance to landowners and recognition of right-of-use assets. Such increase was partially offset by the depreciation in property, plant and equipment and impairment on leasehold property.

Current assets of the Group decreased by RM29.2 million from RM239.7 million as at FY2018 to RM210.5 million as at 3Q2019. The decrease was mainly due to decrease in trade and other receivables for development and construction projects.

Non-current liabilities of the Group decreased by RM2.6 million from RM30.3 million as at FY2018 to RM27.7 million as at 3Q2019 was mainly due to the decrease in other financial liabilities arising from the reclassification of partial redeemable preference share which due within 12 months from non-current liabilities. Such decrease was partially offset by the increase in other payables as a result of the recognition of lease liabilities in 2019.

Current liabilities of the Group decreased by RM26.3 million from RM236.7 million as at FY2018 to RM210.4 million as at 3Q2019. The decrease was mainly due to decrease in trade and other payables for on-going development and construction projects. Such decrease was partially offset by the increase in other liabilities due to refundable deposits received and increase in income tax payables.

Overall, the Group's net asset stood at RM18.2 million as at 3Q2019 as compared to RM16.7 million as at FY2018.

Statement of Cash Flows

Net cash and cash equivalents held by the Group increased from RM1.7 million as at FY2018 to RM3.2 million as at 9M2019. The increase was mainly contributed by the net cash inflow from the operating activities of RM9.0 million which partially offset by net cash outflow from financing and investing activities.

- 9 [Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.](#)

Not applicable. No forecast or prospect statement have been previously disclosed.

- 10 [A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.](#)

The market in third quarter of 2019 continued to be slow. In view of the oversupply in current market of condominiums and apartments, government has introduced rent-to-own schemes under the Malaysian Budget 2020. The Group is hopeful that with the new budget, the measures that were introduced will help to encourage more consumer spending.

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11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year?

Nil

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

After considering the Group's condition, no dividend has been declared.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative confirmation pursuant to Rule 705(5).

The board of directors of the Company confirms to the best of its knowledge that nothing has come to its attention which may render the third quarter results ended 30 September 2019 to be false or misleading in any material aspect.

15 Undertaking Confirmation Statement from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Su Chung Jye
Chairman and Chief Executive Officer

Wong Pak Kiong
Executive Director

14 November 2019