

Interim Financial Statements for the First Quarter Ended 30 September 2018

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the first Quarter Ended 30 September 2018

(Unaudited)

	INDIVIDUAL QUARTER	CUMULATIVE QUARTER
	Current	Current
	Year	Year
	Quarter	To-Date
	<u>30-09-2018</u>	<u>30-09-2018</u>
	RM'000	RM'000
Revenue	33,852	33,852
Operating expenses	(39,233)	(39,233)
Other operating income	6,389	6,389
Profit from operations	1,008	1,008
Finance costs	(1,002)	(1,002)
Profit before taxation	6	6
Taxation	(189)	(189)
Loss after taxation from continued operations	(183)	(183)
Profit after taxation from discontinued operations	222	222
Profit after taxation	39	39
Other comprehensive income		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Available-for-sale financial assets	11	11
Currency translation differences	16	16
Other comprehensive income, net of tax	27	27
Total comprehensive income	66	66
Profit for the period attributable to:		
Owners of the parent	(39)	(39)
Non-controlling interests	78	78
	39	39
Total comprehensive income for the period attributable to:		
Owners of the parent	(12)	(12)
Non-controlling interests	78	78
	66	66
Basic earnings/(loss) per ordinary share (sen)		
- from continued operations	(0.26)	(0.26)
- from discontinued operations	0.21	0.11
	(0.05)	(0.05)
Diluted earnings/(loss) per ordinary share (sen)		
- from continued operations	(0.26)	(0.26)
- from discontinued operations	0.21	0.11
	(0.05)	(0.05)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial period ended 30 June 2018.

Interim Financial Statements for the First Quarter Ended 30 September 2018

Condensed Consolidated Statements of Financial Position as at 30 September 2018

	AS AT END OF CURRENT QUARTER <u>30-09-2018</u> Unaudited RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>30-06-2018</u> Audited RM'000
Non-current Assets		
Property, plant and equipment	16,782	16,366
Investment properties	53,055	53,055
Land held for property development	7,250	7,250
Investments in associated companies	7	7
Other investments	649	637
Goodwill	99	99
Deferred tax assets	178	178
	<u>78,020</u>	<u>77,592</u>
Current Assets		
Inventories	11,741	14,726
Trade and other receivables	105,160	125,934
Taxation recoverable	2,468	2,591
Cash and cash equivalents	9,413	5,331
Assets classified as held for sale	59,223	59,023
	<u>188,005</u>	<u>207,605</u>
Current Liabilities		
Trade and other payables	45,482	53,891
Hire purchase payables	112	111
Overdraft and short term borrowings	48,556	59,699
Taxation	105	89
Liabilities classified as held for sale	28,234	26,881
	<u>122,489</u>	<u>140,671</u>
NET CURRENT ASSETS	<u>65,516</u>	<u>66,934</u>
	<u>143,536</u>	<u>144,526</u>
FINANCED BY:		
Total Equity		
Share capital	75,926	75,926
Reserves	43,556	43,568
Equity attributable to owners of the parent	119,482	119,494
Non-controlling interests	8,105	8,027
	<u>127,587</u>	<u>127,521</u>
Non-current Liabilities		
Term Financing/Loan	14,473	15,492
Hire purchase payables	220	248
Deferred tax liabilities	1,256	1,265
	<u>15,949</u>	<u>17,005</u>
	<u>143,536</u>	<u>144,526</u>

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

Interim Financial Statements for the First Quarter Ended 30 September 2018

Condensed Consolidated Statements of Changes in Equity for the First Quarter Ended 30 September 2018

(Unaudited)

	← Attributable to Owners of the Parent →			Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →		Distributable			
	Share Capital RM'000	Other Reserves RM'000	Retained Profits RM'000			
3 months ended 30 September 2018						
At 1 July 2018	75,926	653	42,915	119,494	8,027	127,521
Profit after taxation for the financial period	-	-	(39)	(39)	78	39
Other comprehensive income for the financial period, net of tax						
- Fair value changes of available- for-sale financial assets	-	11	-	11	-	11
- Foreign currency translation	-	16	-	16	-	16
Total comprehensive income for the financial period	-	27	(39)	(12)	78	66
At 30 September 2018	75,926	680	42,876	119,482	8,105	127,587

Note *

The Company has transferred the credit balance of the share premium account of RM3,456,500 to be part of the Company's share capital pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"). Notwithstanding this provision, the Company may within 24 months from the commencement of the CA 2016, use this amount for purposes as set out in Section 618(3) of the CA 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Annual Financial Statements for the financial period ended 30 June 2018.

Interim Financial Statements for the First Quarter Ended 30 September 2018

Condensed Consolidated Statements of Cash Flows for the First Quarter Ended 30 September 2018
(Unaudited)

	1.7.2018 to <u>30.09.2018</u> RM'000
Cash flows for operating activities	
Profit before tax from	
- continuing operations	6
- discontinued operations	292
Adjustments for:-	
Non-cash items	(4,941)
Non-operating items	<u>(155)</u>
Operating loss before working capital changes	<u>(4,798)</u>
Net change in current assets	21,059
Net change in current liabilities	<u>(6,375)</u>
Cash flows from operations	9,886
Taxation paid	<u>(60)</u>
Net cash from operating activities	<u>9,826</u>
Cash flows from investing activities	
Other investments	<u>6,137</u>
Net cash from investing activities	<u>6,137</u>
Cash flows from financing activities	
Deposits pledged with a licensed bank	(7)
Term financing/loan	(1,587)
Hire purchase financing	(38)
Short term bank borrowings	<u>(762)</u>
Net cash from financing activities	<u>(2,394)</u>
Net decrease in cash and cash equivalents	13,569
Cash and cash equivalents at beginning of financial period	(12,852)
Cash and cash equivalents at end of financial period	<u><u>717</u></u>
Cash and cash equivalent at the end of the financial period comprise of:	
	<u>30.09.2018</u> RM'000
Cash and bank balances	7,620
Bank overdrafts	<u>(6,903)</u>
	<u><u>717</u></u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial period ended 30 June 2018.

A EXPLANATORY NOTES AS PER FRS 134

A1. Accounting Policies

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

The financial statements of the Group for the three months period ended 30 September 2018 are the first set of interim financial statements prepared in accordance with MFRS Framework, hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. The Group has adopted the MFRS Framework with effective 1 July 2018.

The adoption of the above did not have significant effects on the interim financial report upon their initial application.

A2. Comparative Figure

The Company has changed its financial year end from 31 December 2017 to 30 June 2018. As such, the last financial period is an 18-month financial period ended 30 June 2018. This current quarter ended 30 September 2018 is the first quarter of the financial year ending 30 June 2019. There are no comparative figures presented for the quarter under review and cumulative period ended in the current quarter for the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in equity and Condensed Consolidated Statement of Cash Flows as there are no comparable interim periods in the immediate preceding financial period.

A3. Audit Report

The audit report of the most recent annual financial statements was not subject to any qualification.

A4. Seasonal Or Cyclical Factors

There is no major seasonality or cyclicity in the Group’s operations.

A5. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current interim period.

A6. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A7. Debt And Equity Securities

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim period.

A8. Payment Of Dividend

There was no payment of dividend for the quarter under review.

A9. Segmental Reporting

As at 30 September 2018

	Trading RM'000	Contract (exclude discontinuing operations) RM'000	Property Development RM'000	Property and Investment Holding RM'000	Others RM'000	Total RM'000
Revenue	30,635	641	2,465	111	-	33,852
Profit/(Loss) from Operations	686	(24)	281	66	(1)	1,008
Finance costs						(1,002)
Profit before taxation						6
Income tax expenses						(189)
Loss after tax from continuing operations						(183)
Result from discontinuing operations						222
Profit after taxation						39

A10. Property, Plant And Equipment

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses and is not depreciated.

A11. Disposal Group Classified As Held For Sale

At the end of the current reporting period, the operating segment for the constructing and assembling industrial control instruments is presented as a disposal group classified as held for sale following the Group's plan to divest its investment in this business segment to focus on its core business of trading in construction materials. Efforts to sell the disposal group have commenced and as at 30 September 2018, its after tax profit of RM222,138 are presented separately on the consolidated statement of profit and loss and other income as "profit after taxation from discontinuing operations". The assets and liabilities of the disposal group are as follows:

	RM'000
<u>Assets classified as held for sale</u>	
Property, plant and equipment	15,706
Inventories	1,278
Receivables	34,231
Tax assets	262
Cash and bank balances	4
	<u>51,481</u>
<u>Liabilities classified as held for sale</u>	
Payables and accruals	20,291
Bank borrowings	7,881
Deferred tax liabilities	62
	<u>28,234</u>

Included within assets classified as held for sale are also land and buildings and investment properties with total value of RM7,742,133 as Sale and Purchase Agreements for these properties have been executed or are in progress.

A12. Material Subsequent Events

There are no material events subsequent to the end of the current interim period that have not been reflected in these interim financial statements.

A13. Changes In Composition Of The Group

There were no changes in the composition of the Group for the current interim period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than a potential disposal of a subsidiary subsequent to the current financial year end as disclosed in Note A11 above.

A14. Contingent Liabilities

There are no material changes in contingent liabilities and contingent assets since the last annual balance sheet date.

B. ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS**B1. Review Of Performance**

The Group recorded a turnover of RM33 million with a pre-tax profit of RM6k for its continuing operation. After including the share of result from the discontinuing operation, the profit increase to RM298k. The decline in property market, delay in commencement of residential projects coupled with the financial institution reservation in financing purchase of residential units was the main cause of the decrease in turnover. The Group reported profit after tax of RM39k for the period under review, as the Group recognised the gain from disposal of property as mention in Note B5.

B2. Current Year Prospects

The Directors expect the Group's performance to be challenging and is currently consolidating and rationalising its operation to be more efficient especially in view of its high operation cost. Measures are being taken to trim areas of operation which are draining the Group's resources to enable the Group to be more cost effective in running its operations.

B3. Variances From Profit Forecast And Profit Guarantee

The Company did not make a profit forecast and therefore comments on variances with forecast profit are not applicable.

B4. Taxation

Taxation comprises the following:

	Individual Quarter <u>30/09/2018</u> RM'000	Cumulative Quarter <u>30/09/2018</u> RM'000
Malaysian income tax:		
Current year tax	(198)	(198)
Deferred taxation	9	9
Total income tax expense	<u>(189)</u>	<u>(189)</u>

B5. Sale Of Investments And Properties

- a) On 27 June 2018, the Company entered into a Sale and Purchase Agreement for the disposal of one of its office cum showroom on a piece of freehold land for a total consideration of RM3.6m. The net gain recognised by the Company and the Group in the current quarter from the disposal of this property with a carrying value of RM500k, after deducting the related expenses and estimated taxes, was RM2.7m.
- b) On 27 September 2018, the Company entered into a Sale and Purchase Agreement for the disposal of one of its office and warehouse for a total consideration of RM3.0m. The net gain recognised by the Company and the Group in the current quarter from the disposal of this property with a carrying value of RM300k, after deducting the related expenses and estimated taxes, was RM2.6m.

B6. Purchase Or Disposal Of Quoted Securities

- a) There is no purchase or disposal of quoted securities for the current interim period.
- b) Total investments in quoted shares as at 30 September 2018 are as below:

	<u>RM'000</u>
(i) At cost	2,699
(ii) At carrying value	180
(iii) At market value	180

B7. Status Of Corporate Proposals

On 27 August 2018, the Company announced that it proposed to establish and implement an Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of the Company, (excluding treasury shares, if any) ("Proposed ESOS") at any point in time during the duration of the Proposed ESOS. The Proposed ESOS, when implemented, shall be in force for a period of five (5) years from the effective date of its implementation.

However on the 26 October 2018, the Board has, after careful deliberation, decided not to proceed with the Proposed ESOS at this juncture as the Company is evaluating alternative incentive schemes for its employees before deciding on the most suitable scheme to be implemented.

B8. Group Borrowings And Debt Securities

The Group borrowings and debt securities which are denominated in Ringgit Malaysia as at 30 September are as below:

	As at <u>30/09/2018</u> RM'000
Secured	5,547
Unsecured	43,009
Total short term borrowings	<u>48,556</u>
Secured long term borrowings	<u>14,473</u>
Total borrowings	<u><u>63,029</u></u>

B9. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of this report.

B10. Material Litigation

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

B11. Dividend

No dividend has been recommended by the Board of Directors.

B12. Losses Per Share

The basic losses per share for the financial period have been calculated by dividing the Group's losses by the weighted average number of ordinary shares issued.

	Individual Quarter <u>30/09/2018</u>	Cumulative Quarter <u>30/09/2018</u>
Earnings/(Loss) attributable to owners of the parent (RM'000)		
- from continuing operations	(190)	(190)
- from discontinued operations	151	151
	<u>(39)</u>	<u>(39)</u>
Weighted average number of shares outstanding ('000)	72,469	72,469
Basic earnings/(loss) per ordinary share (sen)		
- from continuing operations	(0.26)	(0.26)
- from discontinued operations	0.21	0.21
	<u>(0.05)</u>	<u>(0.05)</u>

The Company has not issued any dilutive potential ordinary shares and hence, the diluted losses per share is equal to the basic losses per share.

BY ORDER OF THE BOARD

Chan Lai Choon

Secretary

Kuala Lumpur

28 November 2018