

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Individual Quarter (2 <sup>nd</sup> quarter)		Changes (%)	Cumulative Quarter		Changes (%)
	Current quarter ended	Corresponding quarter ended		Current period-to-date ended	Corresponding period-to-date ended	
	30.06.2018 (RM'000)	30.06.2017 (RM'000)		30.06.2018 (RM'000) (UNAUDITED)	30.06.2017 (RM'000) (UNAUDITED)	
1 Revenue	278,396	240,203	15.9%	533,536	473,421	12.7%
2 Cost of sales	(224,352)	(186,594)	20.2%	(434,425)	(377,771)	15.0%
3 Gross profit	54,044	53,609	0.8%	99,111	95,650	3.6%
4 Other income	2,126	3,564	-40.3%	7,809	7,028	11.1%
5 Administrative expenses	(8,499)	(8,300)	11.4%	(14,585)	(13,768)	24.0%
5A Other operating expenses	(746)			(2,494)		
6 Profit from operations	46,925	48,873	-4.0%	89,841	88,910	1.0%
7 Finance cost	(906)	(1,603)	-43.5%	(1,060)	(2,772)	-61.8%
8 Profit before tax	46,019	47,270	-2.6%	88,781	86,138	3.1%
9 Taxation	(10,932)	(13,931)	-21.5%	(21,227)	(23,823)	-10.9%
10 Profit after tax ("PAT") for the period	35,087	33,339	5.2%	67,554	62,315	8.4%
<b>Attributable to :</b>						
Owners of the Company	35,166	32,900	6.9%	67,514	61,750	9.3%
Non-controlling Interests ("NCI")	(79)	439	-118.0%	40	565	-92.9%
	35,087	33,339	5.2%	67,554	62,315	8.4%
11 Profit per share attributable to owners of the Company:						
(i) Basic earnings per ordinary share ("EPS")(sen)*	2.83	3.50**		5.44	6.57**	
(ii) Diluted earnings per ordinary share (sen)*	2.49	3.28**		4.78	6.05**	

\* 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.

\*\* For comparison purpose, the Earning Per Share for the quarter and the period ended 30 June 2017 had been adjusted to reflect the bonus issues of six bonus shares for every five existing ordinary shares which had completed on 27 February 2018.

**(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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements)**

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

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Corresponding quarter ended	Current period-to-date ended	Corresponding period-to-date ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
			(UNAUDITED)	(UNAUDITED)
1 PAT for the period	35,087	33,339	67,554	62,315
2 Other Comprehensive Expense:				
- Foreign currency translation differences	60	-	(297)	-
3 Total comprehensive income for the period	<u>35,147</u>	<u>33,339</u>	<u>67,257</u>	<u>62,315</u>
<b>Attributable to :</b>				
Owners of the Company	35,226	32,900	67,217	61,750
Non-controlling Interests ("NCI")	(79)	439	40	565
	<u>35,147</u>	<u>33,339</u>	<u>67,257</u>	<u>62,315</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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 30.06.2018 (RM'000) (UNAUDITED)</b>	<b>As at 31.12.2017 (RM'000) (RESTATED)</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	165,399	145,325
Investment Properties	3,032	5,142
Other Investments	13,419	13,069
Intangible Assets	353,171	353,186
Trade Receivables	157,933	135,230
Deferred tax assets	316	313
	<b>693,270</b>	<b>652,265</b>
<b>Current Assets</b>		
Inventories	70,074	71,805
Trade and other receivables	250,360	232,505
Accrued billings in respect of property development	6,813	-
Tax Recoverables	2,962	2,989
Other current assets	37,518	33,848
Fixed Deposits and Quoted Unit Trusts	129,327	134,644
Cash and Bank Balances	95,132	50,650
	<b>592,186</b>	<b>526,441</b>
<b>TOTAL ASSETS</b>	<b>1,285,456</b>	<b>1,178,706</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share Capital	642,658	642,658
Share Premium	-	-
Redeemable Convertible Preference Shares ("RCPS")	-	-
Other Reserves	427	724
Retained Profits	289,411	228,107
	<b>932,496</b>	<b>871,489</b>
<b>Non-controlling Interests</b>	<b>1,902</b>	<b>1,862</b>
<b>Total Equity</b>	<b>934,398</b>	<b>873,351</b>

**UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

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

	<b>As at 30.06.2018 (RM'000) (UNAUDITED)</b>	<b>As at 31.12.2017 (RM'000) (RESTATED)</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	57,142	49,017
Deferred tax liabilities	6,863	8,359
	64,005	57,376
<b>Current Liabilities</b>		
Trade and other payables	147,915	145,944
Other current liabilities	69,258	76,980
Progress billings in respect of property development	-	14,915
RCPS - liability component	-	-
Borrowings	59,127	-
Provision for Taxation	10,753	10,140
	287,053	247,979
<b>Total Liabilities</b>	351,058	305,355
	<b>1,285,456</b>	<b>1,178,706</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,285,456</b>	<b>1,178,706</b>
Net assets per share attributable to owners of the Company (RM)	0.75	1.54
No. of ordinary shares (in thousand)	1,241,969	564,531

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2017 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 RM'000
	----- Non-Distributable -----						
	Share Capital RM'000	Share Premium <sup>(1)</sup> RM'000	Other Reserves RM'000	RCPS RM'000	Retained Profits RM'000	Non Controlling Interests RM'000	
<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 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
<b>6 MONTHS PERIOD ENDED 30 JUNE 2017</b>							
Balance as at 1 January 2017	254,533	330,009	324	36,523	140,444	533	762,366
Total Comprehensive Income for the period	-	-	-	-	61,750	565	62,315
Issuance of shares pursuant to - Warrants exercised	3,895	2,964	-	-	-	-	6,859
Share issuance expenses	-	(30)	-	-	-	-	(30)
Balance as at 30 June 2017	258,428	332,943	324	36,523	202,194	1,098	831,510

**Note**

<sup>(1)</sup> Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for the purposes as set out in Section 618(3) of the Act. There is no impact on the numbers 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 Annual Financial Report for the Year Ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements)**

**CONSOLIDATED CASHFLOW STATEMENT**

	<b>Current period-to-date ended 30.06.2018 (RM'000) (UNAUDITED)</b>	<b>Corresponding period-to-date ended 30.06.2017 (RM'000) (UNAUDITED)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	88,781	86,138
Adjustment for :		
Amortisation and depreciation of property, plant and equipments	15,822	11,105
Non-cash items	252	(858)
Operating Profit Before Working Capital Changes	104,855	96,385
Changes in working capital :		
Net change in operating assets	(49,844)	(10,440)
Net change in operating liabilities	(17,220)	(15,719)
Net Cash Generated from Operations	37,791	70,226
Interest received	2,820	1,328
Interest paid	(85)	(439)
Income tax paid	(22,736)	(18,657)
Net Cash Generated from Operating Activities	17,790	52,458
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipments	(36,335)	(17,499)
Acquisition of investment properties	-	(5,339)
Proceeds from disposal of property, plant and equipments	4,966	2,478
Net Cash Used In Investing Activities	(31,369)	(20,360)
<b>CASH FLOW (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	3,895
Proceeds from exercise of warrants	-	2,934
Net repayment of short term borrowing	-	(4,836)
Dividend declared during the period	(6,210)	-
Net Cash (Used In)/Generated From Financing Activities	(6,210)	1,993
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(19,789)	34,091
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	(295)	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	185,416	132,439
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	165,332	166,530
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD CONSIST OF:</b>		
Cash and Bank Balances	95,132	96,377
Fixed Deposits and Quoted Unit Trust	129,327	70,153
Less: Short term borrowing	(59,127)	-
	165,332	166,530

**(The Condensed Consolidated Cashflow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2017 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 2017.

##### **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 2017, except for the adoption of the following new and revised Standards and Amendments.

As of 1 January 2018, the Group has adopted the following new and revised MFRSs and amendments to MFRS and IC interpretation (collectively referred to as "pronouncements") which are effective for annual years beginning on or after 1 January 2018.

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 15	Revenue from Contracts with Customers: Clarifications to MFRS 15
Amendments to MFRS 128	Investment in Associates and Joint Ventures (Annual Improvements 2014 - 2016 Cycle)
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 140	Investment Property - Transfers of Investment Property

The initial application on the above pronouncements did not have any material impact to the condensed financial statements. The impacts for application of MFRS 9 of RM6.2 million has been adjusted against opening retained profits as disclosed in note A2.3.

##### **A2.3 Adoption of MFRS 9 and MFRS 15**

###### **i. MFRS 9 Financial Instruments**

The Group adopted MFRS 9, Financial Instruments on 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The three principal classifications categories for financial assets are: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

The impact on the accounting for the Group's financial assets upon initial application of the new classification requirements. The impacts of application of MFRS 9 are as discussed below.

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MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances will be measured on either 12 month ECLs or Lifetime ECLs. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives. Adjustments arising from the initial application of the new impairment model has been recognised in the opening balance of the retained earnings and the carrying amount of the financial assets as at 1 January 2018 as disclosed below:

	<b>Impact of adoption of MFRS 9 to opening balance at 1 January 2018</b>
	<b><u>In RM'000</u></b>
<b><u>Non-current Assets</u></b>	
Decrease in trade receivables	(128)
<b><u>Current Assets</u></b>	
Decrease in trade and other receivables	(6,011)
Decrease in fixed deposits and quoted unit trusts	(88)
Decrease in cash and bank balances	(33)
<b><u>Equity</u></b>	
Decrease in retained profits	(6,260)

ii. MFRS 15 Revenue for Contracts with Customers

The Group adopted MFRS 15, Revenue from Contracts with Customers on 1 January 2018. MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfer of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The Group recognises revenue of each performance obligation when it transfers control of a product or service to a customer either at a point of time or over time. When revenue is recognised over time, the stage of completion for projects is measured (by reference to the cost incurred up to the reporting date as a percentage of total estimated cost or by reference to physical stage of completion. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

**A3. Audit Report**

The audited financial statements for the preceding financial year ended 31 December 2017 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 financial period ended 31 March 2018, the issued and paid-up share capital was increased from 564,531,382 to 1,241,968,766 by issuance of six bonus shares on every existing five ordinary shares on 27 February 2018.

Other than the above, there were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares for the Group during the current quarter and financial period under review.

**A8. Dividends Paid**

On 26 April 2018, the Board of Directors, pursuant to the Company's Constitution, recommended a single-tier final dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2017 for approval of the shareholders at the Annual General Meeting on 28 May 2018, which thereon approval granted. The total amount of RM6.21 million has been paid on 10 July 2018.



**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**A9. Segmental Information**

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

	<b>Construction (RM'000)</b>	<b>Manufacturing (RM'000)</b>	<b>Property Development (RM'000)</b>	<b>Others (RM'000)</b>	<b>Elimination (RM'000)</b>	<b>Total (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	81,453	(84,450)	67,514
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**OTHER INFORMATION**

Segmental Assets	805,066	112,409	87,513	759,019	(478,551)	1,285,456
Segmental Liabilities	573,274	110,125	51,965	34,391	(418,697)	351,058

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	<b>Construction (RM'000)</b>	<b>Manufacturing (RM'000)</b>	<b>Property Development (RM'000)</b>	<b>Others (RM'000)</b>	<b>Elimination (RM'000)</b>	<b>Total (RM'000)</b>
External Revenue	437,553	1,837	34,031	-	-	473,421
Inter Group Revenue	122,542	95	-	-	(122,637)	-
	560,095	1,932	34,031	-	(122,637)	473,421

**RESULTS**

Segmental Results	65,290	(377)	4,565	8,236	(15,964)	61,750
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**OTHER INFORMATION**

Segmental Assets	742,345	110,894	72,609	632,178	(436,167)	1,121,860
Segmental Liabilities	495,024	113,325	55,434	10,050	(383,484)	290,349

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) Others - Investment holding and others.

**Segment performance for the financial year ended 30 June 2018 as compared to corresponding preceding year ended 30 June 2017**

**(i) Construction**

The construction segment has achieved a total revenue of RM591.71 million in the current financial period representing an increase of approximately 6% as compared to its corresponding preceding financial period of RM560.10 million. Segmental profit was recorded at RM58.7 million on current financial period compare to corresponding preceding financial period of RM65.3 million. The increase in revenue was mainly due to steady progress construction work on-site. The segmental profit was slightly decrease mainly due to slightly increase in cost. 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 increased to RM7.72 million in current financial year compared to its corresponding preceding financial year of RM1.93 million. The segmental profit has increased from loss RM0.38 million to RM2.20 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 RM50.23 million and a profit of RM9.60 million for the current financial year as more sales and purchase agreements were being executed on the project with higher development progress being registered for the project.

**(iv) Others**

Others refer to investment holding and other dormant companies. A segmental profit of RM81 million was registered mainly due to its dividend income from its subsidiary.

**A10. Profit Before Tax**

	<b>Individual Quarter 30.06.2018 (RM'000)</b>	<b>Cumulative Quarter 30.06.2018 (RM'000)</b>
Net fair value gain	1,053	(1,482)
Interest income	(1,334)	(2,820)
Amortisation and depreciation of property, plant and equipment	8,178	15,822
Interest expenses	56	85
Loss on disposal of property, plant and equipment	72	205
Written off property, plant and equipment	-	54

**A11. Subsequent Events**

There were no subsequent events as at 23 August 2018, 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**

There were no changes in the composition of the Group for the current quarter and financial period under review.

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

(a) Contingent Liabilities

	<b>Cumulative Quarter 30.06.2018 (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	100,451
	<u>317,540</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 year under review, the Group posted a revenue of RM278.40 million as compared to its corresponding preceding financial year quarter of RM240.20 million. The Profit After Tax ("PAT") in the current quarter of RM35.09 million, representing an increase of RM1.75 million from its corresponding preceding year quarter of RM33.34 million.

Overall, the increase in revenue was mainly attributed to the construction segment of the Group which currently has a substantial orderbook comprising of projects awarded by premium property developers in Malaysia. There is improvement on the manufacturing segment performance. The property development segment is also expected to contribute positively to the Group's earnings moving forward with the encouraging take up rate in the Group's property development project in Genting Permai.

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

	<b>Current Quarter ended 30.06.2018 (RM'000)</b>	<b>Immediate Preceding Quarter ended 31.03.2018 (RM'000)</b>	<b>Changes (%)</b>
Revenue	278,396	255,140	9.1%
Operating Profit	46,925	42,916	9.3%
Profit Before Tax	46,019	42,762	7.6%
Profit After Tax	35,087	32,467	8.1%
Profit Attributable to Owners of the Company	35,166	32,348	8.7%

For the current quarter, the Group recorded a revenue and PBT of RM278.40 million and RM46.02 million respectively as compared to RM255.14 million and RM42.76 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 higher development progress.

**B3. Current Year Prospects**

The Group is pleased that it has delivered growth in both revenue and profit. During the current financial quarter and period-to-date ended 30 June 2018, the Group has secured a building contract worth RM357.3 million and on 5 June 2018 accepted a letter of award amounting to RM138.6 million for execution and completion of marine bridge, embankment at grade and all other associated civil engineering works for the proposed Seri Tanjung Pinang (Phase 2) Development. The Group's outstanding order book stands at RM2.88 billion as at financial period ended 30 June 2018.

On the Group's maiden project, Vista Residences has also recorded an encouraging take-up rate with its current unbilled sales of approximately RM62 million.

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

The Group will continue to exercise vigilance and prudence in achieving its objectives whilst expanding in view of the current global and local economic environments.

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.

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.

**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**B4. Profit Forecast**

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

**B5. Taxation**

	<b>Individual Quarter 30.06.2018 (RM'000)</b>	<b>Cumulative Quarter 30.06.2018 (RM'000)</b>
Malaysia income tax		
- current year	10,459	21,635
- under provided in prior year	325	1,088
	<u>10,784</u>	<u>22,723</u>
Deferred tax		
- current year	148	(1,496)
	<u>10,932</u>	<u>21,227</u>

Effective tax rates for the current financial quarter and period-to-date ended 30 June 2018 was comparable to statutory tax rate of 24%.

**B6 Group Borrowings and Debt Securities**

Details of the group borrowings as at 30 June 2018 were as follows:

	<b>Cumulative Quarter 30.06.2018 (RM'000)</b>
<b><u>Short term borrowings - Unsecured</u></b>	
(i) Cashline facilities (denominated in RM)	<u>59,127</u>

**B7. Status of Corporate Proposals**

There were no proposal announced by the Company but pending implementation as of the date of this report.

**B8. Changes in Material Litigation**

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

**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**B9. Dividend**

Total dividend for the financial year ending 31 December 2018 and financial year ended 31 December 2017 are summarised as follow:

	<b>Net Per Share FY2018 (sen)</b>	<b>Net Per Share FY2017 (sen)</b>
<u>Interim Dividend</u>		
Single-tier dividend	<b>1.5 ***</b>	<b>5.5 *</b>
<u>Final Dividend</u>		
Single-tier dividend	<b>****</b>	<b>0.5**</b>

\* On 10 July 2017, the Board of Directors has approved a single-tier interim dividend of 5.5 sen per ordinary share in respect of the financial year ended 31 December 2017. The total amount of RM30.82 million has been paid on 29 August 2017.

\*\* The final dividend for financial year ended 2017 was declared based on the enlarged share capital after completion of the bonus issues of six bonus shares for every five existing ordinary shares which had completed on 27 February 2018.

On 13 April 2018, the Board of Directors proposed the single-tier final dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2017 and has been tabled for approval at the AGM on 28 May 2018 .

The total amount of RM6.21 million has been paid on 10 July 2018.

The Company has declared a total dividend of RM37 million which is approximately 29.7% of the profit after taxation for the financial year ended 31 December 2017 which is above the Company dividend policy of 25% of profit after taxation.

\*\*\* 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 ending 31 December 2018. The approved interim dividend payable represent approximately 27.6% of profit after tax for financial period ended 30 June 2018.

The proposed entitlement date and payment date are on 2 October 2018 and 30 October 2018 respectively.

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

**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 RM1.48 million.

**NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**B11. Earnings Per Share**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
<b>Earnings</b>				
Profit attributable to owners of the Company (RM'000)	35,166	32,900	67,514	61,750
<b>a) Basic</b>				
Weighted average number of ordinary shares ('000)	1,241,969	939,604 *	1,241,969	940,562 *
<b>Basic Profit per share attributable to equity holders of the Company (Sen)</b>	<u>2.83</u>	<u>3.50</u>	<u>5.44</u>	<u>6.57</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	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
<b>Earnings</b>				
Profit attributable to owners of the Company (RM'000)	35,166	32,900	67,514	61,750
Weighted average number of ordinary shares ('000)	1,241,969	939,604 *	1,241,969	940,562 *
Effect of dilution of warrants ('000)	169,359	2,970 *	169,359	18,339 *
Effect of dilution of RCPS ('000)	-	61,133 *	-	61,133 *
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,411,328</u>	<u>1,003,707</u>	<u>1,411,328</u>	<u>1,020,034</u>
<b>Diluted Profit per share attributable to equity holders of the Company (Sen)</b>	<u>2.49</u>	<u>3.28</u>	<u>4.78</u>	<u>6.05</u>

\* For comparison purpose, the Earnings per Share for the quarter and period ended 30 June 2017 had been adjusted to reflect the bonus issues of six bonus shares for every five existing ordinary shares which had completed on 27 February 2018.