



**H<sub>2</sub>O** RESIDENCES

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**INTERIM  
FINANCIAL  
REPORT**

THIRD QUARTER  
ENDED 31<sup>ST</sup> MARCH  
2016

# INTERIM FINANCIAL REPORT

THIRD QUARTER | ENDED 31<sup>ST</sup> MARCH 2016



## **TITIJAYA LAND BERHAD**

(Company No. 1009114-M)

(Incorporated in Malaysia under the Companies Act, 1965)

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)<sup>(1)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.01.2016 TO 31.03.2016 RM'000 RM'00	01.01.2015 TO 31.03.2015 RM'000	01.07.2015 TO 31.03.2016 RM'000	01.07.2014 TO 31.03.2015
Revenue	103,648	120,240	293,459	274,159
Costs of sales	(69,879)	(78,723)	(189,826)	(157,081)
<b>Gross Profit</b>	<b>33,769</b>	<b>41,517</b>	<b>103,633</b>	<b>117,078</b>
Other Income	812	891	4,750	2,626
Selling and distribution expenses	(6,621)	(6,055)	(18,244)	(16,641)
Administrative expenses	(5,408)	(4,478)	(13,751)	(12,313)
Other expenses	(1,393)	(885)	(4,045)	(2,810)
Finance costs	(531)	(155)	(1,145)	(494)
<b>Profit before taxation</b>	<b>20,628</b>	<b>30,835</b>	<b>71,198</b>	<b>87,446</b>
Income tax expense	(5,458)	(9,580)	(17,761)	(25,046)
<b>Net profit for the period</b>	<b>15,170</b>	<b>21,255</b>	<b>53,437</b>	<b>62,400</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the financial period</b>	<b>15,170</b>	<b>21,255</b>	<b>53,437</b>	<b>62,400</b>
<b>Profit attributable to:</b>				
- Owners of the Company	15,171	21,455	53,434	62,600
- Non-controlling interests	(1)	(200)	3	(200)
	<b>15,170</b>	<b>21,255</b>	<b>53,437</b>	<b>62,400</b>
<b>Earnings per share (sen) attributable to owners of the Company</b>				
- Basic <sup>(2)</sup>	4.30	6.07	15.09	17.77
- Diluted <sup>(3)</sup>	4.14	5.75	14.54	16.82

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND THREE MONTHS ENDED 31 MARCH 2016 (UNAUDITED)<sup>(1)</sup>****Notes:**

- (1) *The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *Based on weighted average number of ordinary shares in issue (as detailed in Note B10 (a)).*
- (3) *Based on weighted average number of ordinary shares in issue (as detailed in Note B10 (b)) and assume the full conversion of balance 40,000,000 Redeemable Convertible Preference Shares of RM0.50 each (“RCPS”) on the basis of one (1) new Share for every three (3) RCPS held.*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016  
(UNAUDITED) <sup>(1)</sup>**

	<b>UNAUDITED</b> As At <b>31.03.2016</b> RM'000	<b>AUDITED</b> As At <b>30.06.2015</b> RM'000
<b>Non-current assets</b>		
Property, plant and equipment	4,231	4,510
Land held for property development	263,444	135,179
Investment properties	77,230	76,320
Goodwill on consolidation	3,706	3,706
<b>Total non-current assets</b>	<b>348,611</b>	<b>219,715</b>
<b>Current assets</b>		
Property development costs	365,320	365,850
Inventories	22,206	23,406
Other investments	-	2,164
Trade and other receivables	197,663	217,715
Accrued billings in respect of property development costs	51,811	33,233
Tax recoverable	10,443	5,543
Fixed deposits placed with licensed banks	34,996	61,269
Cash and bank balances	45,959	127,990
<b>Total current assets</b>	<b>728,398</b>	<b>837,170</b>
<b>TOTAL ASSETS</b>	<b>1,077,009</b>	<b>1,056,885</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016  
(UNAUDITED) <sup>(1)</sup>**

	<b>UNAUDITED</b> As At <b>31.03.2016</b> RM'000	<b>AUDITED</b> As At <b>30.06.2015</b> RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	180,000	176,667
RCPS - equity component	4,980	7,433
Share premium	100,451	92,957
Reserve arising from reverse acquisition	(47,426)	(47,426)
Treasury shares	(4,731)	(42)
Retained earnings	282,599	245,283
<b>Equity attributable to equity holders of the Company</b>	<b>515,873</b>	<b>474,872</b>
<b>Non-controlling interest</b>	<b>572</b>	<b>569</b>
<b>Total equity</b>	<b>516,445</b>	<b>475,441</b>
<b>Non-current liabilities</b>		
Hire purchase payables	358	422
Bank borrowings	104,335	103,357
RCPS - liability component	16,708	23,585
Deferred tax liabilities	34,271	35,768
<b>Total non-current liabilities</b>	<b>155,672</b>	<b>163,132</b>
<b>Current liabilities</b>		
Trade and other payables	192,311	163,262
Progress billings in respect of property development costs	111,333	190,990
Hire purchase payables	99	176
Bank borrowings	93,607	54,537
Current tax payables	7,542	9,347
<b>Total current liabilities</b>	<b>404,892</b>	<b>418,312</b>
<b>Total liabilities</b>	<b>560,564</b>	<b>581,444</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,077,009</b>	<b>1,056,885</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.46<sup>(2)</sup></b>	<b>1.34<sup>(3)</sup></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016  
(UNAUDITED) <sup>(1)</sup>****Notes:**

- (1) *The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *Based on the weighted average issued share capital of 352,998,233 ordinary shares of RM0.50 each (“Shares”) after the exercised of the conversion of 20,000,000 Redeemable Convertible Preference Shares of RM0.50 each (“RCPS”) into 3,333,334 new ordinary shares of RM0.50 each on the basis of one (1) new Share for every three (3) RCPS held and the purchase of 3,140,800 treasury shares at average price of RM1.49 each.*
- (3) *Based on the weighted average issued share capital of 353,311,333 ordinary shares of RM0.50 each (“Shares”) after the exercise of the conversion of 40,000,000 Redeemable Convertible Preference Shares of RM0.50 each (“RCPS”) into 13,333,333 new ordinary shares of RM0.50 each on the basis of one (1) new Share for every three (3) RCPS held and the purchase of 22,000 treasury shares at RM1.89 each.*



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (UNAUDITED) <sup>(1)</sup>

	<-----Attributable to owners of the Company ----->								
	<----- Non-Distributable ----->				<--Distributable -->				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM	RCPS - Equity Component RM'000	Reserve arising from Reverse Acquisition RM'000	Retained Earnings RM'000	Total RM	Non- Controlling Interest RM	Total Equity RM'000
<b>Group</b>									
At 30 June 2014	170,000	78,840	-	12,388	(47,426)	178,309	392,111	-	392,111
Issuance of shares	6,667	14,117	(42)	(4,955)	-	-	15,787	-	15,787
Dividend paid	-	-	-	-	-	(14,133)	(14,133)	-	(14,133)
Changes in ownership on subsidiaries	-	-	-	-	-	171	171	754	925
Total comprehensive income for the financial year	-	-	-	-	-	80,936	80,936	(185)	80,751
<b>Balance at 30 June 2015</b>	<b>176,667</b>	<b>92,957</b>	<b>(42)</b>	<b>7,433</b>	<b>(47,426)</b>	<b>245,283</b>	<b>474,872</b>	<b>569</b>	<b>475,441</b>
Issuance of shares	3,333	7,494	(4,689)	(2,453)	-	-	3,685	-	3,685
Dividend paid	-	-	-	-	-	(16,118)	(16,118)	-	(16,118)
Total comprehensive income for the financial period	-	-	-	-	-	53,434	53,434	3	53,437
<b>Balance at 31 March 2016</b>	<b>180,000</b>	<b>100,451</b>	<b>(4,731)</b>	<b>4,980</b>	<b>(47,426)</b>	<b>282,599</b>	<b>515,873</b>	<b>572</b>	<b>516,445</b>

**Notes:**

(1) The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (UNAUDITED) <sup>(1)</sup>**

	<b>UNAUDITED 01.07.2015 TO 31.03.2016 RM'000</b>	<b>AUDITED 01.07.2014 TO 30.06.2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	71,198	111,083
Adjustments for:		
Accretion of interest on RCPS	984	1,818
Depreciation of investment properties	70	93
Depreciation of property, plant and equipment	351	517
Loss on disposal of motor vehicle	-	8
Dividend Income	-	(154)
Receivables written off	-	9
Interest expense	1,145	764
Interest income	(2,857)	(2,936)
Operating Profit Before Working Capital Changes	<u>70,891</u>	<u>111,202</u>
Changes In Working Capital		
Property development costs	(97,705)	(21,913)
Inventories	1,200	4,988
Receivables	20,052	(41,126)
Payables	29,049	101,943
Net Cash Generated From / (Used In) Operations	<u>23,487</u>	<u>155,094</u>
Interest paid	(1,145)	(764)
Interest received	2,857	2,936
Tax paid	(25,450)	(32,743)
Net Operating Cash Flows	<u>(251)</u>	<u>124,523</u>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(72)	(351)
Proceed from disposal of property, plant and equipment	-	30
Investment properties costs incurred	(980)	-
Investment in an associate	-	35
Net cashflow from acquisition of subsidiary companies	-	(1,845)
Other investment	2,164	(1,500)
Land held for property development costs incurred	(128,265)	(25,232)
Net Investing Cash Flows	<u>(127,153)</u>	<u>(28,863)</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (UNAUDITED) <sup>(1)</sup>**

	<b>UNAUDITED 01.07.2015 TO 31.03.2016 RM'000</b>	<b>AUDITED 01.07.2014 TO 30.06.2015 RM'000</b>
<b>CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Change in fixed deposit	-	(11,841)
Dividend paid	(16,118)	(14,133)
Repurchase of treasury shares	(4,689)	(42)
Repayment of hire purchase payables	(141)	(254)
Drawdown of bank borrowings	62,540	5,026
Repayment of bank borrowings	(46,928)	(39,759)
Proceeds from non-controlling interests on acquisition of shares issued by subsidiaries	-	900
Net Financing Cash Flows	<u>(5,336)</u>	<u>(60,103)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(132,740)</b>	<b>35,557</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>168,521</b>	<b>132,964</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>35,781</u></b>	<b><u>168,521</u></b>
<b>Cash and cash equivalents at end of period comprises:</b>		
Cash and bank balances	45,959	127,990
Fixed deposit placed with licensed banks	34,996	61,269
Bank overdrafts	(29,026)	(4,590)
	<u>51,929</u>	<u>184,669</u>
Less: Fixed deposit placed with licensed banks	(16,148)	(16,148)
	<u><u>35,781</u></u>	<u><u>168,521</u></u>

**Notes:**

- (1) *The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to these interim financial statements*

## A EXPLANATORY NOTES PURSUANT TO FRS 134

### A1. Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board, and paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 June 2015 and the explanatory notes attached therein.

These explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2015.

The accounting policies and methods of computation adopted by the Group for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2015.

#### **New FRS and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted**

The Group has not adopted the following new FRS and amendments/improvements to FRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”):-

		<b>Effective for financial periods beginning on or after</b>
<u>New FRS</u>		
FRS 9	Financial Instruments	1 January 2018
FRS 14	Regulatory Deferral Accounts	1 January 2016
<u>Amendments/Improvements to FRSs</u>		
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interests in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	1 January 2016
FRS 134	Interim Financial Reporting	1 January 2016
FRS 138	Intangible Assets	1 January 2016

Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group.

## A EXPLANATORY NOTES PURSUANT TO FRS 134 (Continued)

### A1. Accounting Policies and Basis of Preparation (Continued)

#### MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* (“Transitioning Entities”). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group which is Transitioning Entity has chosen to defer the adoption of the MFRSs framework. As such, the Group will prepare its third MFRSs financial statements using the MFRSs framework for financial year ended 30 June 2018.

#### *Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)*

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the interim financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

#### *MFRS 15 Revenue from Contracts with Customers*

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

**A EXPLANATORY NOTES PURSUANT TO FRS 134 (Continued)****A2. Auditors' Report on Preceding Annual Financial Statements**

There was no audit qualification reported in the Auditors' Report on the financial statements for the financial year ended 30 June 2015.

**A3. Seasonality or Cyclicity of Operations**

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

**A4. Unusual Items**

There were no significant items affecting the assets, liabilities, equity, net income or cash flows for the current financial period to-date.

**A5. Changes in Estimates**

There were no changes in the estimates that have had a material effect in the current quarter and current financial period to-date results.

**A6. Debt and Equity Securities**

There was no issuance, cancellation, resale or repayment of debt and equity securities during the current financial period under review except the following:-

**Repurchase of shares**

During the quarter under review, the Company has repurchased 1,313,700 of its issued ordinary shares from the open market price ranging from RM 1.37 to RM 1.73 per shares.

As at 31 March 2016, the Company held a total of 3,140,800 or RM 4,730,612 treasury shares at an average price of RM 1.49 per shares.

**A7. Dividend Paid**

There was no dividend paid in the current quarter under review.

## A EXPLANATORY NOTES PURSUANT TO FRS 134

### A8. Segmental Information

The segmental analysis for the financial period 31 March 2016 was as follows.

Analysis by Operating Divisions:-

	<b>Property Development RM'000</b>	<b>Investment Holding RM'000</b>	<b>Total RM'000</b>
<b>Segment profit</b>	152,112	48,941	201,053
Included in the measure of segment profit are:-			
Revenue from external customers	293,384	75	293,459
Inter-segment revenue	-	17,072	17,072
Interest income	1,740	1,117	2,857
Interest expense	1,134	11	1,145
Depreciation	288	133	421
Accretion of interest on RCPS	-	984	984
Not included on the measure of segment profit but provided to the Management :-			
Tax expenses	15,733	2,028	17,761
<b>Segment assets</b>	1,214,718	452,118	1,666,836
<b>Segment liabilities</b>	922,051	116,810	1,038,861

Reconciliation of reportable segment revenues, profit and loss, assets and other material items.

	<b>Total RM'000</b>
Total revenue for reportable segments	310,531
Elimination of inter-segment revenue	(17,072)
Consolidated total	293,459
Total profit or loss for reportable segment	201,053
Elimination of inter-segment profits	(129,855)
Consolidated profit before taxation	71,198
Total reportable segments assets	1,666,836
Elimination of inter-segment transactions or balances	(589,827)
Consolidated total	1,077,009
Total reportable segments liabilities	1,038,861
Elimination of inter-segment transactions or balances	(478,297)
Consolidated total	560,564

### A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward, without amendment from the previous audited financial statements.

**A EXPLANATORY NOTES PURSUANT TO FRS 134****A10. Material Events subsequent to the End of the Interim Period**

There was no material events subsequent to the end of the financial period reported that have not been reflected in the financial statements.

**A11. Changes in Composition of the Group**

On 21 January 2016, The Company acquired two (2) ordinary shares of RM 1.00 each, representing 100% of the issued and paid up capital of Titijaya Development ( Pulau Pinang) Sdn Bhd. (Formerly Goden Intergrity Sdn Bhd) ( Company No. 1165342-V), for a total consideration of RM2.00.

On the same day, the Company acquired two (2) ordinary shares of RM 1.00 each, representing 100% of the issued and paid up capital of High Splendour Sdn. Bhd . (Company No. 1155662-T) for a total consideration of RM 2.00.

The Company had on 23 February 2016 entered into a Share Sales Agreement ( “SSA”) with Rafidah binti Menan and Nur Diana binti Arifin (collectively referred to as the “Vendors”) for the acquisition of two ordinary shares of RM 1.00 each in Tamarind Heights Sdn Bhd from the Vendor, for a total consideration of RM 2.00, upon the terms and conditions as stipulated in SSA.

**A12. Changes in Contingent Liabilities and Contingent Assets****Contingent Liabilities**

	<b>As At 31.03.2016 RM'000</b>	<b>As At 30.06.2015 RM'000</b>
Corporate guarantees for credit facilities granted to subsidiaries	537,822	467,822

**Contingent Assets**

The Group does not have any material contingent assets to be disclosed as at 31 March 2016.

**A13. Capital Commitments**

	<b>As At 31.03.2016 RM'000</b>	<b>As At 30.06.2015 RM'000</b>
Approved and contracted but not provided for:		
- Land held for property development		
Purchase consideration	131,570	131,570
Less: Deposits paid	(2,032)	(2,032)
	129,538	129,538



## B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

### B1. Review of Performance

The Group's revenue increased by 7% amounting to RM 19.3 million compared to previous corresponding quarter. The increased is resulted from the progress recognition in H2O and 3Elements projects amounting to RM 53 million and RM 42 million respectively.

Gross profit decreased by 8% mainly due to normalization of profit margin during the current period compared to previous corresponding period.

### B2. Variation of Results for the current quarter ended 31 March 2016 against the immediate preceding quarter

The revenue for current quarter decreased by 2% compared to the immediate preceding quarter due to near completion in project Zone innovation. However, gross profit increased to 33% or RM 33.77 million in the current quarter. The increased is contributed by new progress recognition from H2O in current quarter.

### B3. Commentary on Prospects

The Board is of the opinion that the environment going forward will be challenging. However, based on the Group's on going and upcoming projects, the Board is hopeful that the Group's performance for the financial year ending 30 June 2016 will be satisfactory through the continuous sales of the development projects as well as the new launches.

### B4. Variance of Profit Forecast

No profit forecast has been issued by the Group previously in any public document.

### B5. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The profit before taxation has been arrived at after charging / (crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.01.2016 TO 31.03.2016 RM'000	01.01.2015 TO 31.03.2015 RM'000	01.07.2015 TO 31.03.2016 RM'000	01.07.2014 TO 30.09.2015 RM'000
<b>After charging:</b>				
Accretion of interest on RCPS	328	454	984	1,363
Depreciation of investment properties	24	24	70	70
Depreciation of property, plant and equipment	105	122	351	365
Directors' remuneration	277	293	847	927
Interest expense	531	156	1,145	494
Rental of sales office	34	56	242	252
Rental of equipment	7	4	16	8
Staff costs	4,339	1,777	8,979	6,967
<b>After crediting:</b>				
Bank interest income	(102)	(59)	(374)	(157)
Fixed deposit interest income	(279)	(664)	(1,483)	(1,677)
Other interest income	(38)	(39)	(1,000)	(106)
Rental income	(526)	(754)	(1,446)	(324)

There is no exception items for the current financial quarter under review.

## B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

### B6. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.01.2016 TO 31.03.2016 RM'000	01.01.2015 TO 31.03.2015 RM'000	01.07.2015 TO 31.03.2016 RM'000	01.07.2014 TO 30.09.2015 RM'000
Current tax expense	5,494	9,689	18,745	25,373
Deferred taxation	(36)	(109)	(984)	(327)
	<u>5,458</u>	<u>9,580</u>	<u>17,761</u>	<u>25,046</u>

The Group's effective tax rate for the current financial period is higher than the statutory tax rate of 24% by the Inland Revenue Board due to certain expenses not deductible.

### B7. Status of Corporate Proposal

City Meridian Development Sdn. Bhd. ("CMD"), a wholly owned subsidiary of Company, had on 21 May 2014, entered into a sale and purchase agreement ("SPA") with Titijaya Group Sdn Bhd ("TGSB") to purchase a parcel of leasehold land held under PN4022, Lot No. 12174, Mukim 12, Daerah Barat Daya, Pulau Pinang for cash consideration at RM126,000,000.

On 19 January 2015, CMD had entered into a supplemental agreement with TGSB to vary, amend, modify or alter certain provisions, terms and conditions of the SPA.

On 27 May 2015, the shareholders of the Company have approved the purchase of the leasehold land from TGSB.

On 28 September 2015, CMD and TGSB had on 21 September 2015 mutually agreed to extend the date for fulfillment of the Conditions Precedent stipulated in the SPA and Supplemental Agreement from 21 September 2015 until 10 November 2015.

On 10 November 2015 and 10 February 2016, CMD and TGSB mutually agreed to further extend the date for fulfilment of the Conditions Precedent stipulated in the SPA and Supplemental Agreement from 10 November 2015 until 10 February 2016 and from 10 February 2016 until 10 May 2016 respectively, so as to allow sufficient time between TGSB and CMD to complete the necessary conveyancing process for the completion of the Proposed Acquisition.

On 10 May 2016, CM and TGSB had further extended the date for the completion of the Proposed Acquisition to 10 December 2016.

Any further extension after the expiry of the above-mentioned date will be subject to agreement between both parties.

## B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

### B8. Status of utilisation of proceeds

The gross proceeds raised by the Company from the initial public issue (“IPO”) from the previous financial year amounted to RM122.56 million. The status of the utilisation of the proceeds raised from the IPO as at 31 March 2016 is as follows:-

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Time frame for Utilisation (from the listing date)
(i) Working capital	49,458	49,677	(219)	Within 12 months
(ii) Repayment of bank borrowings	15,000	15,000	-	Within 6 months
(iii) Repayment of advances from the previous shareholders of Epoch Property Sdn Bhd	24,300	24,300	-	Within 6 months
(iv) Purchase of land bank	30,000	30,000	-	Within 30 months*
(v) Estimate listing expenses	3,800	3,581	219	Within 3 months
<b>Total</b>	<b>122,558</b>	<b>122,558</b>	<b>-</b>	

\* *The remaining balance of proceeds has been utilized for joint venture arrangement entered into with Dreamvista Development Sdn Bhd for development activities situated in Kuala Lumpur.*

Actual listing expenses incurred were less than the estimated listing expenses by RM0.219 million due mainly to lower than expected underwriting commission, placement fee and brokerage fee incurred in conjunction with the listing exercise. The excess has been utilised for working capital purposes.

### B9. Group Borrowings

The Group borrowings as at 31 March 2016 were as follows:

	As at 31.03.2016 RM'000	As at 30.06.2015 RM'000
<b>Current - Secured</b>		
Hire purchase payables	99	176
Bank overdrafts	29,026	4,590
Term loans	64,581	49,947
	<u>93,706</u>	<u>54,713</u>
<b>Non-current - Secured</b>		
Hire purchase payables	358	422
Term loans	104,335	103,357
	<u>104,693</u>	<u>103,779</u>
<b>Total group borrowings</b>	<b><u>198,399</u></b>	<b><u>158,492</u></b>

The above borrowings were denominated in Ringgit Malaysia.

## B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

### B10. Earnings per Share

#### (a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.01.2016 TO 31.03.2016 RM'000	01.01.2015 TO 31.03.2015 RM'000	01.07.2015 TO 31.03.2016 RM'000	01.07.2014 TO 31.03.2015 RM'000
Profit attributable to owners of the company (RM'000)	15,171	21,455	53,434	62,600
Weighted average number of ordinary shares in issue ('000)	352,998	353,333	354,125	352,246
Basic earnings per share (sen)	4.30	6.07	15.09	17.77

#### (b) Diluted Earnings Per Share

Dilutive earnings per share have been calculated by dividing the profit attributable to owners of the company for the period by weighted average number of shares that would have been issued upon full conversion of the remaining Redeemable Convertible Preference Shares on the basis of one (1) ordinary share for every three (3) RCPS held.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.01.2016 TO 31.03.2016 RM'000	01.01.2015 TO 31.03.2015 RM'000	01.07.2015 TO 31.03.2016 RM'000	01.07.2014 TO 31.03.2015 RM'000
Profit attributable to owners of the Company (RM'000)	15,171	21,455	53,434	62,600
Weighted average number of ordinary shares in issue ('000)	352,998	353,333	354,125	352,246
Effect of dilution: Redeemable Convertible Preference Shares ('000)	13,333	20,000	13,333	20,000
Adjusted weighted average number of ordinary shares ('000)	366,331	373,333	367,458	372,246
Diluted earnings per share (sen)	4.14	5.75	14.54	16.82

## B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

### B11. Realised and Unrealised Profits or Losses Disclosure

The following analysis of realised and unrealised retaining earnings is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed form by the Bursa Malaysia Securities Berhad.

	<b>As At 31.03.2016 RM'000</b>	<b>As At 30.06.2015 RM'000</b>
Total retained earnings of the Group		
- Realised	306,661	265,746
- Unrealised	(1,018)	(1,610)
	<u>305,643</u>	<u>264,136</u>
Consolidation adjustments	(23,044)	(18,853)
Total retained earnings as per statement of financial position	<u><b>282,599</b></u>	<u><b>245,283</b></u>

The unrealised portion within retained earnings as at 31 March 2016 predominantly related to the net deferred tax liabilities.

The consolidation adjustment recognised for the Group mainly related to reserve from reverse acquisition and hence realised.