

INTERIM FINANCIAL REPORT

FIRST QUARTER
ENDED 30TH SEPTEMBER 2018



INTERIM FINANCIAL REPORT

FIRST QUARTER | ENDED 30TH SEPTEMBER 2018



TITIJAYA LAND BERHAD

(Company No. 1009114-M)

(Incorporated in Malaysia under the Companies Act, 2016)

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)⁽¹⁾

	01.07.2018 TO 30.09.2018 RM'000	01.07.2017 TO 30.09.2017 Restated RM'000	01.07.2018 TO 30.09.2018 RM'000	01.07.2017 TO 30.09.2017 Restated RM'000
Revenue	67,093	102,990	67,093	102,990
Costs of sales	(44,737)	(79,840)	(44,737)	(79,840)
Gross Profit	22,356	23,150	22,356	23,150
Other Income	4,442	2,066	4,442	2,066
Selling and distribution expenses	(1,637)	(1,517)	(1,637)	(1,517)
Administrative expenses	(4,565)	(3,157)	(4,565)	(3,157)
Other expenses	(2,553)	(1,900)	(2,553)	(1,900)
Operating Profit	18,043	18,642	18,043	18,642
Finance costs	(999)	(1,060)	(999)	(1,060)
Share of results of associates, net of tax	-	-	-	-
Profit before taxation	17,044	17,582	17,044	17,582
Income tax expense	(4,535)	(5,466)	(4,535)	(5,466)
Net profit for the period	12,509	12,116	12,509	12,116
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	12,509	12,116	12,509	12,116
Profit attributable to:				
- Owners of the Company	11,734	11,967	11,734	11,967
- Non-controlling interests	775	149	775	149
	12,509	12,116	12,509	12,116
Earnings per share (sen) attributable to owners of the Company				
- Basic ⁽²⁾	0.87	2.92	0.87	2.92
- Diluted ⁽³⁾	0.82	2.92	0.82	2.92

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)⁽¹⁾

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 2018 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 B11 (a)).*
- (3) *Based on weighted average number of ordinary shares in issue (as detailed in Note B11 (b)).*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018
(UNAUDITED) ⁽¹⁾**

	UNAUDITED	RESTATED
	As At	As At
	30.09.2018	30.06.2018
	RM'000	RM'000
Property, plant and equipment	11,894	12,039
Inventories - Land held for property development	471,510	496,791
Investment in an associate	456	456
Investment properties	136,008	136,197
Goodwill on consolidation	2,063	2,063
Deferred tax assets	2,439	2,439
Total non-current assets	624,370	649,985
Current assets		
Inventories - Property development costs	664,243	638,947
Inventories - Completed Stock	119,045	125,794
Other investments	-	5
Trade and other receivables	521,438	515,706
Contract assets	13,078	54,150
Tax recoverable	8,254	7,890
Fixed deposits placed with licensed banks	40,423	49,056
Cash and bank balances	256,099	169,691
Total current assets	1,622,580	1,561,239
TOTAL ASSETS	2,246,950	2,211,224

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018
(UNAUDITED) ⁽¹⁾**

	UNAUDITED As At 30.09.2018 RM'000	RESTATED As At 30.06.2018 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	773,239	773,239
ICPS	71,365	71,365
Reserve arising from reverse acquisition	(47,426)	(47,426)
Treasury Shares	(487)	(134)
Retained earnings	465,326	454,895
Equity attributable to equity holders of the Company	1,262,017	1,251,939
Non-controlling interest	3,770	3,895
Total equity	1,265,787	1,255,834
Non-current liabilities		
Hire purchase payables	1,268	1,316
Bank borrowings	411,857	397,056
Deferred tax liabilities	31,864	31,864
Total non-current liabilities	444,989	430,236
Current liabilities		
Trade and other payables	290,334	304,058
Contract liabilities	92,699	35,551
Hire purchase payables	259	291
Bank borrowings	118,916	147,670
Current tax payables	33,966	37,584
Total current liabilities	536,174	525,154
Total liabilities	981,163	955,390
TOTAL EQUITY AND LIABILITIES	2,246,950	2,211,224
Net assets per share attributable to owners of the Company (RM)	0.94 ⁽²⁾	0.93

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 2018 and the accompanying explanatory notes attached to these interim financial statements.
- (2) The net assets per share attributable to Owners of the Company are calculated based on the enlarged issued share capital of 1,344,424,610 ordinary shares pursuant to the completion of share split exercise.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 (UNAUDITED) ⁽¹⁾

	Share Capital RM'000	Treasury Shares RM'000	Irredeemable Convertible Preference Shares RM'000	Reserve arising from Reverse Acquisition RM'000	Retained Earnings RM'000	Total RM	Non- Controlling Interest RM	Total Equity RM'000
Group								
At 30 June 2017	352,695	-	-	(47,426)	371,601	676,870	4,016	680,886
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	12	12
Conversion of ICPS to ordinary shares	301,092	-	(30,110)	-	-	270,982	-	270,982
Dividend paid	-	-	-	-	(3,577)	(3,577)	-	(3,577)
Issuance of ordinary shares	119,599	-	-	-	-	119,599	-	119,599
Issuance of ICPS	-	-	101,475	-	-	101,475	-	101,475
Repurchase of treasury shares	-	(134)	-	-	-	(134)	-	(134)
Transaction costs of share issue	(147)	-	-	-	-	(147)	-	(147)
Total comprehensive income for the financial year	-	-	-	-	72,568	72,568	(1,344)	71,224
Balance at 30 June 2018	773,239	(134)	71,365	(47,426)	440,592	1,237,636	2,684	1,240,320
Effects of adoption of MFRS Framework	-	-	-	-	14,303	14,303	1,211	15,514
Balance at 30 June 2018 (restated)	773,239	(134)	71,365	(47,426)	454,895	1,251,939	3,895	1,255,834
Purchase of treasury shares	-	(353)	-	-	-	(353)	-	(353)
Dividend paid	-	-	-	-	(1,303)	(1,303)	-	(1,303)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(900)	(900)
Total comprehensive income for the financial period	-	-	-	-	11,734	11,734	775	12,509
Balance at 30 September 2019	773,239	(487)	71,365	(47,426)	465,326	1,262,017	3,770	1,265,787

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 2018 and the accompanying explanatory notes attached to these interim financial statements.
- (2) With effective from 31 January 2017, the new Companies Acts 2016 (“The Act”) abolished the concept of authorized 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 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 (UNAUDITED) ⁽¹⁾

	01.07.2018 TO 30.09.2018 RM'000	01.07.2017 TO 30.09.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	17,044	17,582
Adjustments for:		
Non cash item	464	226
Operating Profit Before Working Capital Changes	17,508	17,808
Net changes In working capital		
Property development costs	5,145	(642)
Inventories	6,749	9,062
Receivables	92,490	(59,589)
Payables	(15,027)	179,002
Net Cash Generated from Operations	106,865	145,641
Interest paid	(999)	(1)
Interest received	963	1
Tax paid	(8,518)	(2,634)
Net Operating Cash Flows	98,311	143,007
CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(97)	(235)
Proceeds from disposal of motor vehicle	1	-
Other investment	6	6
Land held for property development costs incurred	(5,160)	(3,705)
Acquisition of subsidiary	(900)	-
Net Investing Cash Flows	(6,150)	(3,934)
CASH FLOW (USED IN) /FROM FINANCING ACTIVITIES		
Proceeds from treasury shares	(353)	-
Changes in hire purchase payables	(81)	92
Changes in bank borrowings	(13,952)	(87)
Net Financing Cash Flows	(14,386)	5

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 (UNAUDITED) ⁽¹⁾

	01.07.2018 TO 30.09.2018 RM'000	01.07.2017 TO 30.09.2017 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	77,775	139,078
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	134,421	136,738
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>212,196</u>	<u>275,816</u>
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	256,099	251,392
Fixed deposit placed with licensed banks	40,423	24,461
Bank overdrafts	-	(33)
Islamic commercial paper	(50,000)	-
	<u>246,522</u>	<u>275,820</u>
Less: Fixed deposit pledged to licensed banks	(34,326)	(4)
	<u>212,196</u>	<u>275,816</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 2018 and the accompanying explanatory notes attached to these interim financial statements*

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 2018 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 2018.

A2. Accounting Policies

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted in the financial statements for the financial year ended 30 June 2018, except for the effects arising from the transition from FRSs to MFRSs, which are disclosed below.

The interim 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 the MFRS Framework issued by MASB. The MFRS Framework was introduced by MASB in order to fully converge Malaysia’s existing Financial Reporting Standards Framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

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 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 2018.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of MFRSs framework. As such, the Group and the Company is required to prepare their first MFRSs financial statements using MFRSs framework for financial year ending 31 December 2018. Upon the adoption of MFRS, the Group and the Company will be applying MFRS1 “First -time Adoption of MFRS”. 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 or prohibits retrospective application of some aspects of MFRSs.

MFRS 9 Financial Instruments

The MFRS 9 introduce a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard required entities to account for expected credit losses from when financial instruments are first recognized and to recognized full lifetime expected losses on a more timely basis. The model required an entity to recognized expected credit losses at all times and to update the amount of expected credit losses recognized at each reporting date to reflects changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognized.

A EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Accounting Policies (Continued)

MFRS 15 Revenue from Contracts with Customer

The core principle of MFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods and 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 recognizes revenue in accordance with the core principle by applying the following steps:

- (i) Identify the contracts with a customer;
- (ii) Identify the performance obligation in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations in the contract;
- (v) Recognize revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As a result of adoption of MFRS Frameworks, the following comparatives in the interim financial report have been restated.

A EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Accounting Policies (Continued)

Consolidated Statement of Comprehensive Income
For the financial period ended 30 September 2017

	As previously stated under FRS RM'000	Effects of Adoption of MFRS 15 RM'000	30-Sep-17 As Restated RM'000
Revenue	103,063	(73)	102,990
Costs of sales	(67,862)	(11,978)	(79,840)
Gross profit	35,201	(12,051)	23,150
Other income	2,066	-	2,066
Selling and distribution expenses	(2,865)	1,348	(1,517)
Administrative expenses	(3,157)	-	(3,157)
Other expenses	(1,900)	-	(1,900)
Operating Profit	29,345	(10,703)	18,642
Finance costs	(1,060)	-	(1,060)
Share of result of associates, net of tax	-	-	-
Profit before taxation	28,285	(10,703)	17,582
Income tax expense	(8,034)	2,568	(5,466)
Net profit for the period	20,251	(8,135)	12,116
Other comprehensive income	-	-	-
Total comprehensive income for the financial period	20,251	(8,135)	12,116
Profit attributable to:			
- Owners of the parent	20,564	(8,597)	11,967
- Non-controlling interests	(313)	462	149
	20,251	(8,135)	12,116

A EXPLANATORY NOTES PURSUANT TO FRS 134

**Consolidated Statement of Financial Position
As at 30 June 2018**

	As previously stated under FRSs/ RM'000	Effects of Adoption of MFRS 15 RM'000	30-Jun-18 As Restated RM'000
Non-current assets			
Property, plant and equipment	12,039	-	12,039
Inventories - Land held for property development	502,669	(5,878)	496,791
Investment associates	456	-	456
Investment properties	136,197	-	136,197
Goodwill on consolidation	2,063	-	2,063
Deferred tax assets	2,439	-	2,439
Total non-current assets	655,863	(5,878)	649,985
Current assets			
Inventories - Property development costs	614,801	24,146	638,947
Inventories - Completed properties	125,636	158	125,794
Other investments	5	-	5
Trade and other receivables	515,705	-	515,705
Contract assets	60,077	(5,927)	54,150
Tax recoverable	7,890	-	7,890
Fixed deposits placed with licensed banks	49,056	-	49,056
Cash and bank balances	169,691	-	169,691
Total current assets	1,542,861	18,377	1,561,238
TOTAL ASSETS	2,198,724	12,499	2,211,223
EQUITY AND LIABILITIES			
Equity			
Share capital	773,239	-	773,239
ICPS	71,365	-	71,365
Reserve arising from reverse acquisition	(47,426)	-	(47,426)
Treasury Shares	(134)	-	(134)
Retained earnings	440,591	14,303	454,894
Equity attributable to equity holders of the Company	1,237,635	14,303	1,251,938
Non-controlling interest	2,684	1,211	3,895
Total equity	1,240,319	15,514	1,255,833

A EXPLANATORY NOTES PURSUANT TO FRS 134

Consolidated Statement of Financial Position (continued)
As at 30 June 2018

	As previously stated under FRSs RM'000	Effects of Adoption of MFRS 15 RM'000	30-Jun-18 As Restated RM'000
Non-current liabilities			
Hire purchase payables	1,316	-	1,316
Borrowings	397,056	-	397,056
Deferred tax liabilities	31,686	178	31,864
Total non-current liabilities	430,058	178	430,236
Current liabilities			
Trade and other payables	304,058	-	304,058
Contract liabilities	39,416	(3,865)	35,551
Hire purchase payables	291	-	291
Borrowings	147,670	-	147,670
Current tax payables	36,912	672	37,584
Total current liabilities	528,347	(3,193)	525,154
Total liabilities	958,405	(3,015)	955,390
TOTAL EQUITY AND LIABILITIES	2,198,724	12,499	2,211,223

A EXPLANATORY NOTES PURSUANT TO FRS 134

Consolidated Statement of Cashflows
For the financial period ended 30 September 2017

	As previously stated under FRSs RM'000	transition from FRSs to MFRSs RM'000	30-Sep-17 Restated RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	28,285	(10,703)	17,582
Adjustment for:			
Other non cash item	226	-	226
Operating Profit/(loss) before working capital changes	28,511	(10,703)	17,808
Net changes in current assets			
Property development costs	(11,345)	10,703	(642)
Inventories	9,062	-	9,062
Receivables	(59,589)	-	(59,589)
Net Changes in current liabilities			
Payables	179,002	-	179,002
Net Cash Used Operation	145,641	-	145,641
Interest paid	(1)	-	(1)
Interest received	1	-	1
Tax paid	(2,634)	-	(2,634)
Net Operating Cash Flows	143,007	-	143,007
Cash Flows Used In Investing Activities			
Purchase of property, plant and equipment	(235)	-	(235)
Other investment	6	-	6
Land held for property development	(3,705)	-	(3,705)
Net Cash Used In Investing Activities	(3,934)	-	(3,934)
Cash Flows From Financing Activities			
Changes in hire purchase payables	92	-	92
Changes in bank borrowing	(87)	-	(87)
Net Financing Cash Flows	5	-	5
Net Change In Cash and Cash Equivalents	139,078	-	139,078
Cash and Cash Equivalents At The Beginning of the Financial Period	136,738	-	136,738
Cash and Cash Equivalents At the End of the Financial Period	275,816	-	275,816

A EXPLANATORY NOTES PURSUANT TO FRS 134

A3. 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 2018.

A4. Seasonality or Cyclicity of Operations

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

A5. Unusual Items

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

A6. 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.

A7. Debt and Equity Securities

Save for the following, there was no issuance, cancellation, share buyback, resale or repayment of debt and equity securities during the current financial period under review.

Repurchase of shares

During the quarter under review, the Company has repurchased 1,060,000 of its ordinary shares from the open market price at average RM 0.33 per shares.

As at 30 September 2018, the Company held a total of 1,297,000 or RM 485,553 treasury shares at average price of RM 0.37 per share.

A8. Dividend Paid

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

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.

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 statement.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group under the quarter review.

A EXPLANATORY NOTES PURSUANT TO FRS 134

A12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

	As At 30.09.2018 RM'000	As At 30.06.2018 RM'000
Corporate guarantees for credit facilities granted to subsidiaries	437,186	443,748

Contingent Assets

The Group does not have any material contingent assets to be disclosed as at 30 September 2018.

A13. Significant Related Party Transactions

There was no significant related party transaction in the current quarter under review.

A14. Segmental Information

The segmental analysis for the financial year 30 September 2018 was as follows.

Analysis by Operating Divisions:-

	Property Development RM'000	Investment Holding RM'000	Total RM'000
Segment profit	18,584	(1,172)	17,412
Included in the measure of segment profit are:-			
Revenue from external customers	66,871	222	67,093
Inter-segment revenue	3,897	132	4,029
Interest income	685	278	963
Interest expense	20	979	999
Depreciation	203	225	428
Not included on the measure of segment profit but provided to the Management :-			
Tax expenses	4,457	78	4,535
Segment assets	2,492,225	1,377,043	3,869,268
Segment liabilities	1,927,891	420,130	2,348,021

A EXPLANATORY NOTES PURSUANT TO FRS 134**A14. Segmental Information**

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

	Total RM'000
Total revenue for reportable segments	71,122
Elimination of inter-segment revenue	<u>(4,029)</u>
Consolidated total	<u>67,093</u>
Total profit or loss for reportable segment	17,412
Elimination of inter-segment profits	<u>(368)</u>
Consolidated profit before taxation	<u>17,044</u>
Total reportable segments assets	3,869,268
Elimination of inter-segment transactions or balances	<u>(1,622,318)</u>
Consolidated total	<u>2,246,950</u>
Total reportable segments liabilities	2,348,021
Elimination of inter-segment transactions or balances	<u>(1,366,858)</u>
Consolidated total	<u>981,163</u>

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

B1. Review of Group Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017 Restated	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017 Restated
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property Development	66,871	101,768	66,871	101,768
Other Operations	222	264	222	264
	67,093	102,032	67,093	102,032
Profit / (Loss) before tax				
Property Development	18,216	18,972	18,216	18,972
Other Operations	(1,172)	(1,390)	(1,172)	(1,390)
	17,044	17,582	17,044	17,582

Performance of the first quarter against the same quarter in the preceding year (Q1 FY2019 vs Q1 FY2018)

(a) Property Development

The Group's revenue of RM 67 million for the current quarter was lower by 34.29% or RM 35 million as compared to the revenue of RM 102 million registered in the previous year's corresponding quarter. The lower revenue was attributable to the project H2O near completion, lower recognition on new projects namely 3rdNvenue – New Suites, Park Residency and Riveria – Phase 1 as these projects are still at early stage of construction.

The Group recorded flat profit before tax of RM 18 million for the current quarter compared to the previous year's corresponding quarter. The profit before tax of the current quarter was contributed by H2O project, additional compensation from Penang land compulsory acquisition and reimbursement of costs from Prasarana Malaysia Berhad on temporary occupation of land for project LRT.

(b) Other Operation

Revenue from Other Operation mainly resulted from rental collection. Losses before tax were mainly resulted from depreciation expenses and financing cost for investment property.

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

B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter

	INDIVIDUAL QUARTER		CHANGES
	01.07.2018 TO 30.09.2018	01.04.2018 TO 30.06.2018 Restated	
	RM'000	RM'000	RM'000
Revenue	67,093	69,296	(2,203)
Gross Profit	22,356	38,564	(16,208)
Profit before interest and tax	18,043	23,084	(5,041)
Profit before tax	17,044	22,653	(5,609)
Profit after tax	12,509	9,564	2,945
Profit attributable to owners of the Company	11,734	9,581	2,153

For the current quarter under review, the Group's profit after tax increases RM 2.9 million compared to the preceding quarter ended 30 June 2018. The increase was contributed by H2O project progress, additional compensation from Penang land compulsory acquisition and reimbursement of costs from Prasarana Malaysia Berhad on temporary occupation of land for project LRT.

The lower revenue reported during the quarter as compared to previous quarter was mainly attributable to the project H2O near completion, lower recognition on new projects namely 3rdNvenue – New Suites, Park Residency and Riveria – Phase 1 as these projects are still at early stage of construction.

B3. Prospects and progress on previously announced financial estimate

(a) Prospects

The Group's long-term growth prospect remains positive based on a strong competitive position and consistent demand for the type of residential properties the Group has offered.

Moving into FY 2019, barring any unforeseen circumstances, the Group is cautiously optimistic and confident of the future performance, given that most of the land banks are located in prime growth areas which are well-developed and connected with public transportation facilities.

(b) Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced

There was no financial forecast previously announced by the Group.

B4. Statement of the Board of Directors' opinion on achievability of financial estimate, forecast, projection and internal targets previously announced

Not applicable.

B5. Financial estimate, forecast or projection

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

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

B6 Dividend

On 10 October 2018, the Board proposed the following: -

- a final single-tier dividend of 0.25 sen per ordinary share for the financial year ended 30 June 2018, subject to the shareholders' approval at the forthcoming Annual General Meeting; and
- a non-cumulative dividend payment to the holder of Irredeemable Convertible Preference Shares ("ICPS") at a dividend rate of 0.025 sen per share.

The above proposed dividends will be payable on 27 December 2018

B7. 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	
	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation of investment properties	239	23	239	23
Depreciation of property, plant and equipment	189	204	189	204
Directors' remuneration	399	423	399	423
Interest expenses	999	1,060	999	1,060
Rental of sales office	175	102	175	102
Rental of equipment	12	4	12	4
Staff costs	2,534	2,509	2,534	2,509
After crediting:				
Bank interest income	(262)	(426)	(262)	(426)
Fixed deposit interest income	(221)	(47)	(221)	(47)
Other interest income	(480)	(176)	(480)	(176)
Liquidated ascertain damages income	(94)	(24)	(94)	(24)
Rental income	(3,492)	(409)	(3,492)	(409)

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

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

B8. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017 Restated	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017 Restated
	RM'000	RM'000	RM'000	RM'000
Current tax expense	4,535	5,527	4,535	5,527
Deferred taxation	-	(61)	-	(61)
	4,535	5,466	4,535	5,466

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 under provision of tax liabilities in previous year and deferred tax assets not recognized by subsidiary companies.

B9. Status of Corporate Proposal

There were no material transaction or events subsequent to the current quarter ended 30 September 2018 until 28 November 2018 (the latest practicable date which is not earlier than 7 days from the date of issues of this quarterly report).

B10. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 September 2018 were as follows:-

	Secured RM'000
Short Term Bank Borrowings	118,916
Long Term Bank Borrowings	411,857
	<u>530,773</u>

The above borrowings were denominated in Ringgit Malaysia.

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

B11. 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	
	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017 Restated	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017 Restated
Profit attributable to owners of the company (RM'000)	11,734	11,967	11,734	11,967
Weighted average number of ordinary shares in issue ('000)	1,344,095	410,000	1,344,095	410,000
Basic earnings per share (sen)	0.87	2.92	0.87	2.92

(b) Diluted Earnings Per Share

Dilutive earnings per share of current quarter have been calculated by dividing the profit attributable to owners of the company for the financial year by weighted average number of shares that would have been issued upon full conversion of the remaining Irredeemable Convertible Preference Shares on the basis of one (1) ordinary share for every ten (10) ICPS held.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017 Restated	01.07.2018 TO 30.09.2018	01.07.2017 TO 30.09.2017 Restated
Profit attributable to owners of the Company (RM'000)	11,734	11,967	11,734	11,967
Weighted average number of ordinary shares in issue ('000)	1,344,095	410,000	1,344,095	410,000
Effect of dilution: Irredeemable Convertible Preference Shares ('000)	86,503	-	86,503	-
Adjusted weighted average number of ordinary shares ('000)	1,430,598	410,000	1,430,598	410,000
Diluted earnings per share (sen)	0.82	2.92	0.82	2.92