

# Interim Financial Report

SECOND QUARTER  
ENDED 31<sup>ST</sup> DECEMBER 2017



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# INTERIM FINANCIAL REPORT

SECOND QUARTER | ENDED 31<sup>ST</sup> DECEMBER 2017



## **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 SECOND QUARTER AND THREE MONTHS ENDED 31 DECEMBER 2017 (UNAUDITED)**  
(1)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.10.2017 TO 31.12.2017 RM'000	01.10.2016 TO 31.12.2016 RM'000	01.07.2017 TO 31.12.2017 RM'000	01.07.2016 TO 31.12.2016 RM'000
Revenue	143,511	80,665	246,574	188,224
Costs of sales	(100,516)	(42,363)	(168,378)	(115,509)
<b>Gross Profit</b>	42,995	38,302	78,196	72,715
Other Income	1,202	644	3,268	7,907
Selling and distribution expenses	(3,284)	(3,463)	(6,149)	(10,109)
Administrative expenses	(10,672)	(4,272)	(13,829)	(9,093)
Other expenses	(842)	(4,003)	(2,742)	(6,080)
<b>Operating Profit</b>	<b>29,399</b>	<b>27,208</b>	<b>58,744</b>	<b>55,340</b>
Finance costs	(1,521)	(499)	(2,581)	(1,390)
Share of results of associates, net of tax	(11)	-	(11)	-
<b>Profit before taxation</b>	<b>27,867</b>	<b>26,709</b>	<b>56,152</b>	<b>53,950</b>
Income tax expense	(8,363)	(6,265)	(16,397)	(13,464)
<b>Net profit for the period</b>	<b>19,504</b>	<b>20,444</b>	<b>39,755</b>	<b>40,486</b>
Other comprehensive income for the financial period	-	-	-	-
<b>Total comprehensive income for the financial period</b>	<b>19,504</b>	<b>20,444</b>	<b>39,755</b>	<b>40,486</b>
<b>Profit attributable to:</b>				
- Owners of the Company	20,009	20,448	40,573	40,491
- Non-controlling interests	(505)	(4)	(818)	(5)
	<b>19,504</b>	<b>20,444</b>	<b>39,755</b>	<b>40,486</b>
<b>Earnings per share (sen) attributable to owners of the Company</b>				
- Basic <sup>(2)</sup>	1.76	5.31	4.14	10.52
- Diluted <sup>(3)</sup>	1.63	5.22	3.80	10.34

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND THREE MONTHS ENDED 31 DECEMBER 2017 (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 2017 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 B12 (a)).*
- (3) *Based on weighted average number of ordinary shares in issue (as detailed in Note B12 (b)).*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017  
(UNAUDITED) <sup>(1)</sup>**

	<b>UNAUDITED</b> As At 31.12.2017 RM'000	<b>AUDITED</b> As At 30.06.2017 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	11,959	12,115
Land held for property development	567,226	330,439
Investment in an associate	384	391
Investment properties	72,993	72,893
Goodwill on consolidation	3,706	3,706
Deferred tax assets	692	-
<b>Total non-current assets</b>	<b>656,960</b>	<b>419,544</b>
<b>Current assets</b>		
Property development costs	549,251	467,468
Inventories	210,319	174,648
Other investments	-	6
Trade and other receivables	344,493	262,432
Accrued billings in respect of property development costs	62,752	13,656
Tax recoverable	8,713	8,498
Fixed deposits placed with licensed banks	25,529	24,708
Cash and bank balances	177,425	112,064
<b>Total current assets</b>	<b>1,378,482</b>	<b>1,063,480</b>
<b>TOTAL ASSETS</b>	<b>2,035,442</b>	<b>1,483,024</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017  
(UNAUDITED) <sup>(1)</sup>**

	<b>UNAUDITED</b> As At 31.12.2017 RM'000	<b>AUDITED</b> As At 30.06.2017 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	769,252	352,695
ICPS	71,365	-
Reserve arising from reverse acquisition	(47,426)	(47,426)
Retained earnings	408,597	371,601
<b>Equity attributable to equity holders of the Company</b>	<b>1,201,788</b>	<b>676,870</b>
<b>Non-controlling interest</b>	<b>3,098</b>	<b>4,016</b>
<b>Total equity</b>	<b>1,204,886</b>	<b>680,886</b>
<b>Non-current liabilities</b>		
Hire purchase payables	1,492	1,453
Bank borrowings	291,770	279,895
Deferred tax liabilities	80,744	32,039
<b>Total non-current liabilities</b>	<b>374,006</b>	<b>313,387</b>
<b>Current liabilities</b>		
Trade and other payables	249,043	331,239
Progress billings in respect of property development costs	33,298	14,295
Hire purchase payables	279	302
Bank borrowings	129,474	110,161
Current tax payables	44,456	32,754
<b>Total current liabilities</b>	<b>456,550</b>	<b>488,751</b>
<b>Total liabilities</b>	<b>830,556</b>	<b>802,138</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,035,442</b>	<b>1,483,024</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>0.89</b>	<b>1.65</b>

**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 2017 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (UNAUDITED) <sup>(1)</sup>

	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM	RCPS - Equity Component 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
<b>Group</b>										
At 30 June 2016	180,000	100,451	(4,742)	4,980	-	(47,426)	297,517	530,780	514	531,294
Conversion of RCPS	6,667	16,556	-	(4,980)	-	-	-	18,243	-	18,243
Disposal of treasury shares	-	138	4,742	-	-	-	-	4,880	-	4,880
Dividend paid	-	-	-	-	-	-	(2,017)	(2,017)	-	(2,017)
Issuance of ordinary shares	18,333	31,167	-	-	-	-	-	49,500	-	49,500
Utilisation of share premium	-	(617)	-	-	-	-	-	(617)	-	(617)
Issuance of redeemable preference shares of a subsidiary	-	-	-	-	-	-	-	-	235	235
NCI shares of purchase of subsidiaries	-	-	-	-	-	-	258	258	3,298	3,556
Reclassification	-	-	-	-	-	-	(169)	(169)	169	-
Transition to non-par value regime under Companies Act, 2016	147,695	(147,695)	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	-	76,012	76,012	(200)	75,812
Balance at 30 June 2017	352,695	-	-	-	-	(47,426)	371,601	676,870	4,016	680,886
Issuance of shares	115,612	-	-	-	101,475	-	-	217,087	-	217,087
Conversion of ICPS	301,092	-	-	-	(30,110)	-	-	270,982	-	270,982
Utilisation of share premium	(147)	-	-	-	-	-	-	(147)	-	(147)
Dividend Paid	-	-	-	-	-	-	(3,577)	(3,577)	-	(3,577)
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	(100)	(100)
Total comprehensive income for the financial period	-	-	-	-	-	-	40,573	40,573	(818)	39,755
<b>Balance at 31 December 2017</b>	<b>769,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,365</b>	<b>(47,426)</b>	<b>408,597</b>	<b>1,201,788</b>	<b>3,098</b>	<b>1,204,886</b>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (UNAUDITED) <sup>(1)</sup>****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 2017 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 PERIOD ENDED 31 DECEMBER 2017 (UNAUDITED) <sup>(1)</sup>**

	<b>01.07.2017 TO 31.12.2017 RM'000</b>	<b>01.07.2016 TO 31.12.2016 RM'000</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Profit Before Tax	56,152	53,950
Adjustments for:		
Non cash item	2,310	510
Operating Profit Before Working Capital Changes	<u>58,462</u>	<u>54,460</u>
Net changes In Current Assets		
Property development costs	(35,565)	6,290
Inventories	(6,596)	(49,431)
Receivables	(63,194)	(38,491)
Net changes In Current Liabilities		
Payables	(188,588)	12,730
Net Cash Used In Operations	<u>(235,481)</u>	<u>(14,442)</u>
Interest paid	(2,581)	(499)
Interest received	692	718
Tax paid	(5,358)	(5,912)
Net Operating Cash Flows	<u>(242,728)</u>	<u>(20,135)</u>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(216)	(752)
Proceeds from disposal of motor vehicle	28	12
Investment properties costs incurred	(146)	-
Other investment	6	6
Proceeds from disposal of subsidiary	-	175
Land held for property development costs incurred	-	(132,341)
Acquisition of subsidiaries	(70,919)	-
Acquisition of associate	(4)	-
Net Investing Cash Flows	<u>(71,251)</u>	<u>(132,900)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,577)	(2,017)
Payment for share issue expenses	(147)	-
Proceeds from treasury shares	-	5,401
Changes in hire purchase payables	16	602
Changes in bank borrowings	35,500	115,030
Proceeds for issuance of shares	376,630	49,334
Net Financing Cash Flows	<u>408,422</u>	<u>168,350</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2017 (UNAUDITED) <sup>(1)</sup>**

	<b>01.07.2017</b>	<b>01.07.2016</b>
	<b>To</b>	<b>To</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	94,443	15,315
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	79,691	60,944
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>174,134</u>	<u>76,259</u>
<b>Cash and cash equivalents at end of period comprises:</b>		
Cash and bank balances	177,425	77,443
Fixed deposit placed with licensed banks	25,529	24,479
Bank overdrafts	(4,947)	(21,469)
	<u>198,007</u>	<u>80,453</u>
Less: Fixed deposit placed with licensed banks	(23,873)	(4,194)
	<u>174,134</u>	<u>76,259</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 2017 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 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 2017 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 2017.

### A2. Accounting Policies

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 2017.

#### **New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective**

##### **MASB Approved Accounting Standards, MFRSs**

In conjunction with the planned convergence of FRSs with International Financial Reporting Standard 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 (“MFRS Framework”) for application in the annual period 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 2018. 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 and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 30 June 2019. The main effects arising from the transition to the MFRSs Framework are as below.

The effect is based on the Group’s and the Company’s best estimate at the reporting date. The financial affects may change or additional effects may be identified, prior to the completion of the Group’s and the Company’s first MFRSs based financial statements

#### **Application of MFRS 1: First –time Adoption of Malaysia Financial Reporting Standards (“MFRS 1)**

MFRS 1 required 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 and the Company are currently assessing the impact of adoption of MFRS 1, including the 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 authorization of issue of the financial statements, accounting policy decisions or lections have not been finalized. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

## 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.

The Group is currently assessing the impact of the adoption of this standard.

#### MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognizes on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and lower value asset leases.

#### **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”):-

<u>New FRS</u>		<b>Effective for financial periods beginning on or after</b>
FRS 9	Financial Instruments	1 January 2018
<u>Amendments/Improvements to FRSs</u>		
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017

The financial effects of their adoption are currently still being assessed by the Group.

### 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 2017.

### A4. Seasonality or Cyclicity of Operations

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

**A EXPLANATORY NOTES PURSUANT TO FRS 134****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.

	<b>No. of Ordinary Shares</b>
As at 30 September 2017	409,999,933
Issuance of ordinary shares pursuant to acquisition of entire entity interest on 23 October 2017	79,732,622
New ordinary shares issued pursuant to conversion of ICPS during the period	182,479,750
Subdivision of ordinary shares on 29 December 2017	<u>672,212,305</u>
As at 31 December 2017	<u>1,344,424,610</u>

The number of issued shares as at the date of this report is 1,344,424,610.

**The establishment of Islamic Commercial Paper (“ICP”)**

On 10 November 2017, the Company had established an Islamic Commercial Papers (“ICP”) programmer of up to RM 150.0 million in nominal value and made its first issuance of ICP of RM 20.0 million.

**A8. Dividend Paid**

Since the previous financial year, a total dividend of RM 3,577,319 was paid as per the following in respect of the financial year ended 30 June 2017 on 28 December 2017.

- (a) a single final tier dividend of 0.5 sen per ordinary share amounting to RM 3,361,058.
- (b) a non-cumulative dividend of 0.05 sen per Irredeemable Convertible Preference Share amounting to RM 216,261.

**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.

## A EXPLANATORY NOTES PURSUANT TO FRS 134

### A11. Changes in Composition of the Group

The Company's wholly owned subsidiary, Titijaya Resources Sdn Bhd ("TRSB") had on 25 September 2017 completed the Proposed Acquisition between TRSB, CREC Development (M) Sdn Bhd, Chan Peng Koo and Rafidah binti Menan. The completion of the Proposed Acquisition has resulted in TRSB holding 70% of the issued share capital of Ampang Avenue Development Sdn Bhd ('AADSB') and subsequent to that, AADSB being an indirect subsidiary of the Company.

On 23 October 2017, The Company has issued 79,732,622 new ordinary share at an issue price of RM1.45 per TLB Share to acquire the entire equity interest in NPO Builders Sdn Bhd ('NPOB') and full settlement of advances from Titi Kaya Sdn Bhd, Lee Eng Wah and Lim Wen Yeh, being the vendors of NPOB, for a total consideration of RM 115,612,302. Following to the issuance of shares, NPOB is a 100% owned subsidiary of the Company.

On 23 November 2017, the Company had completed the proposed acquisition of 3,000,000 ordinary shares equivalent to RM 3,000,000 representing the entire issue share capital of Sri Komakmur Development Sdn Bhd ('SKD') for a purchase consideration of RM 70,919,000. Subsequent to the completion, SKD is a 100% owned subsidiary of the Company.

On 28 November 2017, the Company's wholly owned subsidiary, Titijaya Resources Sdn Bhd ("TRSB") had acquired two (2) ordinary shares, representing 100% of the issued share capital of Asas Dinasti Sdn Bhd (Company No. 1203746-K), a shelf company incorporated in Malaysia, for a total consideration of RM 2.00. Following the Acquisition, Asas Dinasti has become an indirect wholly owned subsidiary of the Company. On 5 December 2017, TRSB had subscribed for additional 3,998 new ordinary shares in the enlarged issued share capital for a total cash consideration of RM 3,998.00. Pursuant to the Subscription, the Company's effective interest in Asas Dinasti through TRSB, reduce from 100% to 40%, become an indirect associate of the Company.

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

#### Contingent Liabilities

	As At 31.12.2017 RM'000	As At 30.06.2017 RM'000
Corporate guarantees for credit facilities granted to subsidiaries	346,077	250,465

#### Contingent Assets

The Group does not have any material contingent assets to be disclosed as at 31 December 2017.

### A13. Capital Commitments

	As At 31.12.2017 RM'000	As At 30.06.2017 RM'000
Approved and contracted but not provided for:		
- Land held for property development		
Purchase consideration	5,570	5,570
Less: Deposits paid	(1,031)	(1,031)
	4,539	4,539

## A EXPLANATORY NOTES PURSUANT TO FRS 134

### A14. Significant Related Party Transactions

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

### A15. Segmental Information

The segmental analysis for the financial period 31 December 2017 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>	61,933	(5,781)	56,152
Included in the measure of segment profit are:-			
Revenue from external customers	246,034	540	246,574
Inter-segment revenue	1,533	300	1,833
Interest income	620	72	692
Interest expense	736	1,845	2,581
Depreciation	384	75	459
Not included on the measure of segment profit but provided to the Management :-			
Tax expenses	16,312	85	16,397
<b>Segment assets</b>	2,092,618	1,138,678	3,231,296
<b>Segment liabilities</b>	1,671,159	236,103	1,907,262

### A15. Segmental Information

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

	<b>Total RM'000</b>
Total revenue for reportable segments	248,407
Elimination of inter-segment revenue	(1,833)
Consolidated total	246,574
Total profit or loss for reportable segment	56,152
Elimination of inter-segment profits	-
Consolidated profit before taxation	56,152
Total reportable segments assets	3,231,296
Elimination of inter-segment transactions or balances	(1,195,854)
Consolidated total	2,035,442
Total reportable segments liabilities	1,907,262
Elimination of inter-segment transactions or balances	(1,076,706)
Consolidated total	830,556



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

### B1. Review of Group Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.10.2017 TO 31.12.2017	01.10.2016 TO 31.12.2016	01.07.2017 TO 31.12.2017	01.07.2016 TO 31.12.2016
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Property Development	143,235	80,639	246,034	181,886
Other Operations	276	26	540	6,338
	143,511	80,665	246,574	188,224
<b>Profit / (Loss) before tax</b>				
Property Development	32,258	29,473	61,933	58,909
Other Operations	(4,391)	(2,764)	(5,781)	(4,959)
	27,867	26,709	56,152	53,950

#### Performance of the second quarter against the same quarter in the preceding year (Q2 FY2018 vs Q2 FY2017)

##### (a) Property Development

The Group has recorded a significant increase in revenue from RM 81 million to RM 143 million, representing 78% for the quarter under review compare to previous corresponding quarter. The increases were contributed by project progress H2O and the proceeds received from temporary land occupation.

Profit before taxation increased by 9.4%, amounting to RM 3 million whilst the increases in revenue by 78% was due to the contribution from project progress with lower margin during the quarter compare to the completed project with higher margin in previous corresponding quarter.

##### (b) Other Operation

Revenue from Other Operation mainly resulted from rental collection. Losses before tax were mainly resulted from the administrative expenses incurred for banking facilities and corporate exercises.

#### Performance of the second quarter cumulative period against the same period in the preceding year (Q2 YTD FY2018 vs Q2 YTD FY2017)

##### (a) Property Development

The Group's revenue in the current year to-date of RM 246 million is 35% higher than the corresponding period in the preceding year, RM 182 million. The drastic increase in revenue was recognized with the progressive project progress workdone for project H2O and Primrose, as well as the sales of inventory, Zone Innovation.

Correspondingly, the Group reported a higher profit before tax of RM 61.9 million for current year to-date as compared to RM 58.9 million in the corresponding period in preceding year.

##### (b) Other Operation

Revenue from Other Operation mainly resulted from rental collection. Losses before tax were mainly resulted from the administrative expenses for untenanted investment property, corporate exercise and banking facilities.

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

	INDIVIDUAL QUARTER		CHANGES RM'000
	01.10.2017 TO 31.12.2017 RM'000	01.07.2017 TO 30.09.2017 RM'000	
Revenue	143,511	103,063	40,448
Gross Profit	42,995	35,201	7,794
Profit before interest and tax	29,399	29,345	54
Profit before tax	27,867	28,285	(418)
Profit after tax	19,504	20,251	(747)
Profit attributable to owners of the Company	20,009	20,564	(555)

The overall performance has improved during quarter compare to preceding quarter. The improvement was resulted from project Fennel, Primrose and the proceeds received from temporary land occupation. Nevertheless, the profit after tax has decreased slightly whilst the revenue has recorded a significant increase. This is mainly due to the increase in effective tax rate, from 28% to 30%, resulted from the loss making subsidiaries.

**B3. Current prospects and progress on previously announced financial estimate****(a) Current Year Prospects**

The Group's long term growth prospect remain positive based on a strong competitive position and solid demand for the type of residential properties the Group has offered. Moving forward into FY 2018, the Group will scout for joint-venture or land swap project opportunities with reputable government agencies. Currently, The Group has collaborated with other synergistic partners such as Tokyu Land Corporation.

The Group is optimistic and confident of the future performance, given that most of the land banks are located in prime growth areas that are the targets of prospective buyers i.e well-developed and connected locations 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 12 October 2017, the Board proposed a final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2017 and was approved at the Fifth Annual General Meeting of the Company held on 29 November 2017.

On 30 October 2017, the Board further proposed a non-cumulative dividend payment to the holder of Irredeemable Convertible Preference Shares (“ICPS”) at a dividend rate of 0.05 sen per share.

The above proposed dividend was paid on 28 December 2017.

### 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	
	01.10.2017 TO 31.12.2017	01.10.2016 TO 31.12.2016	01.07.2017 TO 31.12.2017	01.07.2016 TO 31.12.2016
	RM'000	RM'000	RM'000	RM'000
<b>After charging:</b>				
Accretion of interest on RCPS	-	179	-	357
Depreciation of investment properties	209	23	413	46
Depreciation of property, plant and equipment	23	170	46	339
Directors' remuneration	473	373	896	740
Interest expenses	1,521	1,295	2,581	1,295
Rental of sales office	113	65	215	182
Rental of equipment	14	2	19	13
Staff costs	2,776	2,433	5,546	4,807
<b>After crediting:</b>				
Bank interest income	(103)	(307)	(287)	(718)
Fixed deposit interest income	(87)	(117)	(120)	(255)
Other interest income	(248)	(790)	(285)	(790)
Liquidated ascertain damages income	(739)	-	(757)	(6,440)
Gain on disposal of motor vehicle	(42)	-	(48)	(12)
Rental income	(484)	(313)	(832)	(735)

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	
	01.10.2017 TO 31.12.2017	01.10.2016 TO 31.12.2016	01.07.2017 TO 31.12.2017	01.07.2016 TO 31.12.2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense	8,405	6,198	16,500	13,470
Deferred taxation	(42)	67	(103)	(6)
	8,363	6,265	16,397	13,464

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 tax deductible and deferred tax assets not provided for subsidiary companies.

### B9. Status of Corporate Proposal

There were no material transactions or events subsequent to the current quarter ended 31 December 2017 till 21 February 2018 (the latest practicable date which is not earlier than 7 days from the date of issues of this quarterly report).

### B10. Status of Utilization of Proceeds

A renouncement right issue of irredeemable convertible preference shares ("ICPS") on the basis of 3 ICPS for every 2 existing ordinary shares at an issue price of RM 0.165 per ICPS has been completed with the listing of 614,999,899 ICPS on Main Market of Bursa Securities on 04 October 2017. The gross proceeds raised from ICPS was RM 101,474, 983 and the current utilization status as at 31 December 2017 is as follow: -

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Time frame for Utilisation (from the listing date)
(i) Property Development expenditure	70,825	75,375	(4,550)	Within 24 months
(ii) Partial repayment of bank borrowing	30,000	25,450	4,550	Within 12 months
(iii) Estimated expenses for the Right Issue of ICP	650	650	-	Within 1 months
Total Proceed	101,475	101,475	-	

### B11. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 December 2017 were as follows:-

	Secured RM'000
Short Term Bank Borrowings	129,753
Long Term Bank Borrowings	293,262
	<u>423,015</u>

The above borrowings were denominated in Ringgit Malaysia.

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

### B12. 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	
	01.10.2017 TO 31.12.2017	01.10.2016 TO 31.12.2016	01.07.2017 TO 31.12.2017	01.07.2016 TO 31.12.2016
Profit attributable to owners of the company (RM'000)	20,009	20,448	40,573	40,491
Weighted average number of ordinary shares in issue ('000)	1,139,993	384,822	979,996	384,822
Basic earnings per share (sen)	1.76	5.31	4.14	10.52

#### (b) Diluted Earnings Per Share

Dilutive earnings per share of previous corresponding quarter 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 Irredeemable Convertible Preference Shares on the basis of one (1) ordinary share for every ten (10) ICPS held.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.10.2017 TO 31.12.2017	01.10.2016 TO 31.12.2016	01.07.2017 TO 31.12.2017	01.07.2016 TO 31.12.2016
Profit attributable to owners of the Company (RM'000)	20,009	20,448	40,573	40,491
Weighted average number of ordinary shares in issue ('000)	1,139,993	384,822	979,996	384,822
Effect of dilution: Irredeemable Convertible Preference Shares ('000)	86,502	6,666	86,502	6,666
Adjusted weighted average number of ordinary shares ('000)	1,226,495	391,488	1,066,498	391,488
Dilluted earnings per share (sen)	1.63	5.22	3.80	10.34

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

### B12. 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.

	As At 31.12.2017 RM'000	As At 30.06.2017 RM'000
Total retained earnings of the Group		
- Realised	437,313	399,170
- Unrealised	(72)	(70)
	<u>437,241</u>	<u>399,100</u>
Consolidation adjustments	(28,644)	(27,499)
Total retained earnings as per statement of financial position	<u><b>408,597</b></u>	<u><b>371,601</b></u>

The unrealised portion within retained earnings as at 31 December 2017 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.