

MEGA SUN CITY HOLDINGS BERHAD (640850-U)
(Formerly known as Ideal Sun City Holdings Berhad)
(Incorporated in Malaysia)

Unaudited Interim Financial Report
For The Financial Quarter Ended 30 September 2017

A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.22 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements. This interim financial report does not include all the information required for a full set of annual audited financial statements, and should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2016, which have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards.

The Group has adopted all applicable accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) except for those which are not yet effective. The initial adoption of the accounting standards, amendments and interpretations that are effective in the current financial period does not have any significant impact on the Group’s financial statements.

A2. Auditors’ report on preceding annual financial statements

The auditors’ report on the preceding annual financial statements of the Group for the financial year ended 31 December 2016 was not subject to any qualification.

A3. Seasonal or cyclical factors

The business operations of the Group for the current financial quarter were not significantly affected by seasonal or cyclical factors.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter.

A5. Changes in estimates

There were no changes in estimates of the amounts reported that have a material effect on the current financial quarter’s results.

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A6. Issuances, cancellations, repurchases, resale and repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and/or equity securities during the financial year-to-date under review save as follows:

- (a) conversion of 2,350,450 warrants into 1,153,750 new ordinary shares of RM0.10 each in the Company at the exercise price of RM0.10 each.
- (b) private placement of 27,147,500 new ordinary shares of RM0.10 each in the Company at the issue price of RM0.315 each.

A7. Dividends paid

No dividends have been paid during the current financial quarter.

A8. Segmental information

Segmental information is presented in respect of the Group's business segments. The Group's business for the current financial period comprises the following main segments:

- (a) Project management services; and
- (b) Property investment holding including letting of properties and provision of supports services.

	Project management services		Property investment holding		Total	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Revenue	5,188	6,752	815	591	6,003	7,343
Profit before tax	3,367	3,715	250	241	3,617	3,956

A9. Valuation of property, plant and equipment and investment properties

The property, plant and equipment and investment properties of the Group have not been revalued during the current financial quarter.

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A10. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter and financial year-to-date under review.

A12. Changes in contingent assets or contingent liabilities

There were no contingent assets or contingent liabilities as at the end of the current financial quarter.

A13. Capital commitments

There were no material capital commitments as at the end of the current financial quarter.

B. ADDITIONAL INFORMATION PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of the Group's results for the current financial quarter ended 30 September 2017

For the current financial quarter ended 30 September 2017, the Group achieved unaudited revenue of RM1.66million which is lower than the revenue of RM2.68million recorded in the previous year corresponding quarter. The decrease in revenue is mainly due to the lower income generated from the property management services.

The profit after tax of the Group for the current financial quarter was approximately RM0.78million which was lower than RM1.1million recorded in the previous year corresponding quarter. The decrease in profit after tax was mainly attributed to lower income generated from the property management services.

B2. Material changes in profit after tax for the current financial quarter compared to the immediate preceding quarter

The profit after tax of the Group for the current financial quarter RM0.78million was slightly higher than that of the immediate preceding quarter RM0.77million principally attributed to the lower cost incurred from the project management services during the current financial quarter.

B3. Current year prospect

Barring unforeseen circumstances, the Board of Directors anticipates that the financial performance of the Group will remain satisfactory for the financial year ending 31 December 2017.

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B4. Profit forecast / Profit guarantee

There was no profit forecast or profit guarantee in respect of the current financial year.

B5. Profit before tax

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.17 RM'000	Preceding Year Quarter 30.09.16 RM'000	Current Year To Date 30.09.17 RM'000	Preceding Year To Date 30.09.16 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation charge	262	138	634	419
Interest income	-	-	-	(9)

B6. Income tax expense

	Individual Quarter Current Year Quarter 30.09.17 RM'000	Cumulative Quarter Current Year To Date 30.09.17 RM'000
Current tax expense	284	1,060

The effective tax rate of the Group is higher than the statutory tax rate principally attributed to the losses incurred by certain companies in the Group.

B7. Status of corporate proposals announced

There were no corporate proposals outstanding at the date of this report.

B8. Bank borrowings

The Group's borrowings as at 30 September 2017 was as follows:

	Secured RM'000
Hire purchase payable	500

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B9. Dividends

No dividends have been declared by the Company during the current financial quarter.

B10. Earnings per share (“EPS”)

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.09.17	30.09.16	30.09.17	30.09.16
Basic earnings per share				
Profit attributable to equity holders of the Company for the period (RM'000)	780	1,128	2,557	2,802
Weighted average number of ordinary shares in issue ('000)	218,965	189,838	209,787	188,494
Basic earnings per share (sen)	0.36	0.59	1.22	1.49
Diluted earnings per share (sen)	*	0.49	*	1.22

* The diluted earnings per share for the period ended 30 September 2017 is the same as the basic earnings per share as the effect of anti-dilutive potential shares is ignored in calculating diluted earnings per ordinary share in accordance with MFRS 133, Earnings Per Share.

B11. Disclosure of realised and unrealised profits/(losses)

The breakdown of retained profits of the Group as at the reporting date into realised and unrealised profits/(losses) is as follows:

	30.09.17 RM'000	31.12.16 RM'000
Total retained profits of the Group:		
- realised	18,411	15,854
- unrealised	(41)	(41)
Total	18,370	15,813

The determination of realised and unrealised profits/(losses) is based on the 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 on 20 December 2010.

The disclosure of realised and unrealised profits/(losses) above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

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B12. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 November 2017.

BY ORDER OF THE BOARD

GUNN CHIT GEOK
MAICSA 0673097
CHEW SIEW CHENG
MAICSA 7019191
Company Secretaries
Penang

Date: 27 November 2017