

**MEGA SUN CITY HOLDINGS BERHAD (640850-U)**  
(Incorporated in Malaysia)

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

For The Second Quarter Ended 30 June 2018

(The figures have not been audited)

	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	30.06.18 RM'000	30.06.17 RM'000	30.06.18 RM'000	30.06.17 RM'000
<b>Revenue</b>	1,601	1,872	3,563	4,344
Cost of sales	(277)	(255)	(515)	(682)
<b>Gross profit</b>	<u>1,324</u>	<u>1,617</u>	<u>3,048</u>	<u>3,662</u>
Other operating income	154	118	266	225
Administration expenses	(1,151)	(646)	(2,109)	(1,334)
<b>Profit from operations</b>	<u>327</u>	<u>1,089</u>	<u>1,205</u>	<u>2,553</u>
Finance costs	(17)	-	(29)	-
<b>Profit before tax</b>	<u>310</u>	<u>1,089</u>	<u>1,176</u>	<u>2,553</u>
Income tax expense	(184)	(320)	(540)	(776)
<b>Profit for the period</b>	<u>126</u>	<u>769</u>	<u>636</u>	<u>1,777</u>
<b>Other comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>126</u>	<u>769</u>	<u>636</u>	<u>1,777</u>
<b>Profit for the period attributable to:</b>				
Owners	126	769	636	1,777
Minority interest	-	-	-	-
	<u>126</u>	<u>769</u>	<u>636</u>	<u>1,777</u>
<b>Total comprehensive income for the period attributable to:</b>				
Owners	126	769	636	1,777
Minority interest	-	-	-	-
	<u>126</u>	<u>769</u>	<u>636</u>	<u>1,777</u>
<b>Earnings per share attributable to Owners:</b>				
- Basic (sen)	0.06	0.35	0.31	0.87
- Diluted (sen)	0.06	0.35	0.31	0.87

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

**MEGA SUN CITY HOLDINGS BERHAD (640850-U)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

For The Second Quarter Ended 30 June 2018

*(The figures have not been audited)*

	<b>30.06.18</b>	<b>31.12.17</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,945	8,976
Investment properties	<u>39,984</u>	<u>40,233</u>
	<u>49,929</u>	<u>49,209</u>
<b>Current assets</b>		
Trade receivables	12,812	12,599
Other receivables and prepaid expenses	2,064	1,088
Current tax assets	350	264
Deposits, cash and bank balances	<u>4,830</u>	<u>5,525</u>
	<u>20,056</u>	<u>19,476</u>
<b>TOTAL ASSETS</b>	<u>69,985</u>	<u>68,685</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners</b>		
Share capital	41,592	41,583
Discount on shares	(2,025)	(2,029)
Reserves	<u>24,907</u>	<u>24,275</u>
<b>TOTAL EQUITY</b>	<u>64,474</u>	<u>63,829</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	16	16
Hire purchase payable	<u>923</u>	<u>377</u>
	<u>939</u>	<u>393</u>
<b>Current liabilities</b>		
Trade payables	61	42
Other payables and accrued expenses	3,460	3,396
Hire purchase payable	109	99
Current tax liabilities	<u>942</u>	<u>926</u>
	<u>4,572</u>	<u>4,463</u>
<b>TOTAL LIABILITIES</b>	<u>5,511</u>	<u>4,856</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>69,985</u>	<u>68,685</u>
<b>Net Assets Per Share (RM)</b>	0.29	0.29

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

**MEGA SUN CITY HOLDINGS BERHAD (640850-U)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For The Second Quarter Ended 30 June 2018

(The figures have not been audited)

	Share Capital RM'000	Discount on Shares RM'000	Share Premium RM'000	Non-Distributable			Distributable		Total RM'000
				Warrant Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000			
Balance as of 1 January 2018	41,583	(2,029)	-	2,029	2,692	19,554		63,829	
Issuance of shares	9	4	-	(4)	-	-		9	
Profit for the financial period	-	-	-	-	-	636		636	
<b>Balance as of 30 June 2018</b>	<b>41,592</b>	<b>(2,025)</b>	<b>-</b>	<b>2,025</b>	<b>2,692</b>	<b>20,190</b>		<b>64,474</b>	
Balance as of 1 January 2017	18,989	(2,123)	13,808	2,123	2,692	15,813		51,302	
Issuance of shares	2,714	-	5,837	-	-	-		8,551	
- private placement, net of expenses	116	51	-	(51)	-	-		116	
- exercise of warrants	-	-	-	-	-	1,777		1,777	
Profit for the financial period	-	-	-	-	-	-		-	
<b>Balance as of 30 June 2017</b>	<b>21,819</b>	<b>(2,072)</b>	<b>19,645</b>	<b>2,072</b>	<b>2,692</b>	<b>17,590</b>		<b>61,746</b>	

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

**MEGA SUN CITY HOLDINGS BERHAD (640850-U)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For The Second Quarter Ended 30 June 2018

*(The figures have not been audited)*

	Current Year Cumulative Period Ended 30.06.18 RM'000	Preceding Year Corresponding Period Ended 30.06.17 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	1,176	2,553
Adjustments for:		
Allowance for doubtful debts	157	-
Depreciation charge	754	372
Operating Profit Before Working Capital Changes	<b>2,087</b>	<b>2,925</b>
Changes in Working Capital:		
(Increase) / Decrease in:		
Receivables	(1,346)	1,503
Increase / (Decrease) in:		
Payables	83	(14,043)
Cash From / (Used In) Operations	<b>824</b>	<b>(9,615)</b>
Income tax refund	-	130
Income tax paid	(622)	(857)
<b>Net Cash From / (Used In) Operating Activities</b>	<b>202</b>	<b>(10,342)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investment properties	-	(641)
Purchase of property, plant and equipment	(1,461)	(314)
<b>Net Cash Used In Investing Activities</b>	<b>(1,461)</b>	<b>(955)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares, net of expenses	9	8,667
Proceeds from finance lease	660	-
Repayment of finance lease payables	(105)	-
<b>Net Cash From Financing Activities</b>	<b>564</b>	<b>8,667</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(695)</b>	<b>(2,630)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>5,525</b>	<b>10,199</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>4,830</b>	<b>7,569</b>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

**MEGA SUN CITY HOLDINGS BERHAD (640850-U)**  
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**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2018**

**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 2017, 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 2017 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.

**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 91,600 warrants into 91,600 new ordinary shares of RM0.10 each in the Company at the exercise price of RM0.10 each.

Subsequent to 30 June 2018, an additional 185,500 warrants were converted into 185,500 new ordinary shares of RM0.10 each in the Company at the exercise price of RM0.10 each.

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**For The Financial Quarter Ended 30 June 2018**

**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	
	30.06.18 RM'000	30.06.17 RM'000	30.06.18 RM'000	30.06.17 RM'000	30.06.18 RM'000	30.06.17 RM'000
Revenue	3,019	3,800	544	544	3,563	4,344
Profit before tax	934	2,397	242	156	1,176	2,553

**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.

**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.

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**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2018**

**B. ADDITIONAL INFORMATION PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS**

**B1. Review of the Group's results for the current financial quarter ended 30 June 2018**

For the current financial quarter ended 30 June 2018, the Group achieved unaudited revenue of RM1.60million which is lower than the revenue of RM1.87million 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 RM0.13million which was lower than RM0.77million 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 and allowance for doubtful debts.

**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 RM0.13million was lower than that of the immediate preceding quarter RM0.51million principally attributed to lower income generated from the property management services and allowance for doubtful debts 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 2018.

**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 30.06.18 RM'000	Preceding Year Quarter 30.06.17 RM'000	Current Year To Date 30.06.18 RM'000	Preceding Year To Date 30.06.17 RM'000
Profit before tax is arrived at after charging:				
Allowance for doubtful debts	157	-	157	-
Depreciation charge	440	184	754	372

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**B6. Income tax expense**

	<b>Individual Quarter Current Year Quarter 30.06.18 RM'000</b>	<b>Cumulative Quarter Current Year To Date 30.06.18 RM'000</b>
Current tax expense	<u>184</u>	<u>540</u>

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 June 2018 was as follows:

	<b>Secured RM'000</b>
Hire purchase payable (Secured)	<u>1,032</u>

**B9. Dividends**

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



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**For The Financial Quarter Ended 30 June 2018**

**B10. Earnings per share ("EPS")**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Company for the period (RM'000)	126	769	636	1,777
Weighted average number of ordinary shares in issue ('000)	219,477	217,406	206,230	205,122
Basic earnings per share (sen)	0.06	0.35	0.31	0.87
Diluted earnings per share (sen)	*	*	*	*

\* The diluted earnings per share for the period ended 30 June 2018 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:

	30.06.18 RM'000	31.12.17 RM'000
Total retained profits of the Group:		
- realised	20,347	19,595
- unrealised	(157)	(41)
Total	20,190	19,554

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 23 August 2018.

BY ORDER OF THE BOARD

LIM CHOO TAN  
LS 0008888  
CHEW SIEW CHENG  
MAICSA 7019191  
Company Secretaries  
Penang

Date: 23 August 2018