

**GLOBAL ORIENTAL BERHAD**  
**PART A – EXPLANATORY NOTES PURSUANT TO FRS 134**

**1. BASIS OF PREPARATION**

The interim financial statements of Global Oriental Berhad (“GOB” or “Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134: “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2015. These explanatory notes attached to the 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 31 March 2015.

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2015, except for the compliance with the new/revised Financial Reporting Standards (“FRSs”) that came into effect during the financial quarter under review.

The adoption of the new/revised FRSs that came into effect during the financial quarter under review do not have any significant financial impact on the Group’s financial result for the financial quarter under review nor the Group’s shareholders’ funds as at 31 March 2016.

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRS Framework”). Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities. Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers are allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework are now required to adopt the MFRS Framework latest by 1 January 2017. The effective date of MFRS 15 was subsequently deferred to annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare its first set of MFRS financial statements for the year ending 31 March 2019 when the MFRS Framework is mandated by MASB.

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. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group’s first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

**2. AUDITORS' REPORT ON REPORTING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements of GOB for the financial year ended 31 March 2015 was not qualified.

**3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's performance for the quarter ended 31 March 2016 was not affected by significant seasonal or cyclical fluctuations.

**4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review, except for a gain of RM93.66 million arising from the disposal of a subsidiary.

**5. CHANGES IN ESTIMATES**

There were no changes in estimates during the quarter under review that had a material effect on the interim financial statements.

**6. DEBT AND EQUITY SECURITIES**

During the quarter under review, no ordinary shares were allotted to the employees of the Group as no ESOS options had been exercised. As at 31 March 2016, a total of 10,026,282 ESOS options to subscribe for ordinary shares of RM0.50 each remain unexercised.

There were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

**7. DIVIDENDS PAID**

There were no dividends paid or declared during the quarter under review.

## 8. SEGMENTAL INFORMATION

### a) Business Segments

Group	Property	Construction	Trading	Investment	Others	Elimination	Total
	development		and				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results For 12 Months Ended</b>							
<b>31 March 2016</b>							
<b>Revenue</b>							
External sales	742,921	-	32,633	-	28,569	-	804,123
Inter-segment sales	-	69,861	-	-	-	(69,861)	-
	<u>742,921</u>	<u>69,861</u>	<u>32,633</u>	<u>-</u>	<u>28,569</u>	<u>(69,861)</u>	<u>804,123</u>
<b>Results</b>							
Segment results	54,466	3,211	(11,080)	64,727	(17,135)	(4,454)	89,735
Unallocated expenses:							
- Finance costs							(5,567)
- Share of results of joint venture							(493)
- Share of results of associate							(11)
Profit before tax							<u>83,664</u>
Taxation							<u>(41,585)</u>
Profit for the financial year							<u>42,079</u>

Group	Property	Construction	Trading	Investment	Others	Elimination	Total
	development		and				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results For 12 Months Ended</b>							
<b>31 March 2015</b>							
<b>Revenue</b>							
External sales	372,788	-	46,636	-	25,692	-	445,116
Inter-segment sales	-	48,641	-	6,500	-	(55,141)	-
	<u>372,788</u>	<u>48,641</u>	<u>46,636</u>	<u>6,500</u>	<u>25,692</u>	<u>(55,141)</u>	<u>445,116</u>
<b>Results</b>							
Segment results	79,169	1,236	13,555	(237)	(10,964)	(17,145)	65,614
Unallocated expenses:							
- Finance costs							(6,653)
- Share of results of joint venture							(149)
Profit before tax							<u>58,812</u>
Taxation							<u>(24,880)</u>
Profit for the financial year							<u>33,932</u>

## b) Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Current Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2016 RM'000	Preceding Year To Date 31.03.2015 RM'000
<b>Revenue</b>				
Malaysia	520,308	133,945	796,927	445,116
China	2,114	-	7,196	-
	<b>522,422</b>	<b>133,945</b>	<b>804,123</b>	<b>445,116</b>

## 9. CARRYING AMOUNT OF REVALUED ASSETS

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

There has been no change to the valuations of the property, plant and equipment since the audited financial statements for the year ended 31 March 2015.

## 10. SUBSEQUENT EVENTS

There were no material events subsequent to the reporting period.

## 11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review, except as follows:

- (a) The disposal of 51% equity interest in Penaga Pesona Sdn Bhd was completed on 5 February 2016.
- (b) On 1 March 2016, the Group disposed of its entire equity interest comprising 2 ordinary shares of RM1.00 each in its wholly-owned subsidiary, Johan Awana Sdn Bhd ("JASB") to Brilliant Integrity Sdn Bhd ("BISB"), another wholly-owned subsidiary of GOB, for a cash consideration of RM2.00 ("Internal Re-organisation"). JASB will be directly owned by BISB upon completion of the Internal Re-organisation.

## 12. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at the date of this report, there were no material contingent liabilities except as follows:

Corporate guarantee amounting to RM165.1 million given by our Company to financial institutions for credit facilities granted to our subsidiaries.

### 13. CAPITAL COMMITMENTS

The amount of commitments not provided for as at the date of this report is as follows:

Non-cancellable operating lease commitments

The Group has commitment in respect of rental of premises as follows:

	<b>RM'000</b>
Future minimum rentals payable:	
- Not later than 1 year	7,618
- More than 1 year and within 2 years	12,259
- More than 2 years and within 5 years	4,363
	<u>24,240</u>

The Group has entered into non-cancellable operating lease agreements which represent rental payable for the use of premises.

## **PART B – EXPLANATORY NOTES PURSUANT TO THE REVISED LISTING REQUIREMENTS OF BURSA SECURITIES**

### **1. REVIEW OF PERFORMANCE**

The Group registered a revenue of RM522.4 million as compared to RM133.9 million recorded in the preceding year corresponding quarter. The higher revenue was mainly due to higher revenue recognition from da:men project in USJ, Subang Jaya in the current quarter. The Group recorded lower pre-tax profit of RM8.1 million for the current year quarter under review as compared to pre-tax profit of RM18.7 million in the preceding year corresponding quarter. The decrease was mainly due to additional costs incurred by da:men project.

The Group's revenue increased significantly to RM522.4 million for the current quarter as compared to RM21.7 million for the immediate preceding quarter. The increase was mainly due to higher revenue recognition from da:men project in USJ, Subang Jaya in the current quarter. The Group recorded a pre-tax profit of RM8.1 million for the current quarter as compared to pre-tax loss of RM20.9 million for the immediate preceding quarter. The favourable performance was mainly due to gain on disposal of a subsidiary in the current quarter.

For the financial year ended 31 March 2016, the Group registered higher revenue of RM804.1 million as against RM445.1 million recorded in the previous financial year. The improved revenue was mainly due to better revenue contribution from da:men project and sale of land in Seri Kembangan. Pre-tax profit also increased to RM83.7 million as compared to RM58.8 million previously mainly due to contribution from the property division and also a gain on disposal of a subsidiary during the financial year.

### **2. COMMENTARY ON PROSPECTS**

Bank Negara Malaysia reported that the Malaysian economy recorded a lower growth of 4.2% in the first quarter of 2016 as compared to 4.5% in the fourth quarter of 2015. For the year of 2016, Malaysian economy is expected to remain on a sustained growth path of 4-4.5% while domestic demand will continue to be the principal driver of growth, albeit at a moderate pace.

Despite continued growth in the local economy, the outlook for property industry continues to be challenging with subdued consumer sentiments. With these challenges ahead, the Group continue to rationalize and exercise prudence over projects development and launches and also business operations in the financial year ending 2017.

### 3. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee for the financial year under review.

### 4. TAXATION

	<b>Current Year Quarter 31.03.2016 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.03.2015 RM'000</b>	<b>Current Year To Date 31.03.2016 RM'000</b>	<b>Preceding Year To Date 31.03.2015 RM'000</b>
Current period taxation	(11,401)	(44,869)	(13,523)	(63,560)
Deferred taxation	327	37,964	(28,062)	38,680
	<u>(11,074)</u>	<u>(6,905)</u>	<u>(41,585)</u>	<u>(24,880)</u>

The effective tax rate for the current quarter was higher than the statutory tax rate principally due to the restriction in the group relief available in respect of losses incurred by certain subsidiary companies, derecognition of deferred tax assets and expenses which were not deductible for tax purposes.

### 5. CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this report, except as follows:

- (a) On 11 August 2015, the Group announced that Pertanian Taman Equine Sdn Bhd, a wholly-owned subsidiary of GOB had entered into a conditional sale and purchase agreement with Kemaris Residences Sdn Bhd for the disposal of a parcel of leasehold land located in Mukim Petaling, Daerah Petaling, Negeri Selangor measuring approximately 19.24 acres, for a cash consideration of RM43.30 million.

The Proposed Disposal is expected to be completed upon full and final settlement of the balance purchase price.

- (b) On 22 January 2016, the Group announced that Menteri Besar Incorporated (Perak) and Johan Awana Sdn Bhd, a wholly-owned subsidiary of GOB entered into a Development Rights Agreement to undertake the development of a parcel of land measuring approximately 147.84 acres located in Mukim Lumut, Daerah Manjung, Perak.

The Proposed Joint Development is pending fulfillment of a condition precedent.

### 6. BORROWINGS AND DEBT SECURITIES

	<b>As at 31.03.2016 RM'000</b>	<b>As at 31.03.2015 RM'000</b>
Short term borrowings:		
Bank borrowings	65,149	38,000
Hire-purchase creditors	432	437
Bank overdrafts	4,971	3,145
	<u>70,552</u>	<u>41,582</u>

Long term borrowings:

Redeemable preference shares	961	961
Bank borrowings	51,586	211,879
Hire-purchase creditors	498	625
	<u>53,045</u>	<u>213,465</u>

All borrowings are denominated in Ringgit Malaysia and are fully secured.

## 7. CHANGES IN MATERIAL LITIGATION

The Company and its subsidiary companies are not engaged, either as plaintiff or defendant, in any litigation which has a material effect since the date of the last annual statement of financial position to the date of this report. The Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially and/or adversely affect the position or business of the Group.

## 8. DIVIDEND

No dividend has been proposed or declared for the current quarter.

## 9. EARNINGS PER SHARE

### a) Basic

The basic earnings per share is calculated by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares in issue during the financial period.

	<b>Current Year Quarter 31.03.2016</b>	<b>Preceding Year Corresponding Quarter 31.03.2015</b>	<b>Current Year To Date 31.03.2016</b>	<b>Preceding Year To Date 31.03.2015</b>
(Loss)/Profit attributable to equity holders of the Company (RM'000)	(3,076)	9,980	41,584	30,386
Number of ordinary shares in issue ('000)	454,677	286,509	454,677	286,509
Basic earnings per share (sen)	(0.68)	3.48	9.15	10.61

### b) Diluted

ESOS granted and warrants are excluded from the diluted earnings per share calculation because their effects are anti-dilutive.



## 10. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Current Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2016 RM'000	Preceding Year To Date 31.03.2015 RM'000
<b>After Charging:</b>				
Interest expenses	2,398	1,871	5,567	6,653
Allowance for doubtful debts	11	43	11	43
Depreciation and amortization	936	871	4,349	3,305
Inventories written off	-	50	-	50
(Gain)/Loss on disposal of property, plant and equipment	(59)	163	133	191
Property, plant and equipment written off	6,015	763	6,074	1,088
Share of results of joint venture	-	149	493	149
Share of results of associate	11	-	11	-
Provision for liquidated and ascertained damages	-	-	6,392	12
Provision for sales incentives	329	1,992	329	3,035
Share option granted under ESOS	-	-	-	6,410
Waiver on late payment charges	-	285	-	285
<b>After Crediting</b>				
Interest income	1,398	1,057	2,433	2,317
Reversal of bumiputera quota penalties	-	1,758	-	1,758
Unrealised foreign exchange gain	-	481	-	481
Gain on disposal of subsidiary	93,663	-	93,663	-
Share of results of joint venture	100	-	-	-
Gain on disposal of investment property	2,000	-	2,000	-

There were no provision for write off of receivables, provision for write off of inventories, gain or loss on disposal of quoted or unquoted investment, foreign exchange gain or loss, gain or loss on derivatives and exceptional items for the current quarter under review.

## 11. DISCLOSURE ON REALISED AND UNREALISED PROFITS

	As at 31.03.2016 RM'000	As at 31.03.2015 RM'000
Total retained profits of the Company and its subsidiaries		
– Realised	141,032	106,624
– Unrealised	54,199	56,833
	195,231	163,457
Less: Consolidation adjustments	(73,736)	(68,743)
Total Group retained earnings as per statements of financial position	121,495	94,714

## **12. AUTHORISATION FOR ISSUE**

These interim financial statements have been authorised by the Board of Directors for issuance in accordance with a resolution of the Directors duly passed at the Board of Directors' Meeting held on 25 May 2016.

By Order of the Board  
Chin Pei Fung (MAICSA 7029712)  
Company Secretary  
Selangor Darul Ehsan  
25 May 2016