



GLOBAL ORIENTAL BERHAD

(Incorporated in Malaysia)

(543867-T)

Interim Financial Report

30 September 2018

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GLOBAL ORIENTAL BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

| | Individual Quarter | | Cumulative Quarter | |
|--|--|---|--|--|
| | Current Year Quarter 30.09.2018 RM'000 unaudited | Preceding Year Corresponding Quarter 30.09.2017 RM'000 unaudited | Current Year To Date 30.09.2018 RM'000 unaudited | Preceding Year Corresponding Year To Date 30.09.2017 RM'000 unaudited |
| Revenue | 34,409 | 16,418 | 62,264 | 40,887 |
| Cost of sales | (28,826) | (11,524) | (54,605) | (25,323) |
| Gross profit | 5,583 | 4,894 | 7,659 | 15,564 |
| Interest income | 872 | 229 | 1,517 | 1,681 |
| Other operating income | 103 | 864 | 1,733 | 13,008 |
| Depreciation and amortisation | (317) | (426) | (627) | (1,245) |
| Loss on disposal of an associated company | - | (35,332) | - | (35,332) |
| Operating expenses | (12,653) | (19,044) | (24,902) | (38,625) |
| Loss from operations | (6,412) | (48,815) | (14,620) | (44,949) |
| Finance costs | (1,328) | (4,295) | (2,709) | (6,932) |
| Share of results of associated companies | (1,412) | 38,878 | - | 38,395 |
| Loss before tax | (9,152) | (14,232) | (17,329) | (13,486) |
| Taxation | (343) | (221) | (811) | (759) |
| Loss for the financial period | (9,495) | (14,453) | (18,140) | (14,245) |
| Other comprehensive income | | | | |
| Exchange differences arising on translation of foreign operations | - | - | - | (1) |
| Total comprehensive loss for the financial period | (9,495) | (14,453) | (18,140) | (14,246) |
| Loss attributable to: | | | | |
| Equity holders of the Company | (9,326) | (13,506) | (17,790) | (12,982) |
| Non-controlling interests | (169) | (947) | (350) | (1,263) |
| | (9,495) | (14,453) | (18,140) | (14,245) |
| Total comprehensive loss attributable to: | | | | |
| Equity holders of the Company | (9,326) | (13,506) | (17,790) | (12,983) |
| Non-controlling interests | (169) | (947) | (350) | (1,263) |
| | (9,495) | (14,453) | (18,140) | (14,246) |
| Earnings per share attributable to Equity Holders of the Company: | | | | |
| - Basic (sen) | (2.05) | (2.97) | (3.91) | (2.86) |
| - Diluted (sen) | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial statements.

GLOBAL ORIENTAL BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

| | As at 30.09.2018 RM'000 unaudited | As at 31.03.2018 RM'000 (restated) | As at 01.04.2017 RM'000 (restated) |
|--|--|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5,633 | 5,813 | 13,811 |
| Investment in an associated company | - | - | 35,937 |
| Other investment | 1 | 1 | 1 |
| Inventories | 258,637 | 252,868 | 72,430 |
| Goodwill | 23,587 | 23,587 | 30,337 |
| Deferred tax assets | 5,995 | 5,994 | 12,469 |
| | <u>293,853</u> | <u>288,263</u> | <u>164,985</u> |
| Current assets | | | |
| Inventories | 398,813 | 387,844 | 132,210 |
| Contract assets | 2,536 | - | 16,249 |
| Trade receivables | 43,134 | 105,292 | 123,395 |
| Other receivables, deposits and prepayments | 133,344 | 142,100 | 123,462 |
| Amount owing by associated companies | 49,777 | 49,777 | 146,040 |
| Tax recoverable | 5,957 | 3,827 | 7,097 |
| Short-term funds | - | 10,329 | - |
| Fixed deposits with licensed banks | 14,283 | 12,339 | 7,647 |
| Cash and bank balances | 168,523 | 143,224 | 85,027 |
| | <u>816,367</u> | <u>854,732</u> | <u>641,127</u> |
| TOTAL ASSETS | <u>1,110,220</u> | <u>1,142,995</u> | <u>806,112</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | 227,338 | 227,338 | 227,338 |
| Reserves | 143,799 | 161,589 | 241,266 |
| | <u>371,137</u> | <u>388,927</u> | <u>468,604</u> |
| Non-controlling interests | (2,518) | (2,168) | (722) |
| TOTAL EQUITY | <u>368,619</u> | <u>386,759</u> | <u>467,882</u> |
| LIABILITIES | | | |
| Non-current and deferred liabilities | | | |
| Redeemable preference shares | - | - | 961 |
| Borrowings - secured | 142,103 | 133,833 | 85,009 |
| Deferred tax liabilities | 4,236 | 4,241 | 6,223 |
| Trade payables | 204,048 | 196,980 | 15,255 |
| | <u>350,387</u> | <u>335,054</u> | <u>107,448</u> |
| Current liabilities | | | |
| Contract liabilities | 62,096 | 25,704 | - |
| Trade payables | 67,432 | 71,771 | 93,209 |
| Other payables and accruals | 162,739 | 175,943 | 69,098 |
| Provisions | 25,185 | 25,298 | 23,815 |
| Borrowings - secured | 71,873 | 120,564 | 43,150 |
| Tax liabilities | 1,889 | 1,902 | 1,510 |
| | <u>391,214</u> | <u>421,182</u> | <u>230,782</u> |
| TOTAL LIABILITIES | <u>741,601</u> | <u>756,236</u> | <u>338,230</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,110,220</u> | <u>1,142,995</u> | <u>806,112</u> |
| Net assets per ordinary share attributable to equity holders of the Company (RM) | <u>0.82</u> | <u>0.86</u> | <u>1.03</u> |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial statements.

GLOBAL ORIENTAL BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

| | Attributable to the Equity Holders of the Company | | | | | | | Total RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
|---|---|------------------------------|---|--------------------------------------|------------------------------|---|--------------------------------|-----------------|--|---------------------------|
| | Issued capital RM'000 | Capital reserve RM'000 | Available- for-sale reserve RM'000 | Share option reserve RM'000 | Warrant reserve RM'000 | Foreign currency translation reserve RM'000 | Retained earnings RM'000 | | | |
| Current 6 months ended 30 September 2018 (unaudited) | | | | | | | | | | |
| As at 1 April 2018, as previously reported | 227,338 | 91,037 | 2 | 3,464 | 20,227 | 344 | 32,369 | 374,781 | (2,168) | 372,613 |
| Effect of adoption of the MFRS Framework | - | - | (2) | - | - | - | 14,148 | 14,146 | - | 14,146 |
| As at 1 April 2018, as restated | 227,338 | 91,037 | - | 3,464 | 20,227 | 344 | 46,517 | 388,927 | (2,168) | 386,759 |
| Loss for the financial period | - | - | - | - | - | - | (17,790) | (17,790) | (350) | (18,140) |
| Other comprehensive income for the financial period | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive loss for the financial period | - | - | - | - | - | - | (17,790) | (17,790) | (350) | (18,140) |
| Employees' Share Option Scheme ("ESOS") forfeited during the financial period | - | - | - | (328) | - | - | 328 | - | - | - |
| As at 30 September 2018 | 227,338 | 91,037 | - | 3,136 | 20,227 | 344 | 29,055 | 371,137 | (2,518) | 368,619 |

| | Attributable to the Equity Holders of the Company | | | | | | | Total RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
|--|---|------------------------------|---|--------------------------------------|------------------------------|---|--------------------------------|-----------------|--|---------------------------|
| | Issued capital RM'000 | Capital reserve RM'000 | Available- for-sale reserve RM'000 | Share option reserve RM'000 | Warrant reserve RM'000 | Foreign currency translation reserve RM'000 | Retained earnings RM'000 | | | |
| Preceding 6 months ended 30 September 2017 (unaudited) | | | | | | | | | | |
| As at 1 April 2017 | 227,338 | 91,037 | - | 4,520 | 20,227 | 343 | 125,139 | 468,604 | (722) | 467,882 |
| Loss for the financial period | - | - | - | - | - | - | (12,982) | (12,982) | (1,263) | (14,245) |
| Other comprehensive loss for the financial period | - | - | - | - | - | (1) | - | (1) | - | (1) |
| Total comprehensive loss for the financial period | - | - | - | - | - | (1) | (12,982) | (12,983) | (1,263) | (14,246) |
| ESOS forfeited during the financial period | - | - | - | (1,056) | - | - | 1,056 | - | - | - |
| Non-controlling interests arising from the acquisition of a new subsidiary company | - | - | - | - | - | - | - | - | 2,891 | 2,891 |
| As at 30 September 2017 | 227,338 | 91,037 | - | 3,464 | 20,227 | 342 | 113,213 | 455,621 | 906 | 456,527 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2018**

| | 6 months ended 30.09.2018 RM'000 unaudited | 6 months ended 30.09.2017 RM'000 (restated) |
|--|---|--|
| <u>Cash Flows from Operating Activities</u> | | |
| Loss before taxation | (17,329) | (13,486) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 627 | 1,245 |
| Property, plant and equipment written off | 4 | 33 |
| Foreign exchange loss | 463 | - |
| Loss on disposal of an associated company | - | 35,332 |
| Gain on disposal of subsidiary companies | - | (2,278) |
| (Gain)/Loss on disposal of property, plant and equipment | (3) | 3 |
| Share of results of associated companies | - | (38,395) |
| Interest expenses | 2,709 | 6,932 |
| Interest income | (1,517) | (1,681) |
| Operating loss before working capital changes | (15,046) | (12,295) |
| Decrease/(Increase) in: | | |
| Inventories | (11,005) | (196,292) |
| Contract assets | (2,536) | 14,693 |
| Receivables | 70,914 | (18,785) |
| Increase/(Decrease) in: | | |
| Contract liabilities | 39,072 | 2,269 |
| Payables | (13,155) | 60,949 |
| Cash generated from/(used in) operations | 68,244 | (149,461) |
| Interest received | 1,517 | 1,681 |
| Interest paid | (8,441) | (6,956) |
| Liquidated and ascertained damages paid | (113) | (1,988) |
| Tax paid | (2,960) | 82 |
| | (9,997) | (7,181) |
| Net cash generated from/(used in) operating activities | 58,247 | (156,642) |
| <u>Cash Flows from Investing Activities</u> | | |
| Purchase of property, plant and equipment | (452) | (3,081) |
| Proceeds from disposal of property, plant and equipment | 4 | 48 |
| Proceeds from disposal of subsidiary companies | - | 7,102 |
| Proceeds from disposal of an associated company | - | 39,000 |
| Advances to an associated company | - | 146,040 |
| Decrease of short-term funds | 10,329 | - |
| Placement of fixed deposits | (1,444) | (19) |
| Net cash from investing activities | 8,437 | 189,090 |
| <u>Cash Flows from Financing Activities</u> | | |
| Drawdown of bank borrowings | 34,291 | 98,315 |
| Repayment of bank borrowings | (71,662) | (2,445) |
| Proceeds from issuance of shares to non-controlling interests | - | 2,891 |
| Repayment of hire-purchase creditors | (92) | (224) |
| Net cash (used in)/from financing activities | (37,463) | 98,537 |
| Net increase in cash and cash equivalents | 29,221 | 130,985 |
| Currency translation differences | - | (1) |
| Cash and cash equivalents at beginning of financial period | 128,109 | 78,538 |
| Cash and cash equivalents at end of financial period | 157,330 | 209,522 |
| Cash and cash equivalents at the end of the financial period comprise the following: | | |
| Cash and bank balances | 168,523 | 218,082 |
| Fixed deposits with licensed banks | 14,283 | 7,666 |
| Bank overdraft | (11,693) | (8,560) |
| | 171,113 | 217,188 |
| Less: Fixed deposits pledged | (13,783) | (7,666) |
| | 157,330 | 209,522 |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial statements.

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 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 Malaysian Financial Reporting Standards (“MFRS”) 134: “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2018. 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 2018.

The Group is adopting the MFRS framework for the current financial period beginning 1 April 2018 and MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied. The Group has consistently applied the same accounting policies in its opening MFRS Statement of Financial Position as at 1 April 2017 and throughout all comparable interim financial statements presented, as if these policies had always been in effect.

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 2018, except for the compliance with the new/revised Malaysian Financial Reporting Standards (“MFRSs”) that are effective for the financial period beginning on or after 1 January 2018.

The Group has adopted the following amendments/improvements to MFRSs that are mandatory:

New MFRSs

| | |
|---------|---------------------------------------|
| MFRS 9 | Financial Instruments |
| MFRS 15 | Revenue from Contracts with Customers |

Amendments/Improvements to MFRSs

| | |
|----------|--|
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standard (Annual Improvement to MFRS Standards 2014 – 2016 Cycle) |
| MFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| MFRS 128 | Investment in Associates and Joint Ventures (Annual Improvement to MFRS Standards 2014 – 2016 Cycle) |
| MFRS 140 | Transfer of Investment Property |

GLOBAL ORIENTAL BERHAD
INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018

The effect arising from the adoption of MFRS Framework on the financial statements is as follows:

| | As Previously Reported RM'000 | Effect of Transitioning to MFRS RM'000 | As Restated RM'000 |
|------------------------------------|--|---|-----------------------------------|
| <u>As at 1 April 2017</u> | | | |
| Non-current assets | | | |
| Land held for property development | 72,430 | (72,430) | - |
| Inventories | - | 72,430 | 72,430 |
| Current assets | | | |
| Property development costs | 61,086 | (61,086) | - |
| Inventories | 71,124 | 61,086 | 132,210 |
| Accrued billings | 16,249 | (16,249) | - |
| Contract assets | - | 16,249 | 16,249 |
| | | | |
| <u>As at 31 March 2018</u> | | | |
| Non-current assets | | | |
| Land held for property development | 252,868 | (252,868) | - |
| Inventories | - | 252,868 | 252,868 |
| Current assets | | | |
| Property development costs | 306,531 | (306,531) | - |
| Inventories | 64,488 | 323,356 | 387,844 |
| Current liabilities | | | |
| Progress billings | 23,025 | (23,025) | - |
| Contract liabilities | - | 25,704 | 25,704 |
| Equity | | | |
| Available-for-sale reserve | 2 | (2) | - |
| Retained earnings | 32,369 | 14,148 | 46,517 |

The Group has not elected for early adoption of the following new and amended MFRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 March 2019:

Effective for financial periods beginning on or after 1 January 2019:

| | |
|----------------------------------|--|
| MFRS 16 | Leases |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments |
| Amendments to MFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to MFRS 128 | Long-term Interest in Joint Ventures and Associates |
| Amendments to MFRS 3 and MFRS 11 | Previously Held Interest in a Joint Operation (Annual Improvements to MFRSs 2015-2017 Cycle) |
| Amendments to MFRS 112 | Income Taxes Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements to MFRSs 2015-2017 Cycle) |
| Amendments to MFRS 119 | Plan Amendment, Curtailment or Settlement |

Amendments to MFRS 123 Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRSs 2015-2017 Cycle)

Effective date deferred to a date to be determined by MASB:

Amendments to MFRS 10 Sale or Contribution of Assets between an Investor and its
and MFRS 128 Associate or Joint Venture

These new and amended MFRSs and IC Interpretations are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application.

2. AUDITORS' REPORT ON REPORTING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of GOB for the financial year ended 31 March 2018 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance for the quarter ended 30 September 2018 was not affected by any 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.

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 option was exercised. As at 30 September 2018, a total of 6,059,768 ESOS options to subscribe for ordinary shares 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

| Group | Property | Construction | Trading | Investment | Others | Elimination | Total |
|-----------------------------------|---------------|--------------|---------------|------------|--------------|----------------|-----------------|
| | development | | and | holding | | | |
| | RM'000 | RM'000 | distribution | RM'000 | RM'000 | RM'000 | RM'000 |
| Results For 6 Months Ended | | | | | | | |
| 30 September 2018 | | | | | | | |
| Revenue | | | | | | | |
| External sales | 48,825 | - | 12,316 | - | 1,123 | - | 62,264 |
| Inter-segment sales | - | 1,938 | - | - | - | (1,938) | - |
| | <u>48,825</u> | <u>1,938</u> | <u>12,316</u> | <u>-</u> | <u>1,123</u> | <u>(1,938)</u> | <u>62,264</u> |
| Results | | | | | | | |
| Segment results | (2,140) | (289) | 995 | (89) | (6,613) | (6,484) | (14,620) |
| Unallocated expenses: | | | | | | | |
| - Finance costs | | | | | | | (2,709) |
| Loss before tax | | | | | | | (17,329) |
| Taxation | | | | | | | (811) |
| Loss for the financial period | | | | | | | <u>(18,140)</u> |

| Group | Property | Construction | Trading | Investment | Others | Elimination | Total |
|---|---------------|--------------|---------------|------------|---------------|----------------|-----------------|
| | development | | and | holding | | | |
| | RM'000 | RM'000 | distribution | RM'000 | RM'000 | RM'000 | RM'000 |
| Results For 6 Months Ended | | | | | | | |
| 30 September 2017 | | | | | | | |
| Revenue | | | | | | | |
| External sales | 14,616 | - | 11,078 | - | 15,193 | - | 40,887 |
| Inter-segment sales | - | 4,514 | - | - | - | (4,514) | - |
| | <u>14,616</u> | <u>4,514</u> | <u>11,078</u> | <u>-</u> | <u>15,193</u> | <u>(4,514)</u> | <u>40,887</u> |
| Results | | | | | | | |
| Segment results | 2,274 | (102) | 1,422 | (2,295) | (10,229) | (687) | (9,617) |
| Loss on disposal of an associated company | - | - | - | (35,332) | - | - | (35,332) |
| Unallocated expenses: | | | | | | | |
| - Finance costs | | | | | | | (6,932) |
| - Share of results of an associated company | | | | | | | 38,395 |
| Loss before tax | | | | | | | (13,486) |
| Taxation | | | | | | | (759) |
| Loss for the financial period | | | | | | | <u>(14,245)</u> |

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 2018.

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.

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 RM183.7 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:

| | RM'000 |
|--|---------------|
| Future minimum rentals payable: | |
| - Not later than 1 year | 749 |
| - More than 1 year and within 2 years | - |
| - More than 2 years and within 5 years | - |
| | <u>749</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 PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

1. REVIEW OF PERFORMANCE

a) Financial review for current quarter and financial year to date

| | Individual Period | | Changes | Cumulative Period | | Changes |
|--|------------------------------------|--|---------|------------------------------------|--------------------------------------|---------|
| | Current Year Quarter 30.09.2018 | Preceding Year Corresponding Quarter 30.09.2017 | | Current Year To Date 30.09.2018 | Preceding Year To Date 30.09.2017 | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | 34,409 | 16,418 | 110% | 62,264 | 40,887 | 52% |
| Operating loss | (6,412) | (48,815) | 87% | (14,620) | (44,949) | 67% |
| Loss before tax | (9,152) | (14,232) | 36% | (17,329) | (13,486) | -28% |
| Loss after tax | (9,495) | (14,453) | 34% | (18,140) | (14,245) | -27% |
| Loss attributable to owners of the Company | (9,326) | (13,506) | 31% | (17,790) | (12,982) | -37% |

Current Quarter

For the current quarter, the Group registered higher revenue of RM34.4 million compared to RM16.4 million of the preceding year corresponding quarter. The increase in revenue was mainly attributed to sales recognition from a development project in Kuala Lumpur.

The Group recorded lower loss before tax of RM9.2 million for the current quarter under review compared to RM14.2 million of the preceding year corresponding quarter. The lower loss was mainly due to lower finance costs and operating expenses incurred.

Year-to-date (6 months)

The Group recorded higher revenue of RM62.3 million but also higher loss before tax of RM17.3 million compared to the preceding year corresponding period's revenue of RM40.9 million and loss before tax of RM13.5 million respectively. Despite the improved revenue, lower profit contribution from development projects and lower other operating income adversely affected Group's results.

b) Financial review for current quarter compared with immediate preceding quarter

| | Current Year Quarter 30.09.2018 RM'000 | Immediate Preceding Quarter 30.06.2018 RM'000 | Changes % |
|--|--|---|--------------|
| Revenue | 34,409 | 27,855 | 24% |
| Operating loss | (6,412) | (8,208) | 22% |
| Loss before tax | (9,152) | (8,177) | -12% |
| Loss after tax | (9,495) | (8,645) | -10% |
| Loss attributable to owners of the Company | (9,326) | (8,464) | -10% |

Compared against the immediate preceding quarter, the Group's revenue was higher at RM34.4 million against RM27.9 million but at the same time loss before tax was higher at RM9.2 million against RM8.2 million recorded previously. The increase in revenue was mainly due to higher sales recognition of a development project in Klang Valley while the higher loss incurred was mainly due to lower other operating income.

2. COMMENTARY ON PROSPECTS

The Group expects the property sector to remain flattish and challenging for 2018 as the impact of government policies to enhance affordability and alleviate the prevailing excess completed unsold properties have yet to be felt.

Nevertheless, the Group remain focused on the marketing and construction of ongoing projects in Klang Valley which are expected to enhance the Group's financial performance for the financial year ending 31 March 2019 and beyond.

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

| | Current Year Quarter 30.09.2018 RM'000 | Preceding Year Corresponding Quarter 30.09.2017 RM'000 | Current Year To Date 30.09.2018 RM'000 | Preceding Year To Date 30.09.2017 RM'000 |
|-------------------------|---|---|---|---|
| Current period taxation | 349 | 255 | 817 | 837 |
| Deferred taxation | (6) | (34) | (6) | (78) |
| | 343 | 221 | 811 | 759 |

The effective tax rate is not reflective of the statutory tax rate principally due to the restriction in the group relief available in respect of losses incurred by certain subsidiary companies 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.

6. BORROWINGS AND DEBT SECURITIES

| | As at 30.09.2018 | | |
|---------------------------------|-----------------------------|------------------------------|-----------------------------------|
| | Long Term RM'000 | Short Term RM'000 | Total Borrowing RM'000 |
| Bank borrowings | | | |
| - Ringgit Malaysia | 114,902 | 55,036 | 169,938 |
| - Singapore Dollar (1 : 3.0318) | 26,757 | 4,951 | 31,708 |
| Hire-purchase creditors | 444 | 193 | 637 |
| Bank overdrafts | - | 11,693 | 11,693 |
| | 142,103 | 71,873 | 213,976 |

| | As at 30.09.2017 | | |
|------------------------------|-----------------------------|------------------------------|-----------------------------------|
| | Long Term RM'000 | Short Term RM'000 | Total Borrowing RM'000 |
| Redeemable preference shares | 961 | - | 961 |
| Bank borrowings | 167,223 | 49,280 | 216,503 |
| Hire-purchase creditors | 640 | 195 | 835 |
| Bank overdrafts | - | 8,560 | 8,560 |
| | 168,824 | 58,035 | 226,859 |

All borrowings were denominated in Ringgit Malaysia and Singapore Dollar and were 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.

| | Current Year Quarter 30.09.2018 | Preceding Year Corresponding Quarter 30.09.2017 | Current Year To Date 30.09.2018 | Preceding Year To Date 30.09.2017 |
|---|--|--|--|--|
| Loss attributable to equity holders of the Company (RM'000) | (9,326) | (13,506) | (17,790) | (12,982) |
| Number of ordinary shares in issue ('000) | 454,676 | 454,676 | 454,676 | 454,676 |
| Basic earnings per share (sen) | (2.05) | (2.97) | (3.91) | (2.86) |

b) Diluted

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

10. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

| | Current Year Quarter 30.09.2018 RM'000 | Preceding Year Corresponding Quarter 30.09.2017 RM'000 | Current Year To Date 30.09.2018 RM'000 | Preceding Year To Date 30.09.2017 RM'000 |
|---|---|---|---|---|
| After Charging: | | | | |
| Interest expenses | 1,328 | 4,295 | 2,709 | 6,932 |
| Depreciation and amortisation | 317 | 426 | 627 | 1,245 |
| Property, plant and equipment written off | 3 | 13 | 4 | 33 |
| Loss on disposal of property, plant and equipment | - | - | - | 3 |
| Loss on disposal of an associated company | - | 35,332 | - | 35,332 |
| Foreign exchange loss | 463 | - | 463 | - |
| After Crediting: | | | | |
| Interest income | 872 | 229 | 1,517 | 1,681 |
| Gain on disposal of property, plant and equipment | - | - | 3 | - |
| Gain on disposal of subsidiary companies | - | 2,278 | - | 2,278 |

There were no gain or loss on disposal of quoted investment, gain or loss on derivatives and exceptional items for the current quarter under review.

11. 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 28 November 2018.

By Order of the Board
Chin Pei Fung (MAICSA 7029712)
Company Secretary
Selangor Darul Ehsan
28 November 2018