

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2016**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current quarter 30.06.2016 RM'000</b>	<b>Previous year corresponding quarter 30.06.2015 RM'000</b>	<b>6 months ended 30.06.2016 RM'000</b>	<b>6 months ended 30.06.2015 RM'000</b>
Revenue	21,409	4,537	29,413	26,863
Cost of sales	(20,724)	(4,061)	(27,942)	(25,995)
Gross profit	685	476	1,471	868
Other operating income	447	676	1,035	1,205
Operating expenses	(1,902)	(4,236)	(4,321)	(6,878)
Loss from operations	(883)	(3,084)	(2,100)	(4,805)
Finance costs	(3,197)	(503)	(6,551)	(963)
Loss before tax (Note 25)	(4,080)	(3,587)	(8,651)	(5,768)
Tax expenses (Note 19)	265	(283)	38	2,156
Loss for the period	(3,815)	(3,870)	(8,613)	(3,612)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	(3,815)	(3,870)	(8,613)	(3,612)
Loss and total comprehensive loss attributable to :				
Owners of the Parent	(3,815)	(3,870)	(8,613)	(3,612)
<b>EARNINGS PER SHARE (Note 30)</b>				
Basic (sen)	(0.52)	(0.58)	(1.17)	(0.54)
Diluted (sen)	(0.52)	(0.58)	(1.17)	(0.54)

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2016

	Unaudited as at 30.06.2016 RM'000	Audited as at 31.12.2015 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,989	4,302
Available-for-sale investment	90	90
Investment in associates	48,623	47,612
Investment properties	498	498
Land held for future development	77,033	77,033
Deferred tax assets	8,719	8,719
	138,952	138,254
<b>CURRENT ASSETS</b>		
Development properties	885,759	858,969
Inventories	182	182
Trade and other receivables	196,045	197,324
Other current assets	17,380	12,074
Tax recoverable	3,314	3,349
Cash and bank balances	65,983	111,955
	1,168,663	1,183,853
<b>TOTAL ASSETS</b>	<b>1,307,615</b>	<b>1,322,107</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	368,350	334,864
Share premium	251,775	225,821
Reserves	(16,317)	(7,704)
Shareholders' equity	603,808	552,981
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	115,553	108,814
Deferred tax liabilities	99,996	100,053
	215,549	208,867
<b>CURRENT LIABILITIES</b>		
Short term borrowings	16,644	90,290
Trade and other payables	413,798	376,350
Other current liabilities	17,676	54,476
Provisions	4,619	3,640
Tax payable	35,521	35,503
	488,258	560,259
<b>TOTAL LIABILITIES</b>	<b>703,807</b>	<b>769,126</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,307,615</b>	<b>1,322,107</b>
Net assets per share (RM)	(0.82)	(0.83)

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2016**

	<b>Share capital</b>	<b>Share premium</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Opening balance at 1 January 2016</b>	334,864	225,821	(7,704)	552,981
Total comprehensive loss for the period	-	-	(8,613)	(8,613)
Issuance of ordinary shares	33,486	25,954	-	59,440
<b>Closing balance at 30 June 2016</b>	<b>368,350</b>	<b>251,775</b>	<b>(16,317)</b>	<b>603,808</b>
<b>Opening balance at 1 January 2015</b>	334,864	225,821	(14,539)	546,146
Total comprehensive loss for the period	-	-	(3,612)	(3,612)
<b>Closing balance at 30 June 2015</b>	<b>334,864</b>	<b>225,821</b>	<b>(18,151)</b>	<b>542,534</b>

The above condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE QUARTER ENDED 30 JUNE 2016

	<b>6 months ended 30.06.2016 RM'000</b>	<b>6 months ended 30.06.2015 RM'000</b>
<b>Operating activities</b>		
Loss before tax	(8,651)	(5,768)
Adjustment for :		
Depreciation	339	202
Interest income	(977)	(1,164)
Interest expenses	6,551	963
Operating profit before changes in working capital	(2,738)	(5,767)
Change in trade and other receivables	(4,029)	(61,045)
Change in trade and other payables	1,630	192,000
Change in property development cost	(26,791)	(33,596)
<b>Cash flows (used in)/from operating activities</b>	<b>(31,928)</b>	<b>91,592</b>
Interest paid	(6,551)	(963)
Taxes refund/(paid) (net)	35	(1,620)
<b>Net cash (used in)/from operating activities</b>	<b>(38,444)</b>	<b>89,009</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(26)	(822)
Investment in associates	(1,012)	(47,662)
Interest received	977	1,164
<b>Net cash used in investing activities</b>	<b>(61)</b>	<b>(47,320)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE QUARTER ENDED 30 JUNE 2016**

	<b>6 months ended 30.06.2016 RM'000</b>	<b>6 months ended 30.06.2015 RM'000</b>
<b>Financing activities</b>		
Drawdown of borrowings	7,028	-
Repayment of borrowings	(80,000)	(20,738)
Repayment of obligations under finance leases	(313)	(37)
Proceeds from issuance of shares	60,275	-
Share issuance expenses	(835)	-
<b>Net cash used in financing activities</b>	<b>(13,845)</b>	<b>(20,775)</b>
Net (decrease)/increase in cash and cash equivalents	(52,350)	20,914
Cash and cash equivalents at beginning of period	73,813	25,777
<b>Cash and cash equivalents at the end of period</b>	<b>21,463</b>	<b>46,691</b>
Cash and cash equivalents comprise:		
Cash and bank balances	22,986	44,929
Deposit with licensed banks	42,997	36,278
	65,983	81,207
Less: Deposit with licensed banks pledged for banking facilities	(28,477)	(28,477)
Less : Bank overdraft	(16,043)	(6,039)
	<b>21,463</b>	<b>46,691</b>

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements (“Condensed Report”) are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report has also been prepared on a historical basis.

This condensed report should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to this condensed report 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 December 2015.

**2. CHANGES IN ACCOUNTING POLICIES**

**2.1 Adoption of Standards, Amendments and IC interpretations**

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015 except for the adoption of Amendments to Standards and Issue Committee (“IC”) interpretations effective as of 1 January 2016.

Annual Improvements to FRSs 2012–2014 Cycle  
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to FRS 116 and FRS 141 Agriculture : Bearer Plants  
Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations  
Amendments to FRS 127 : Equity Method in Separate Financial Statements  
Amendments to FRS 101 : Disclosure Initiatives  
Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities : Applying the Consolidation Exception  
FRS 14 Regulatory Deferred Accounts

**2.2 Standards and interpretations issued but not yet effective**

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group :

Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture  
Amendments to FRS 107 : Disclosure Initiatives  
Amendments to FRS 112 : Recognition of Deferred Tax Assets for Unrealised Losses  
FRS 9 Financial Instruments  
FRS 16 Leases

NOTES TO THE 2nd QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**2.2 Standards and interpretations issued but not yet effective (cont'd)**

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, except as described below:

**FRS 9 Financial Instruments**

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. This Standard will come into effect on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently the impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment, but the requirements for hedge accounting is not relevant to the Group.

**2.3 Malaysian Financial Reporting Standards**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer the adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework for 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 present its first set of MFRS financial statements when the MFRS Framework is mandated by the MASB. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**2.3 Malaysian Financial Reporting Standards (cont'd)**

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ending 31 December 2016 could be different if prepared under the MFRS Framework.

**2.4 Significant accounting judgement and estimates**

(a) Property development

The Group recognises property development revenue and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgment is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Construction contract

The Group recognises revenue and expenses from construction activities in the statements of profit or loss and other comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs.

Significant judgment is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

**3. AUDITORS' REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2015**

The auditors' report on the financial statements of the Company and of the Group for the financial year ended 31 December 2015 was not subject to any qualification.





NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**4. SEASONAL OR CYCLICAL FACTORS**

The Group's business operations are not seasonal but cyclical in nature, which is dependent on the economic conditions in Malaysia.

**5. 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 and financial period under review because of their nature, size, or incidence.

**6. CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter results.

**7. DEBT AND EQUITY SECURITIES**

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial quarter under review except for an issuance of 66,972,714 ordinary shares of RM0.50 each at an issue price of RM0.90 on 14 June 2016 pursuant to the completion of Private Placement.

**8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain the optimal capital structure, the Group may, from time to time, adjust dividend payments to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT (cont'd)**

The gearing ratios as at 30 June 2016 and 31 December 2015, which are within the Group's objectives for capital management, are as follows:-

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Borrowings	132,197	199,104
Trade and other payables	413,798	376,350
Less: Cash and bank balances	<u>(65,983)</u>	<u>(111,954)</u>
Net debt	<u>480,012</u>	<u>463,500</u>
Equity	<u>603,808</u>	<u>552,981</u>
Total capital	<u>603,808</u>	<u>552,981</u>
<b>Capital and net debt</b>	<b>1,083,820</b>	<b>1,016,481</b>
<b>Gearing ratio</b>	<b>44.29%</b>	<b>45.59%</b>

The decrease in gearing ratio of 44.29% for the quarter ended 30 June 2016 as compared to previous year of 45.59% due to decrease in bank borrowings and increase in share equity.

The details of the drawdown and the repayment of bank borrowings in the current quarter are as follows:

	<b>Current year quarter</b>	<b>6 months cumulative to date</b>
	<b>30.06.2016</b>	<b>30.06.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Drawdown on new bank borrowings	3,722	7,028
b) Repayment of bank borrowings	30,000	80,000

**9. DIVIDENDS**

No dividends were recommended, declared or paid during the financial period ended 30 June 2016.

**10. VALUATION OF INVESTMENT PROPERTIES**

An independent valuation for investment properties was carried out by Raine & Horne during the financial year ended 31 December 2015 and the net fair value gain arising from the valuation amounted to RM98,000 was recognised in the statement of profit or loss for the financial year ended 31 December 2015.

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD**

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

**12. GROUP COMPOSITION**

There were no material changes in the composition of the Group during the financial quarter under review.

**13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The Group has no contingent liabilities except for the following :

	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries	171,541	164,621
- Current exposure	20,047	2,325
Performance bond issued by subsidiaries involved in construction activities	51,266	51,266

**NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 JUNE 2016**

**14. OPERATING SEGMENTS**

The following tables provide an analysis of the Group's revenue, results, assets and liabilities by business segments:-

<b>As at 30 June 2016 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	5,463	23,950	-	-	29,413
Other income	643	352	-	-	995
Unallocated other income	-	-	-	-	40
	6,106	24,302	-	-	30,448
<b>RESULT</b>					
Segment results	(777)	(1,108)	(6)	547	(1,344)
Unallocated corporate expenses					(756)
Finance costs					(6,551)
<b>Loss before tax</b>					<b>(8,651)</b>

<b>As at 30 June 2015 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	867	29,380	-	(3,385)	26,862
Other income	470	527	-	-	997
Unallocated other income	-	-	-	-	209
	1,337	29,907	-	-	28,068
<b>RESULT</b>					
Segment results	(3,555)	71	(4)	(339)	(3,827)
Unallocated corporate expenses					(978)
Finance costs					(963)
<b>Loss before tax</b>					<b>(5,768)</b>

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 JUNE 2016

**14. OPERATING SEGMENTS (cont'd)**

**ASSETS AND LIABILITIES**

<b>As at 30 June 2016 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment assets	1,011,349	259,055	15,976	(241,762)	1,044,618
Investment in associates					48,623
Investment properties					498
Available-for-sale investments					90
Unallocated corporate assets					213,786
<b>Consolidated total assets</b>					<b>1,307,615</b>
<b>LIABILITIES</b>					
Segment liabilities	(155,244)	(614,464)	(24,531)	194,301	(599,938)
Unallocated corporate liabilities					(103,869)
<b>Consolidated total liabilities</b>					<b>(703,807)</b>

<b>As at 30 June 2015 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment assets	946,154	268,099	15,664	(261,214)	868,703
Investment in associates					47,812
Investment properties					400
Available-for-sale investments					90
Unallocated corporate assets					186,982
<b>Consolidated total assets</b>					<b>1,203,987</b>
<b>LIABILITIES</b>					
Segment liabilities	(162,227)	(515,850)	(16,189)	261,214	(480,864)
Unallocated corporate liabilities					(228,401)
<b>Consolidated total liabilities</b>					<b>(661,453)</b>

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**15. RELATED PARTY TRANSACTIONS**

Significant related party transactions are as follows:

	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Purchase of raw materials from a subsidiary of a company of which directors of the Company have interest	-	484	1,097	526
Construction related services to a subsidiary of a company of which directors of the Company have interest	2,026	-	4,810	-
Construction related services to an associate company of which directors of the Company have interest	5,206	-	11,730	-
Project management services from a subsidiary of a company of which directors of the Company have interest	-	-	255	-
Rental and maintenance related services from a subsidiary of a company of which directors of the Company have interest	9	-	39	-

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**16. REVIEW OF PERFORMANCE**

(i) 6M 2016 vs 6M 2015, comparison with the previous year corresponding period.

a) Property Development

Revenue of property sector had increased by RM4.6million to RM5.4 million in 6M 2016 as compared to 6M 2015 of RM867,000. Accordingly this sector has also registered a profit of RM1.5 million for 6M 2016 as compared to the profit of RM211,000 for 6M 2015 due to higher sales recorded and improved sales margin.

b) Construction

Revenue for construction sector had decreased by RM5.4 million to RM23.9 million in 6M 2016 as compared to RM29.3 million in 6M 2015. This was mainly due to revision in the revenue and budgeted cost for the sector and resulted lower percentage of completion was achieved.

(ii) 2Q 2016 vs 1Q 2016, comparison with the immediate preceding quarter.

a) Property Development

Revenue for property development sector had increased by RM157,000 to RM2.8 million in 2Q 2016 as compared to 1Q 2016 of RM2.6 million due to higher percentage of completion was achieved in the current quarter.

The property sector registered a profit of RM747,000 in 2Q 2016 as compared to RM817,000 in 1Q 2016, a decrease of 4.21 % mainly due to lower gross profit margin achieved during this quarter.

b) Construction

Revenue for construction sector had also increased by RM13.3 million to RM18.6 million in 2Q 2016 as compared to the 1Q 2016 of RM5.3 million. This sector recorded a gross profit of RM128,000 in 2Q 2016 which mainly arose from a recent construction contract of RM18 million.

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**17. PROSPECTS**

IWCity remains focused on building its position as a leading property investor and developer in Iskandar Malaysia. In addition the Group will fulfil its commitments to deliver on its existing construction contracts, and selectively evaluate prospective construction projects.

IWCity has more than 1,000 acres of land held for investment and future development which is strategically located in the high growth Iskandar Malaysia region. Sales for the ongoing Botanika development is continuing, albeit at a slower pace amidst weakened property market conditions. We are also looking forward to completing the acquisition of our new landbank located near Taman Sutera, Johor which is initially slated for landed residential development.

Our RM2.4 billion land sale to Greenland Tebrau Sdn Bhd is progressing well and the official launch of the Iskandar Malaysia Greenland Smart City Experiential Centre took place on 14 August 2016, officiated by our Prime Minister and the Chief Minister of Johor. IWCity is also in discussions with other prospective investors for future land sales and joint developments.

IWCity remains confident in the long-term prospects of the Iskandar Malaysia property market and believes that it is well positioned to capitalise on opportunities in the property market.

**18. FINANCIAL FORECAST**

The Group has not provided any financial forecast in a public document.

**19. TAXATION**

	Quarter ended		6 months cumulative to date	
	30.06.2016	30.06.2015	31.03.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Income tax	(217)	139	18	139
Deferred tax	(48)	144	(56)	(2,295)
	<u>(265)</u>	<u>283</u>	<u>(38)</u>	<u>(2,156)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.



NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
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**19. TAXATION (cont'd)**

	<b>Current quarter 30.06.2016 RM'000</b>	<b>6 months cumulative to date 30.06.2016 RM'000</b>
Major components of tax expenses:		
Loss before tax	(4,080)	(8,651)
Taxation at the Malaysian statutory tax rate of 24%	(979)	(2,076)
Adjustments:		
- Income not subject to taxation	(256)	(767)
- Deferred tax recognised	(48)	(56)
- Overprovision in prior period	(217)	(217)
- Non-deductible expenses	1,235	3,154
Tax (income)/expenses	(265)	38
Effective tax rate	5.4%	0.4%

**20. UNQUOTED INVESTMENTS AND PROPERTIES**

There were no purchases or sales of unquoted investments and properties for the current quarter and financial period-to-date.

**21. QUOTED INVESTMENTS**

There were no purchases or sales of quoted securities for the current quarter and financial period-to-date.

There were no investments in quoted securities as at the end of the current quarter.

**22. STATUS OF CORPORATE PROPOSALS**

(I) There were no other corporate proposals announced but not completed as of the reporting date except for :

- (a) Proposed Disposal of 128 acres of land to Greenland Tebrau Sdn. Bhd.;
- (b) Proposed Acquisition of 67.5 acres of land from Bahagia Wangsa Sdn. Bhd.; and
- (c) Proposed Land Exchange.

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 JUNE 2016

**22. STATUS OF CORPORATE PROPOSALS (cont'd)**

(II) The Company has completed the placement of 66.97 million new shares at the issue price of RM0.90 under the Private Placement and the new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 14 June 2016.

Status of utilisation of proceeds raised:

Purpose		Actual Utilisation	Est. Timeframe for utilisation
		RM'000	
(i)	Payment to sub-contractors/suppliers/professional for on-going projects	44,859	
(ii)	Land related expenses	8,415	
(iii)	General working capital purposes	4,305	
(iv)	Share issuance expenses	835	
(v)	Balance proceeds unutilised	1,861	Within 3 Months
		60,275	

**23. BORROWINGS AND DEBT EQUITIES**

Details of the Group's borrowings (all denominated in Malaysian currency) as at 30 June 2016 are as follows:

	Current RM'000	Non current RM'000	Total RM'000
<b>Secured</b>			
Bridging loans – Note 1	-	14,111	14,111
Revolving credit – Note 2	-	100,000	100,000
Obligations under finance lease	601	1,442	2,043
Bank overdraft	16,043	-	16,043
<b>Total</b>	46,725	112,165	158,890

**NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 JUNE 2016**

**24. BORROWINGS AND DEBT EQUITIES (cont'd)**

Note 1 : As at 30 June 2016, Bridging loan of RM34.12 million from Affin Bank Berhad was for our development properties products and RM14.1 million had been utilised to finance the project.

Note 2 : As at 30 June 2016, RM30 million has been repaid to Amlslamic Bank Berhad for Murabahah Tawwarruq RC facilities. The facility was repaid through internal funds and/or direct deduction from the sales proceeds received.

**25. REALISED AND UNREALISED PROFITS/(LOSSES)**

The Group's realised and unrealised accumulated profit/(losses) disclosure is as follows:

	As at 30.06.2016	As at 31.12.2015
RM'000		
Total accumulated profit/(losses) of the Company and subsidiaries:		
- Realised	(10,300)	41,930
- Unrealised	66,958	61,781
	<hr/> 56,658	<hr/> 103,711
Less: Consolidation adjustments	<hr/> (72,975)	<hr/> (111,415)
Total Group accumulated losses	<hr/> <hr/> (16,317)	<hr/> <hr/> (7,704)

**26. LOSS BEFORE TAX**

The following amounts have been included in arriving at loss before tax:

	<b>Quarter ended</b>		<b>6 months cumulative to date</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation	170	120	339	202
Interest income	(421)	(659)	(977)	(1,164)
Interest expenses	3,197	503	6,551	963
Other income	(26)	(5)	(58)	(11)
	<hr/> (26)	<hr/> (5)	<hr/> (58)	<hr/> (11)

Other than as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Malaysia Listing Requirement are not applicable.

**27. CAPITAL COMMITMENTS**

There are no material capital commitments as at the date of this report except for the acquisition of land amounted to RM140.3 million.

NOTES TO THE 2<sup>nd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016

**28. EVENTS AFTER REPORTING PERIOD**

There were no material events subsequent to the end of the current quarter.

**29. DERIVATIVES**

- a. There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 30 June 2016; and
- b. The Group has not entered into any type of derivatives in the previous financial year or the period under review.

**30. DIVIDEND PAYABLE**

No dividend has been declared for the financial period ended 30 June 2016 (31 December 2015 : RM Nil).

**31. EARNINGS PER SHARE**

The basic earnings per share for the financial period has been calculated based on the Group's earnings after taxation and divided by the 736,699,857 ordinary shares of RM0.50 each in issue during the financial period.

**32. STATUS OF JOINT VENTURE PROJECT**

Following is the status of the existing joint venture projects as at 30 June 2016 :

	<b>Paradise Realty Sdn. Bhd.</b>
<u>Development Status</u>	
Total land area	20.324 acres
% land under development	100%
% of development completed	49.96%
% of development not yet completed	50.04%

**33. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 August 2016.