

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current quarter 30.09.2016 RM'000</b>	<b>Previous year corresponding quarter 30.09.2015 RM'000</b>	<b>9 months ended 30.09.2016 RM'000</b>	<b>9 months ended 30.09.2015 RM'000</b>
Revenue	16,546	148,471	45,960	175,334
Cost of sales	(13,920)	(75,453)	(41,863)	(101,448)
Gross profit	2,626	73,018	4,097	73,886
Other operating income	513	492	1,548	1,698
Operating expenses	(3,439)	(26,577)	(8,045)	(33,456)
(Loss)/Profit from operations	(300)	46,933	(2,400)	42,128
Finance costs	(3,288)	(1,863)	(9,839)	(2,862)
(Loss)/Profit before tax (Note 25)	(3,588)	45,070	(12,239)	39,302
Tax expenses (Note 19)	1	(24,249)	39	(22,093)
(Loss)/Profit for the period	(3,587)	20,821	(12,200)	17,209
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/ income for the period	(3,587)	20,821	(12,200)	17,209
(Loss)/Profit and total comprehensive (loss)/income attributable to :				
Owners of the Parent	(3,587)	20,821	(12,200)	17,209
<b>(LOSS)/EARNINGS PER SHARE (Note 30)</b>				
Basic (sen)	(0.005)	3.11	(0.02)	2.57
Diluted (sen)	(0.005)	3.11	(0.02)	2.57

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 SEPT 2016

	Unaudited as at 30.09.2016 RM'000	Audited as at 31.12.2015 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,717	4,302
Available-for-sale investment	90	90
Investment in associates	50,624	47,612
Investment properties	498	498
Land held for future development	77,033	77,033
Deferred tax assets	8,719	8,719
	140,681	138,254
<b>CURRENT ASSETS</b>		
Development properties	895,174	858,969
Inventories	182	182
Trade and other receivables	194,079	197,324
Other current assets	17,433	12,074
Tax recoverable	3,780	3,349
Cash and bank balances	57,890	111,955
	1,168,538	1,183,853
<b>TOTAL ASSETS</b>	<b>1,309,219</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	(19,904)	(7,704)
Shareholders' equity	600,221	552,981
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	120,958	108,814
Deferred tax liabilities	99,976	100,053
	220,934	208,867
<b>CURRENT LIABILITIES</b>		
Short term borrowings	15,943	90,290
Trade and other payables	415,069	376,350
Other current liabilities	16,912	54,476
Provisions	4,619	3,640
Tax payable	35,521	35,503
	488,064	560,259
<b>TOTAL LIABILITIES</b>	<b>708,998</b>	<b>769,126</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,309,219</b>	<b>1,322,107</b>
Net assets per share (RM)	(0.81)	(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 SEPT 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	-	-	(12,200)	(12,200)
Issuance of :- Ordinary shares	33,486	25,954	-	59,440
<b>Closing balance at 30 September 2016</b>	<b>368,350</b>	<b>251,775</b>	<b>(19,904)</b>	<b>600,221</b>
<b>Opening balance at 1 January 2015</b>	334,864	225,821	(14,539)	546,146
Total comprehensive income for the period	-	-	17,209	17,209
<b>Closing balance at 30 September 2015</b>	<b>334,864</b>	<b>225,821</b>	<b>2,670</b>	<b>563,355</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 SEPT 2016

	<b>9 months ended 30.09.2016 RM'000</b>	<b>9 months ended 30.09.2015 RM'000</b>
<b>Operating activities</b>		
Profit before tax	(12,239)	39,302
Adjustment for :		
Depreciation	505	338
Property, plant and equipment written off	107	-
Interest income	(737)	(1,625)
Interest expenses	9,839	2,826
Operating (loss)/profit before changes in working capital	(2,525)	40,841
Change in trade and other receivables	(2,114)	(116,637)
Change in trade and other payables	2,134	207,062
Change in property development cost	(36,206)	(46,793)
<b>Cash flows (used in)/from operating activities</b>	<b>(38,711)</b>	<b>84,473</b>
Interest paid	(9,839)	(2,826)
Taxes refund/(paid) (net)	(449)	(2,353)
<b>Net cash (used in)/from operating activities</b>	<b>(48,999)</b>	<b>79,294</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(28)	(960)
Investment in associates	(3,012)	(47,662)
Interest received	737	1,625
<b>Net cash (used in)/from investing activities</b>	<b>(2,303)</b>	<b>(46,997)</b>

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

	<b>9 months ended 30.09.2016 RM'000</b>	<b>9 months ended 30.09.2015 RM'000</b>
<b>Financing activities</b>		
Drawdown of borrowings	12,572	-
Repayment of borrowings	(80,000)	(21,122)
Repayment of obligations under finance leases	(474)	(167)
Proceed from Issuance of shares	59,440	-
<b>Net cash (used in)/from financing activities</b>	<b>(8,462)</b>	<b>(21,289)</b>
Net decrease in cash and cash equivalents	(59,764)	11,008
Cash and cash equivalents at beginning of period	73,813	25,777
<b>Cash and cash equivalents at the end of period</b>	<b>14,049</b>	<b>36,785</b>
Cash and cash equivalents comprise:		
Cash and bank balances	14,843	27,617
Deposit with licensed banks	43,047	41,718
	57,890	69,335
Less: Deposit with licensed banks pledged for banking facilities	(28,477)	(28,477)
Less : Bank overdraft	(15,364)	(4,073)
	<b>14,049</b>	<b>36,785</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 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPT 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 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPT 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 3<sup>rd</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPT 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 3<sup>rd</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPT 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.

### **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 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 SEPT 2016**

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

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

	<b>30.09.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Borrowings	136,901	199,104
Trade and other payables	415,069	376,350
Less: Cash and bank balances	<u>(57,890)</u>	<u>(111,954)</u>
Net debt	<u>494,080</u>	<u>463,500</u>
Equity	<u>600,221</u>	<u>552,981</u>
Total capital	<u>600,221</u>	<u>552,981</u>
<b>Capital and net debt</b>	<b>1,094,301</b>	<b>1,016,481</b>
<b>Gearing ratio</b>	<b>45.15%</b>	<b>45.59%</b>

The decrease in gearing ratio of 45.15% for the quarter ended 30 September 2016 as compared to previous year of 45.59% due to decrease in bank borrowings and increase 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>9 months cumulative to date</b>
	<b>30.09.2016</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Drawdown on new bank borrowings	5,544	12,572
b) Repayment of bank borrowings	-	80,000

**9. DIVIDENDS**

No dividends were recommended, declared or paid during the financial period ended 30 September 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 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPT 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>30.09.2016</b>	<b>30.09.2015</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	171,541
- Current exposure	24,953	23
Performance bond issued by subsidiaries involved in construction activities	51,266	51,266

NOTES TO THE 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 SEPT 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 Sept 2016 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	12,288	33,672	-	-	45,960
Other income	1,028	458	-	-	1,486
Unallocated other income	-	-	-	-	62
	13,316	34,131	-	-	47,508
<b>RESULT</b>					
Segment results	590	(1,564)	-	(295)	(1,269)
Unallocated corporate expenses					(1,131)
Finance costs					(9,839)
<b>Loss before tax</b>					<b>(12,239)</b>

<b>As at 30 Sept 2015 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	173,709	3,290	-	(1,665)	175,334
Other income	764	655	-	-	1,419
Unallocated other income	-	-	-	-	279
	174,473	3,945	-	(1,665)	177,032
<b>RESULT</b>					
Segment results	113,867	(20,833)	(22)	(48,667)	44,345
Unallocated corporate expenses					(2,217)
Finance costs					(2,826)
<b>Profit before tax</b>					<b>(39,302)</b>

NOTES TO THE 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 SEPT 2016

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

**ASSETS AND LIABILITIES**

As at 30 Sept 2016 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment assets	1,045,032	250,151	3,800	(254,448)	1,044,535
Investment in associates					50,624
Investment properties					498
Available-for-sale investments					90
Unallocated corporate assets					213,472
<b>Consolidated total assets</b>					<b>1,309,219</b>
<b>LIABILITIES</b>					
Segment liabilities	(204,896)	(599,774)	(7,358)	206,986	(605,042)
Unallocated corporate liabilities					(103,956)
<b>Consolidated total liabilities</b>					<b>(708,998)</b>

As at 30 Sept 2015 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment assets	952,993	326,051	15,918	(266,904)	1,028,058
Investment in associates					47,812
Investment properties					400
Available-for-sale investments					90
Unallocated corporate assets					184,137
<b>Consolidated total assets</b>					<b>1,260,497</b>
<b>LIABILITIES</b>					
Segment liabilities	(202,454)	(563,932)	(17,506)	266,904	(516,988)
Unallocated corporate liabilities					(180,153)
<b>Consolidated total liabilities</b>					<b>(697,141)</b>

NOTES TO THE 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPT 2016

**15. RELATED PARTY TRANSACTIONS**

Significant related party transactions are as follows:

	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	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	-	-	1,097	526
Construction related services to a subsidiary of a company of which directors of the Company have interest	9,074	4,899	13,884	4,899
Construction related services to an associate company of which directors of the Company have interest	10,879	894	22,609	894
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	26	-	65	-

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 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPT 2016

**16. REVIEW OF PERFORMANCE**

(i) 9M 2016 vs 9M 2015, comparison with the previous year corresponding period.

a) Property Development

Property sector recorded revenue of RM12.28 million in 9M 2016; represented a significant decrease of 92.92% or RM161.4 million compared to 9M 2015 of RM173.7 million.

Accordingly, the property sector also registered a lower profit of RM590,000 in 9M 2016 compared to 9M 2015 of RM113.9 million. The significant decrease was due to the recognition arose from compulsory land acquisition by the State government in 9M 2015.

b) Construction

Construction sector recorded revenue of RM33.6 million in 9M 2016 represented an increase of RM30.3 million compared to 9M 2015 of RM3.3 million.

Therefore, the construction sector also registered a lower loss of RM1.6 million compared to 9M 2015 of RM20.8 million due to higher percentage completion was achieved in the current period and revision in the budgeted cost for this sector in 9M 2015.

(ii) 3Q 2016 vs 2Q 2016, comparison with the immediate preceding quarter.

a) Property Development

Revenue for property development sector increased by RM4.0 million to RM6.8 million in 3Q 2016 compared to 2Q 2016 of RM2.8 million.

The property sector registered a profit of RM2.5 million in 3Q 2016 with gross profit margin of 36.5% compared to RM747,000 in 2Q 2016 with gross profit margin of 26.6%. The improvement was due to higher percentage of completion of sales was achieved in the current quarter.

b) Construction

Revenue for construction sector decreased by RM8.9 million to RM9.7 million in 3Q 2016 compared to 2Q 2016 of RM18.6 million.

Despite of lower revenue, this sector recorded a profit of RM211,000 in 3Q 2016 which has improved slightly compared to 2Q 2016 of RM128,000. The higher gross profit margin recorded in current quarter was mainly due to recognition of profit from the new contract.

NOTES TO THE 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
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**17. PROSPECTS**

The Malaysia property market is expected to continue challenging in the fourth quarter of the year as there are still uncertainties over economic growth and prospects in Malaysia. IWCity remains focused on building its position as a leading property investor and developer in Iskandar Malaysia. The Group will continue with its initiatives to attract more foreign and local investors' confidence to our business development and will emphasize a good balance between growth and stability.

With more than 1,000 acres of land held for investment and future development, the Group will maintain to grow both top and bottom line while continuing its long-term strategy to attract investors with the right products. In addition the Group will fulfil its commitments to deliver on its existing construction contracts, and selectively evaluate prospective construction projects.

Given the factors mentioned above, 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. PROFIT FORECAST**

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

**19. TAXATION**

	Quarter ended		9 months cumulative to date	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Income tax	19	36,375	37	36,514
Deferred tax	(20)	(12,126)	(76)	(14,421)
	(1)	24,249	(39)	22,093

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



NOTES TO THE 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPT 2016

**19. TAXATION (cont'd)**

	<b>Current quarter 30.09.2016 RM'000</b>	<b>9 months cumulative to date 30.09.2016 RM'000</b>
Major components of tax expenses:		
Loss before tax	(3,588)	(12,239)
Taxation at the Malaysian statutory tax rate of 24%	(861)	(2,937)
Adjustments:		
- Income not subject to taxation	(201)	(737)
- Under/(over) provision in prior period	19	(198)
- Non - deductible expenses	1,042	3,911
Tax (income)/expenses	(1)	39
Effective tax rate	0.02%	0.31%

**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.;
- (c) Proposed Acquisition of 1.72 hectares of land from Malgold Construction Sdn. Bhd.;
- (d) Proposed Acquisition of 2.17 hectares of land from Eight Danga Sdn. Bhd.; and
- (e) Proposed Land Exchange;

NOTES TO THE 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 SEPT 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 utilization of proceed raised

Purpose		Actual 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	6,166
(iv)	Share issuance expenses	835
		60,275

**23. BORROWINGS AND DEBT EQUITIES**

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

	<b>Current</b>	<b>Non current</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>			
Term and bridging loans – Note 1	-	19,655	19,655
Revolving credit – Note 2	-	100,000	100,000
Obligations under finance lease	579	1,303	1,882
Bank overdraft	15,364	-	15,364
<b>Total</b>	<u>15,943</u>	<u>120,958</u>	<u>136,901</u>

Note 1 : Term and bridging loan from Affin Bank Berhad was for our development properties products and RM19.6 million had been utilised to finance the project. The facility will be repay through the redemption from sale of development properties products and internal fund.

Note 2 : Revolving credit from Amlslamic Bank Berhad for Murabahah Tawwarruq RC facilities was for our working capital. The facility will be repay through internal funds.

**NOTES TO THE 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 SEPT 2016**

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

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

	As at 30.09.2016	As at 31.12.2015
RM'000		
Total accumulated profit/(losses) of the Company and subsidiaries:		
- Realised	43,573	41,930
- Unrealised	10,537	61,781
	54,110	103,711
Less: Consolidation adjustments	(74,014)	(111,415)
Total Group accumulated losses	(19,904)	(7,704)

**25. LOSS BEFORE TAX**

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

	<b>Quarter ended</b>		<b>9 months cumulative to date</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation	166	136	505	338
Interest income	(201)	(461)	(737)	(1,625)
Interest expenses	3,287	1,863	9,839	2,826
Property, plant and equipment written off	107	-	107	-
Corporate social responsibility	-	21,300	-	21,300
Other income	(65)	(6)	(124)	(17)
	(65)	(6)	(124)	(17)

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.

**26. CAPITAL COMMITMENTS**

There are no material capital commitments as at the date of this report except for the acquisitions of lands amounted to RM227.4 million.

**27. EVENTS AFTER REPORTING PERIOD**

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

NOTES TO THE 3<sup>rd</sup> QUARTER FINANCIAL REPORT  
 FOR THE QUARTER ENDED 30 SEPT 2016

**28. DERIVATIVES**

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

**29. DIVIDEND PAYABLE**

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

**30. 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.

**31. STATUS OF JOINT VENTURE PROJECT**

Following is the status of the existing joint venture projects as at 30 September 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%

**32. 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 25 November 2016.