

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	28/2/2018 RM'000	28/2/2017 RM'000	28/2/2018 RM'000	28/2/2017 RM'000
Revenue	35,301	32,053	120,520	61,659
Cost of sales	(25,159)	(18,909)	(82,088)	(32,818)
Gross profit	10,142	13,144	38,432	28,841
Other operating income	144	436	29,036	4,302
Distribution costs	1,413	(1,251)	(7,257)	(2,182)
Administration expenses	(3,358)	(5,153)	(11,738)	(13,047)
Other operating expenses	(706)	(1,282)	(5,200)	(2,744)
Profit from operations	7,635	5,894	43,273	15,170
Finance income	122	25	952	3,690
Finance costs	(904)	(1,842)	(4,096)	(5,201)
Net finance costs	(782)	(1,817)	(3,144)	(1,511)
Profit before tax	6,853	4,077	40,129	13,659
Income tax expense	(2,403)	(2,827)	(4,595)	(5,302)
Net profit for the period	4,450	1,250	35,534	8,357
Attributable to :				
Owners of the Company	4,479	1,290	35,598	7,849
Non-controlling interests	(29)	(40)	(64)	508
Net profit for the period	4,450	1,250	35,534	8,357
Other comprehensive income, net of tax				
Available-for-sales financial assets				
- Gain on fair value changes	(2)	-	-	5
Exchange differences on translation of financial statements of foreign operations	-	4	-	(4)
Total comprehensive income for the period	4,448	1,254	35,534	8,358
Total comprehensive income for the period				
Attributable to :				
Owners of the Company	4,477	1,294	35,598	7,850
Non-controlling interests	(29)	(40)	(64)	508
	4,448	1,254	35,534	8,358
Basic earnings per ordinary share (sen)	0.56	0.16	4.43	0.98
Diluted earnings per ordinary share (sen)	0.56	0.16	4.43	0.98

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2017.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018**

	(Unaudited) 28/2/2018 RM'000	(Audited) 31/5/2017 RM'000
Non current assets		
Plant and equipment	2,787	3,266
Investment properties	336,671	280,500
Land held for development	148,560	-
Other financial assets	1,065	1,063
Deferred tax assets	3,979	3,487
	<u>493,062</u>	<u>288,316</u>
Current assets		
Inventories	2,451	2,454
Property development costs	122,799	265,815
Assets classified as held for sale	-	101,600
Trade receivables	60,232	54,722
Other receivables, deposits and prepayments	7,692	15,607
Tax recoverable	63	63
Fixed deposits with licensed banks	5,825	563
Cash and bank balances	25,040	19,666
	<u>224,102</u>	<u>460,490</u>
TOTAL ASSETS	<u>717,164</u>	<u>748,806</u>
Equity		
Share capital	123,753	123,753
Reserves	167,263	131,665
Equity attributable to owners of the Company	<u>291,016</u>	<u>255,418</u>
Non-controlling interests	14,246	14,310
Total equity	<u>305,262</u>	<u>269,728</u>
Non current liabilities		
Hire purchase liabilities	934	1,343
Borrowings	193,260	179,250
Trade payables	15,746	8,345
Other payables	2,040	3,897
Deferred tax liabilities	606	606
	<u>212,586</u>	<u>193,441</u>
Current liabilities		
Trade payables	67,111	53,755
Other payables and accruals	50,975	131,873
Hire purchase liabilities	485	667
Borrowings	53,942	66,679
Tax payable	26,803	29,456
Liabilities classified as held for sale	-	3,207
	<u>199,316</u>	<u>285,637</u>
TOTAL EQUITY AND LIABILITIES	<u>717,164</u>	<u>748,806</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.3623	0.3180

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2017.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Fair value adjustment reserve RM'000	Foreign exchange translation reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 June 2017	123,753	-	4,199	3	-	127,463	255,418	14,310	269,728
Gain on fair value changes for available-for-sale financial assets	-	-	-	-	-	-	-	-	-
Foreign currency transaction	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	35,598	35,598	(64)	35,534
Total comprehensive income for the period	-	-	-	-	-	35,598	35,598	(64)	35,534
Balance as at 28 February 2018	123,753	-	4,199	3	-	163,061	291,016	14,246	305,262
Balance as at 1 June 2016	76,615	38,150	4,199	(4)	(7)	111,345	230,298	13,723	244,021
Issuance of shares	3,701	5,287	-	-	-	-	8,988	-	8,988
Acquisition of non-controlling interest	-	-	-	-	-	(13)	(13)	13	-
Gain on fair value changes for available-for-sale financial assets	-	-	-	5	-	-	5	-	5
Foreign currency transaction	-	-	-	-	(4)	-	(4)	-	(4)
Other comprehensive income/(loss) for the period	-	-	-	5	(4)	-	1	-	1
Net profit for the period	-	-	-	-	-	7,849	7,849	508	8,357
Total comprehensive income/(loss) for the period	-	-	-	5	(4)	7,849	7,850	508	8,358
Balance as at 28 February 2017	80,316	43,437	4,199	1	(11)	119,181	247,123	14,244	261,367

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2017.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	9 months ended 28/2/2018 RM'000	9 months ended 28/2/2017 RM'000
Cash flows from/(used in) operating activities		
Profit before taxation	40,129	13,659
Adjustments for :		
- Non-cash items	958	575
- Non-operating items	<u>(25,636)</u>	<u>(1,909)</u>
Operating profit before working capital changes	15,451	12,325
Changes in working capital		
- Inventories	3	2
- Trade and other receivables	47	(19,849)
- Trade and other payables	(65,515)	77,236
- Development costs	(5,544)	(190,996)
- Cash deposits pledged	-	(10,002)
Cash used in operations	<u>(55,558)</u>	<u>(131,284)</u>
- Income tax paid	<u>(7,740)</u>	<u>(4,938)</u>
Net cash used in operating activities	<u>(63,298)</u>	<u>(136,222)</u>
Cash flows from/(used in) investing activities		
- Increase in investment properties	(64,795)	(1,193)
- Decrease in fixed deposits pledged	723	583
- Net dividend/interest received	952	3,691
- Proceeds from disposal of assets classified as held for sale	104,000	-
- Proceeds from disposal of investment properties	37,000	-
- Proceeds from disposal of property, plant and equipment	61	108
- Proceeds from disposal of investment in subsidiaries	-	1
- Payments for property, plant and equipment	<u>(180)</u>	<u>(101)</u>
Net cash from investing activities	<u>77,761</u>	<u>3,089</u>
Cash flows from/(used in) financing activities		
- Proceeds from issuance of shares	-	8,988
- Proceeds from borrowings	70,468	134,363
- Interest paid	(3,786)	(5,000)
- Repayment of hire purchase liabilities	(591)	(471)
- Repayment of borrowings	<u>(69,195)</u>	<u>(8,253)</u>
Net cash (used in)/from financing activities	<u>(3,104)</u>	<u>129,627</u>
Net increase/(decrease) in cash and cash equivalents	11,359	(3,506)
Cash and cash equivalents at beginning of period	12,906	6,079
Cash and cash equivalents at end of period	<u>24,265</u>	<u>2,573</u>
Cash and cash equivalents comprise:		
Cash and bank balances	25,040	14,909
Fixed deposits with licensed banks	<u>5,825</u>	<u>563</u>
	30,865	15,472
Less : Fixed deposits pledged	-	(563)
Less : Cash deposits pledged	<u>(6,600)</u>	<u>(12,336)</u>
	<u>24,265</u>	<u>2,573</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2017.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2018**

A. DISCLOSURE REQUIREMENTS AS PER FRS 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with requirements of FRS 134: Interim Financial Reporting and the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report has been prepared in accordance with the same accounting policies adopted in 2017 annual financial statements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2017. The 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 May 2017.

2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 May 2017.

3. Qualification of Audit Report

The audit report of the financial statements of the Group for the financial year ended 31 May 2017 was not qualified.

4. Seasonal or Cyclical Factors

There are no seasonal factors affecting the Group performance.

5. Material Changes in Estimates

There were no material changes in estimates that have had a material effect in the financial period to-date results.

6. Debt and Equity Securities

There were no cancellation, repurchases, resale and repayments of debts and equity securities during the financial period to-date.

7. Dividends Paid

There were no dividends paid during the financial period to-date.

A. DISCLOSURE REQUIREMENTS AS PER FRS 134

8. Segmental Reporting

	Gross Operating Revenue RM000	Profit/(Loss) Before Tax RM000
Property Investment	14,138	34,805
Property Management	2,000	478
Property Development	150,849	11,920
Investment and Others	1,153	(2,978)
	<u>168,140</u>	<u>44,225</u>
Elimination Inter-Group	(47,620)	-
Financing Costs	-	(4,096)
	<u>120,520</u>	<u>40,129</u>

9. Valuation of Plant and Equipment

The valuation of plant and equipment has been brought forward, without amendments from the previous annual report.

10. Material Subsequent Events

As at 20 April 2018, there were no material subsequent events that have not been reflected in the financial statements for the current financial period.

11. Recurrent Related Party Transactions

Details of the relationship between the Group and its related party are as described below :

Name of Related Party	Relationship
Paramount Bounty Sdn Bhd ("PBSB")	PBSB is a subsidiary of Mercury Industries Berhad ("Mercury") in which Dato' Tiong Kwing Hee is the Managing Director and major shareholder of Mercury.

- Shareholders' mandate has already been obtained at the last Annual General Meeting held on 27 October 2017.

A. DISCLOSURE REQUIREMENTS AS PER FRS 134

11. Recurrent Related Party Transactions (Cont'd)

The information on the transaction which have been entered into with PBSB during the period is as follows :

		Current Quarter Ended 28/02/2018 RM000	Cumulative Year To-Date 28/02/2018 RM000
PBSB	Billings for sub-contractor costs	20,015	41,975

12. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current interim financial period.

13. Changes in Contingent Liabilities/Contingent Assets

The following contingent liabilities have not been provided for in the financial statements, as it is not anticipated that any material liabilities will arise from these contingencies:

	28/02/2018 RM000
Bank guarantee issued for : - government authority	6,600

Inland Revenue Board (“IRB”) had on 3 June 2016, raised a notice of additional income tax assessment of RM30.7 million to Pujian Development Sdn Bhd (“PDSB”), a subsidiary of the Company, for the tax assessment year 2004. PDSB disagreed on the basis of the additional tax assessment and had filed a formal appeal against the assessment by submitting the prescribed Form Q to IRB. We have presented our appeal to the Dispute Resolution Division of IRB and they had forwarded the Form Q to Special Commissioners of Income Tax. The Special Commissioners of Income Tax has fixed 23 July 2019 and 24 July 2019 for hearing.

In the opinion of the directors, after taking appropriate professional advices, PDSB has a reasonable chance of success.

**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF
THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

1. Review of Performance

The Group's revenue for the nine month period ended 28 February 2018 at RM120.5 million was contributed mainly from the Group's development projects, Phase 1 of Ampang Ukay, known as Liberty @ Ampang Ukay ("Liberty") and Upper East @ Tiger Lane ("Upper East") in Ipoh, Perak followed by recurring income from the two malls of the Group of which the rental income from the retail mall, 1Segamat Shopping Centre is up to 18 September 2017 as the disposal had been completed on the even date.

The Group achieved a growth in profit before tax for the current year to-date at RM40.1 million as compared to RM13.7 million in the preceding year corresponding period. The Property Development Division (Liberty project and Upper East project) contributed RM11.9 million (after finance cost) to the Group's profit before tax. The current year to-date results also included gain from disposal of land due to compulsory acquisition by the government authorities amounting to RM28.4 million.

2. Variation of Results against Preceding Quarter

The Group's revenue for the current quarter at RM35.3 million was lower than the preceding quarter at RM40.4 million primarily due to completion of the Upper East project and ceased rental income from 1Segamat Shopping Centre.

The Group's profit before tax for the current quarter at RM6.9 million was lower as compared to profit before tax in the preceding quarter of RM28.4 million primarily due to gain on disposal of land recorded in preceding quarter as mentioned in Note B1 above.

3. Current Year's Prospects

Upper East project in Ipoh, Perak has delivered vacant possession in the first quarter of the financial year ending 31 May 2018 ("FY 2018"). Contribution from Upper East is expected to continue from the sales of remaining unsold units.

Liberty project will continue to contribute positively to the Group's performance in the FY 2018 and subsequent financial years.

Rental income from Property Investment Division for the ensuing period shall continue to be derived from the operations of South City Plaza located at Seri Kembangan.

Moving forward, the Group will prudently focus on the expansion of its existing revenue generating businesses and continue to look for new business opportunities.

B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

4. Variance of Profit Forecast / Profit Guarantee

Not applicable as the Group has not issued profit forecast or profit guarantee in a public document.

5. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 28/2/2018 RM'000	Comparative Quarter Ended 28/2/2017 RM'000	9 months cumulative 28/2/2018 RM'000	9 months cumulative 28/2/2017 RM'000
Profit before tax is arrived at after (crediting)/charging :				
Interest income	(122)	(25)	(952)	(3,690)
Gain on disposal of investment properties	-	-	(28,376)	-
Gain on disposal of investment in subsidiary	-	-	-	(3)
Finance costs				
- Interest expense	904	1,775	3,786	5,000
- Amortisation of financial liabilities carried at amortised cost	-	67	310	201
Bad debts written off	9	-	24	16
Depreciation of plant and equipment	202	186	624	575
Tax penalty interest	851	845	890	945
Reversal of over provision of RPGT and tax penalties and interests	-	-	-	(43)
Writeback of provision for receivables	(9)	-	(9)	(3,435)
Foreign exchange gain	-	-	-	(8)

6. Income Tax Expense

	Current Quarter Ended 28/2/2018 RM'000	Cumulative Year To-Date 28/2/2018 RM'000
Income tax		
- current year	1,029	4,577
- under provision in prior year	510	510
Deferred tax		
- current year	864	(492)
Income tax expense	<u>2,403</u>	<u>4,595</u>

B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

7. Status of Corporate Proposals Announced

There are no corporate proposals which have been announced but not completed as at 20 April 2018.

8. Group Borrowings and Debt Securities

Total Group borrowings as at 28 February 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long-Term Borrowings			
Amount repayable after twelve months	193,260	-	193,260
	<u>193,260</u>	<u>-</u>	<u>193,260</u>
Short-Term Borrowings			
Current portion of long term borrowings	52,942	-	52,942
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>52,942</u>	<u>1,000</u>	<u>53,942</u>
Total Group Borrowings	<u>246,202</u>	<u>1,000</u>	<u>247,202</u>

9. Changes in Material Litigation

Further to the disclosure in the previous quarter's report on material litigation, the changes in material litigation as at 20 April 2018 are as follows:

In respect of the litigation cases stated in (i) and (ii) below, for accounting purposes, all the amounts owed have been provided for in the financial statements.

(i) 24 purchasers of South City Plaza v PDSB

The Shah Alam High Court has allowed the Plaintiffs' claims to rescind the sale and purchase agreements and PDSB has filed an appeal to the Court of Appeal. The Court of Appeal dismissed PDSB's appeal with cost on 3 October 2011. Plaintiffs filed application for assessment of damages at the Shah Alam High Court. The Shah Alam High Court has directed this matter to be settled by way of mediation. On 5 September 2016, the mediator has directed the matter to the Shah Alam High Court to continue the proceedings for assessment of damages. The Shah Alam High Court has fixed 26 April 2018, 9 May 2018 and 16 May 2018 for trial.

**B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF
THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

9. Changes in Material Litigation (*Cont'd*)

(ii) IRB v Sawitani Sdn Bhd (“Sawitani”)

IRB filed a suit against Sawitani for real property gains tax outstanding for assessment year 2000. IRB filed an application for summary judgement which was allowed on 27 September 2011. Sawitani’s appeal to the Court of Appeal was dismissed on 15 May 2012.

(iii) IRB v PDSB

The IRB initiated civil proceedings against PDSB in respect of the notice of additional assessment for income tax amounting to RM30,713,484.26 and tax penalties amounting to RM4,760,590.05. Subsequently, PDSB filed an application to the High Court to stay the civil proceedings on the ground that it has filed an appeal against the said assessment to the Special Commissioners of Income Tax. The appeal is fixed for hearing on 23 July 2019 and 24 July 2019. On 5 January 2018, the High Court granted order in terms in respect of PDSB’s stay application for a period of 6 months. Further, the Kuala Lumpur High Court fixed for case management on 5 July 2018.

Upon consulting its solicitors, the board is of the view that there are reasonable grounds to extend the stay period granted by the High Court.

(iv) PDSB v IRB

In view of the additional assessment raised by IRB as per item (iii) above, PDSB had filed a Writ and Statement of Claim on 25 May 2017 against IRB to set aside the 3 judgments amounting to RM30,660,624.96 previously obtained by IRB on the income tax matters.

On 25 July 2017, IRB filed an application to the Shah Alam High Court to strike out PDSB’s Writ and Statement of Claim. On 15 September 2017, High Court has dismissed IRB’s application with cost of RM2,000.00.

IRB had on 19 October 2017 appealed to the Court of Appeal against the High Court decision and applied to stay the proceedings pending IRB’s appeal to the Court of Appeal. On 5 February 2018, the High Court allowed the stay proceeding pending the outcome from the Court of Appeal. On 10 April 2018, the Court of Appeal had dismissed IRB’s appeal with cost of RM5,000.00.

The next case management for this case is fixed on 27 June 2018.

Upon consulting its solicitors, the board is of the view that PDSB had valid and reasonable grounds to succeed in this proceeding.

B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

10. Dividend

No dividend has been declared for the current financial period to-date.

11. Earnings Per Share

The earnings per share have been calculated based on the consolidated net earnings attributable to ordinary shareholders for the period and the weighted average number of ordinary shares in issue during the period.

<i>Earnings per share</i>	Current Quarter Ended	Comparative Quarter Ended	Current Year To Date	Comparative Year To Date
	28/2/2018	28/2/2017	28/2/2018	28/2/2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Earnings Net earnings attributable to ordinary shareholders	4,479	1,290	35,598	7,849
Weighted average number of ordinary shares (Basic)	('000) 803,162	('000) 803,162	('000) 803,162	('000) 803,162
Basic earnings per ordinary share	(sen) 0.56	(sen) 0.16	(sen) 4.43	(sen) 0.98
Weighted average number of ordinary shares (Diluted)	('000) 803,162	('000) 803,162	('000) 803,162	('000) 803,162
Diluted earnings per ordinary share	(sen) 0.56	(sen) 0.16	(sen) 4.43	(sen) 0.98