

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MAY 2018**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/5/2018 RM'000	31/5/2017 RM'000	31/5/2018 RM'000	31/5/2017 RM'000
Revenue	60,712	65,546	181,232	127,205
Cost of sales	(43,412)	(47,277)	(125,500)	(80,095)
Gross profit	17,300	18,269	55,732	47,110
Other operating income	2,178	8,577	31,214	16,475
Distribution costs	(2,582)	(14,305)	(9,839)	(16,487)
Administration expenses	(2,201)	(2,412)	(13,939)	(15,459)
Other operating expenses	(1,764)	(1,636)	(6,964)	(4,380)
Profit from operations	12,931	8,493	56,204	27,259
Finance income	120	27	1,072	121
Finance costs	(2,844)	(1,746)	(6,940)	(6,947)
Net finance costs	(2,724)	(1,719)	(5,868)	(6,826)
Profit before tax	10,207	6,774	50,336	20,433
Income tax expense	(1,214)	1,575	(5,809)	(3,727)
Net profit for the period	8,993	8,349	44,527	16,706
Attributable to:				
Owners of the Company	8,998	8,282	44,596	16,131
Non-controlling interests	(5)	67	(69)	575
Net profit for the period	8,993	8,349	44,527	16,706
Other comprehensive income, net of tax				
Available-for-sales financial assets				
- Gain/(loss) on fair value changes	-	2	-	7
- Reclassification adjustments relating to derecognition	-	7	-	7
Exchange differences on translation of financial statements of foreign operations	-	4	-	-
Total comprehensive income for the period	8,993	8,362	44,527	16,720
Total comprehensive income				
Attributable to:				
Owners of the Company	8,998	8,295	44,596	16,145
Non-controlling interests	(5)	67	(69)	575
	8,993	8,362	44,527	16,720
Basic earnings per ordinary share (sen)	1.12	1.03	5.55	2.03
Diluted earnings per ordinary share (sen)	1.12	1.03	5.55	2.03

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 31 MAY 2018**

	(Unaudited) 31/5/2018 RM'000	(Audited) 31/5/2017 RM'000
Non-current assets		
Plant and equipment	2,618	3,266
Investment properties	339,500	280,500
Other financial assets	1,066	1,063
Deferred tax assets	3,328	3,487
Land held for development	148,560	-
	<u>495,072</u>	<u>288,316</u>
Current assets		
Inventories	32,490	2,454
Property development costs	74,010	265,815
Assets classified as held for sale	-	101,600
Trade receivables	57,733	54,722
Other receivables, deposits and prepayments	7,715	15,607
Tax recoverable	2	63
Fixed deposits with licensed banks	-	563
Cash and bank balances	29,995	19,666
	<u>201,945</u>	<u>460,490</u>
TOTAL ASSETS	<u>697,017</u>	<u>748,806</u>
Equity		
Share capital	123,753	123,753
Reserves	176,261	131,665
Equity attributable to shareholders of the Company	<u>300,014</u>	<u>255,418</u>
Non-controlling interests	14,241	14,310
Total equity	<u>314,255</u>	<u>269,728</u>
Non-current liabilities		
Deferred tax liabilities	606	606
Hire purchase liabilities	852	1,343
Borrowings	171,740	179,250
Trade payables	18,359	8,345
Other payables	1,421	3,897
	<u>192,978</u>	<u>193,441</u>
Current liabilities		
Trade payables	49,738	53,755
Other payables and accruals	58,908	131,873
Hire purchase liabilities	482	667
Borrowings	55,093	66,679
Tax payable	25,563	29,456
Liabilities classified as held for sale	-	3,207
	<u>189,784</u>	<u>285,637</u>
TOTAL EQUITY AND LIABILITIES	<u>697,017</u>	<u>748,806</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.3735	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 31 MAY 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 year	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	44,596	44,596	(69)	44,527
Total comprehensive income for the year	-	-	-	-	-	44,596	44,596	(69)	44,527
Balance as at 31 May 2018	<u>123,753</u>	<u>-</u>	<u>4,199</u>	<u>3</u>	<u>-</u>	<u>172,059</u>	<u>300,014</u>	<u>14,241</u>	<u>314,255</u>
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
Effect of implementation of the Companies Act 2016	43,437	(43,437)	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	(13)	(13)	12	(1)
Loss on fair value changes for available-for-sale financial assets	-	-	-	7	-	-	7	-	7
Foreign currency transaction	-	-	-	-	7	-	7	-	7
Other comprehensive loss for the year	-	-	-	7	7	-	14	-	14
Net profit for the year	-	-	-	-	-	16,131	16,131	575	16,706
Total comprehensive (loss)/income for the year	-	-	-	7	7	16,131	16,145	575	16,720
Balance as at 31 May 2017	<u>123,753</u>	<u>-</u>	<u>4,199</u>	<u>3</u>	<u>-</u>	<u>127,463</u>	<u>255,418</u>	<u>14,310</u>	<u>269,728</u>

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

	12 months ended 31/5/2018 RM'000	12 months ended 31/5/2017 RM'000
Cash flows from/(used in) operating activities		
Profit before tax	50,336	20,433
Adjustments for :		
- Non-cash items	1,132	1,073
- Non-operating items	<u>(25,157)</u>	<u>(3,368)</u>
Operating profit before working capital changes	26,311	18,138
Changes in working capital		
- Inventories	(30,036)	1
- Trade and other receivables	2,728	23,074
- Trade and other payables	(73,039)	51,213
- Development costs	57,175	(185,752)
Cash used in operations	<u>(16,861)</u>	<u>(93,326)</u>
- Income tax paid	(9,543)	(8,216)
- Interest paid	(14,345)	(27,509)
Net cash used in operating activities	<u>(40,749)</u>	<u>(129,051)</u>
Cash flows from/(used in) investing activities		
- Acquisition of subsidiary/quoted investment	-	(1)
- Net cashflow on disposal of subsidiary	-	1
- Increase in investment properties	(65,555)	(1,183)
- Increase in cash deposits pledged with a licensed bank	160	(6,760)
- Decrease in fixed deposit pledged	563	583
- Net interest received	1,072	121
- Proceeds from disposal of assets classified as held for sale	104,000	-
- Proceeds from disposal of investment properties	37,000	-
- Proceeds from disposal of plant and equipment	61	218
- Proceeds from disposal of other financial assets	-	113
- Payment for plant and equipment	(214)	(537)
Net cash from/(used in) investing activities	<u>77,087</u>	<u>(7,445)</u>
Cash flows from/(used in) financing activities		
- Proceeds from issuance of shares	-	8,988
- Proceeds from syndicated loan	-	1,870
- Proceeds from bridging and term loans	76,353	154,190
- Interest paid	(6,351)	(6,680)
- Net repayments of hire purchase liabilities	(676)	(589)
- Repayments of syndicated loans	-	(7,006)
- Repayments of bridging and term loans	(95,175)	(7,450)
Net cash (used in)/from financing activities	<u>(25,849)</u>	<u>143,323</u>
Net increase in cash and cash equivalents	10,489	6,827
Cash and cash equivalents at beginning of period	12,906	6,079
Cash and cash equivalents at end of period	<u>23,395</u>	<u>12,906</u>
Cash and cash equivalents comprise:		
	RM'000	RM'000
Cash and bank balances	29,995	19,666
Fixed deposit with licensed banks	-	563
	<u>29,995</u>	<u>20,229</u>
Less : Fixed deposits pledged	-	(563)
Less : Cash deposits pledged	(6,600)	(6,760)
	<u>23,395</u>	<u>12,906</u>

The Condensed Consolidated Cash Flow Statements 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 31 MAY 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	17,631	36,296
Property Management	2,675	727
Property Development	237,137	21,848
Investment and Others	15,231	(1,595)
	<u>272,674</u>	<u>57,276</u>
Elimination Inter-Group	(91,442)	-
Financing Costs	-	(6,940)
	<u>181,232</u>	<u>50,336</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 27 July 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 31/05/2018 RM000	Cumulative Year To-Date 31/05/2018 RM000
PBSB	Billings for sub-contractor costs	<u>21,439</u>	<u>63,414</u>

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:

	31/05/2018 RM000
Bank guarantee issued for : - government authority	<u>6,600</u>

Inland Revenue Board ("IRB") had on 3 June 2016, raised a notice of additional income tax assessment of RM30,713,484.26 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. PDSB had presented their 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 twelve month period ended 31 May 2018 at RM181.2 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 was 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 at RM50.3 million as compared to RM20.4 million in the preceding year corresponding period. The Property Development Division (Liberty project and Upper East project) contributed RM20.5 million (after finance cost) to the Group's profit before tax. The current year 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 and profit before tax for the current quarter at RM60.7 million and RM10.2 million are higher than the preceding quarter at RM35.3 million and RM6.9 million respectively due to increase in the property development activities in Liberty project and sale of completed properties in Upper East project.

3. Next Financial Year's Prospects

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

Upper East project in Ipoh, Perak had delivered vacant possession in the first quarter of the financial year ended 31 May 2018. Contribution from Upper East is expected to continue from the sales of remaining unsold units.

Rental income from Property Investment Division 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.

4. Variance of Profit Forecast / Profit Guarantee

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

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

5. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 31/5/2018 RM'000	Comparative Quarter Ended 31/5/2017 RM'000	12 months cumulative 31/5/2018 RM'000	12 months cumulative 31/5/2017 RM'000
Profit before tax is arrived at after charging/(crediting) :				
Allowance for doubtful debts	-	1,388	-	1,388
Allowance for doubtful debts no longer required	(475)	(726)	(484)	(4,161)
Bad debts written off	-	-	24	16
Depreciation of plant and equipment	198	189	822	764
Finance income	(120)	(27)	(1,072)	(121)
Finance costs				
- Interest expense	2,844	1,680	6,630	6,680
- Amortisation of financial liabilities carried at amortised cost	-	66	310	267
Gain on disposal of				
- Investment properties	-	-	(28,376)	-
- Other financial assets	-	-	(13)	(13)
- Plant and equipment	-	-	-	(18)
- Subsidiary	-	1	-	(2)
Gain on fair value adjustments on investment properties	(1,896)	(7,137)	(1,896)	(7,137)
Provision for litigation damages no longer required	-	(4,316)	-	(4,316)
Tax penalty and interest	205	(1)	1,095	944
Waiver of tax penalty interest	-	(660)	-	(703)

6. Income Tax Expense

	Current Quarter Ended 31/5/2018 RM'000	Cumulative Year To-Date 31/5/2018 RM'000
Income tax		
- current year	1,309	5,886
- over provision in prior year	(745)	(235)
Deferred tax		
- current year	650	158
Income tax expense	<u>1,214</u>	<u>5,809</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 27 July 2018.

8. Group Borrowings and Debt Securities

Total Group borrowings as at 31 May 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long-Term Borrowings			
Amount repayable after twelve months	172,592	-	172,592
	<u>172,592</u>	<u>-</u>	<u>172,592</u>
Short-Term Borrowings			
Current portion of long term borrowings	54,575	-	54,575
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>54,575</u>	<u>1,000</u>	<u>55,575</u>
Total Group Borrowings	<u>227,167</u>	<u>1,000</u>	<u>228,167</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 27 July 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 pursuant to a Judgment dated 3 December 2010 as follows :

- (a) sale and purchase agreements rescinded;
- (b) damages to be assessed; and
- (c) cost of RM1,000 to each plaintiff.

PDSB has filed an appeal to the Court of Appeal. The Court of Appeal dismissed PDSB's appeal with cost on 3 October 2011.

**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)

(i) 24 purchasers of South City Plaza v PDSB (Cont'd)

Plaintiffs filed application for assessment of damages on 29 July 2011 at the Shah Alam High Court by way of Enclosure 45. The Shah Alam High Court has directed this matter to be settled by way of mediation. On 5 September 2016, the mediator had directed the matter to the Shah Alam High Court to continue the proceedings for assessment of damages. The hearing of the assessment of damages in Enclosure 45 had ended on 21 May 2018 and the Shah Alam High Court had directed the parties to file in written submission for Enclosure 45 on or before 14 September 2018.

Plaintiffs also have filed application for interim payment on 14 May 2018 at the Shah Alam High Court by way of Enclosure X. All cause papers have been filed by both parties and the written submission for Enclosure X had been filed on 12 July 2018. The Shah Alam High Court has fixed the Enclosure X for submission in reply/clarification/decision on 14 September 2018.

(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 until the disposal of the PDSB's appeal before the Special Commissioners of Income Tax. The High Court fixed 30 August 2018 for case management.

The IRB had filed a Notice of Appeal on 2 February 2018 to the Court of Appeal against the granting of the order for a stay of proceedings by the High Court. Upon consulting its solicitors, the board is of the view that there are reasonable grounds to preserve the stay order granted by the High Court.

**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*)

(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.

IRB had on 19 October 2017 appealed to the Court of Appeal against the High Court decision and apply 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.

On 27 June 2018, the Court had fixed 21 January 2019 and 22 January 2019 for Trial.

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

10. Dividend

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

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

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.

Earnings per share	Current Quarter Ended	Comparative Quarter Ended	Current Year To Date	Comparative Year To Date
	31/5/2018	31/5/2017	31/5/2018	31/5/2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Earnings Net earnings attributable to ordinary shareholders	8,998	8,282	44,596	16,131
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares (Basic)	803,162	803,162	803,162	794,950
	(sen)	(sen)	(sen)	(sen)
Basic earnings per ordinary share	1.12	1.03	5.55	2.03
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares (Diluted)	803,162	803,162	803,162	794,950
	(sen)	(sen)	(sen)	(sen)
Diluted earnings per ordinary share	1.12	1.03	5.55	2.03