

TO BE RELEASED TO BURSA



HUA YANG GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

FIRST QUARTER ENDED 30 JUNE 2019

Interim Financial Statements for the financial period ended 30 June 2019
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	% +/-	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	% +/-
	30/6/2019 RM' 000	30/6/2018 RM' 000		30/6/2019 RM' 000	30/6/2018 RM' 000	
Revenue	82,177	66,542	23.5	82,177	66,542	23.5
Cost of Sales	(61,151)	(48,323)		(61,151)	(48,323)	
Gross Profit	21,026	18,219	15.4	21,026	18,219	15.4
Other Income	213	692		213	692	
Selling and Marketing Expenses	(2,629)	(2,605)		(2,629)	(2,605)	
Administrative and General Expenses	(6,855)	(9,948)		(6,855)	(9,948)	
Operating Profit	11,755	6,358	84.9	11,755	6,358	84.9
Finance Costs	(3,777)	(3,916)		(3,777)	(3,916)	
Share of Results of an Associate	(985)	988		(985)	988	
Profit Before Tax	6,993	3,430	103.9	6,993	3,430	103.9
Income Tax Expense	(3,319)	(2,418)		(3,319)	(2,418)	
Profit For The Period	3,674	1,012	263.0	3,674	1,012	263.0
Profit attributable to:						
Owners of the Company	3,699	1,012	265.5	3,699	1,012	265.5
Non-controlling Interests	(25)	-		(25)	-	
	3,674	1,012		3,674	1,012	
Earnings Per Share Attributable to Owners of the Company (sen)						
Basic, for profit for the period	1.05	0.29	265.5	1.05	0.29	265.5

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 June 2019

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	%	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	%
	30/6/2019 RM' 000	30/6/2018 RM' 000	+ / (-)	30/6/2019 RM' 000	30/6/2018 RM' 000	+ / (-)
Profit For The Period	3,674	1,012	263.0	3,674	1,012	263.0
Other Comprehensive Income For The Period, Net Of Income Tax	(574)	(860)	33.3	(574)	(860)	33.3
Total Comprehensive Income For The Period, Net Of Income Tax	3,100	152		3,100	152	
Total Comprehensive Income Attributable To :						
Owners of the Company	3,125	152	1,955.9	3,125	152	1,955.9
Non-controlling Interests	(25)	-		(25)	-	
	3,100	152		3,100	152	

Note: Included in the Total Comprehensive Income for the period are the followings:

Interest Income	79	97		79	97	
Other Income Including Investment Income	134	595		134	595	
Interest Expense	3,777	3,916		3,777	3,916	
Depreciation & Amortization	687	668		687	668	
Provision For/Write Off of Receivables	(13)	(423)		(13)	(423)	
Provision For/Write Off of Inventories	N/A	N/A		N/A	N/A	
Gain/Loss on Disposal of Quoted and Unquoted Investment or Properties	N/A	N/A		N/A	N/A	
Impairment of Assets	N/A	N/A		N/A	N/A	
Gain/Loss on Foreign Exchange	(574)	(860)		(574)	(860)	
Gain/Loss on Derivatives	N/A	N/A		N/A	N/A	

N/A: Not Applicable

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) As at 30/6/2019 RM' 000	(UNAUDITED) As at 31/3/2019 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	14,644	15,100
Concession assets	7,250	7,345
Inventories - Land held for property development	534,898	533,508
Investment properties	1,686	1,696
Investment in associate	158,949	160,508
Other receivables	8,323	8,389
Fixed deposit with licenced bank	3,289	3,276
Intangible assets	28,364	28,364
Deferred tax assets	14,577	14,967
	<u>771,980</u>	<u>773,153</u>
Current assets		
Inventories - Completed properties	40,063	57,995
Inventories - Property development costs	201,297	200,110
Inventories - Others	7	11
Contract assets	74,832	64,192
Contract cost	21,341	24,247
Trade and other receivables	65,482	46,893
Other current assets	163	548
Tax recoverable	1,302	3,560
Cash and bank balances	14,253	16,589
	<u>418,740</u>	<u>414,145</u>
TOTAL ASSETS	<u>1,190,720</u>	<u>1,187,298</u>
EQUITY AND LIABILITIES		
Current liabilities		
Contract liabilities	3,204	4,253
Trade and other payables	165,738	157,330
Short term borrowings	101,302	92,460
	<u>270,244</u>	<u>254,043</u>
Net current assets	<u>148,496</u>	<u>160,102</u>
Non-current liabilities		
Trade and other payables	6,578	6,541
Deferred tax liabilities	31,309	31,401
Long term borrowings	294,799	310,623
	<u>332,686</u>	<u>348,565</u>
TOTAL LIABILITIES	<u>602,930</u>	<u>602,608</u>
Net assets	<u>587,790</u>	<u>584,688</u>
Total equity attributable to owners of the Company		
Share capital	352,000	352,000
Reserves	215,055	211,930
	<u>567,055</u>	<u>563,930</u>
Non-controlling interests	20,735	20,760
TOTAL EQUITY	<u>587,790</u>	<u>584,690</u>
TOTAL EQUITY AND LIABILITIES	<u>1,190,720</u>	<u>1,187,298</u>
Net Assets Attributable to Owners of the Company	587,790	584,688
Net Assets Per Share Attributable to Owners of the Company (RM)	1.67	1.66

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 June 2019

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->			
	Share Capital	Foreign Currency Exchange Reserve	Retained Earnings	Sub-Total	Non-controlling Interests	Total Equity
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
<u>3 months ended 30 June 2018</u>						
Balance as at 1 April 2018	352,000	(2,581)	240,769	590,188	-	590,188
Effects of adoption of the MFRS Framework	-	-	3,097	3,097	-	3,097
Balance as at 1 April 2018 (restated)	352,000	(2,581)	243,866	593,285	-	593,285
Profit for the period	-	-	1,012	1,012	-	1,012
Other comprehensive income for the period	-	(860)	-	(860)	-	(860)
Total comprehensive income for the period	-	(860)	1,012	152	-	152
Balance as at 30 June 2018	352,000	(3,441)	244,878	593,437	-	593,437
<u>3 months ended 30 June 2019</u>						
Balance as at 1 April 2019	352,000	(6,933)	218,863	563,930	20,760	584,690
Profit for the period	-	-	3,699	3,699	(25)	3,674
Other comprehensive income for the period	-	(574)	-	(574)	-	(574)
Total comprehensive income for the period	-	(574)	3,699	3,125	(25)	3,100
Balance as at 30 June 2019	352,000	(7,507)	222,562	567,055	20,735	587,790

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019 and the explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 30 June 2019

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30/6/2019 RM' 000	3 months ended 30/6/2018 RM' 000
OPERATING ACTIVITIES		
Profit before tax	6,993	3,430
Adjustments for :		
Non-cash items	1,679	(744)
Non-operating items	3,698	3,819
	<hr/>	<hr/>
Operating profit before changes in working capital	12,370	6,505
<i>Net change in current assets</i>		
Receivables	(18,125)	7,666
Contract assets	(11,689)	-
Contract cost	2,906	-
Inventories - completed properties	17,937	27,660
Inventories - property development costs	(1,188)	(9,043)
<i>Net change in current liabilities</i>		
Payables	8,446	(1,447)
	<hr/>	<hr/>
Cash generated from operations	10,656	31,341
Tax paid	(764)	(2,066)
Interest received	79	97
	<hr/>	<hr/>
Net cash from operating activities	9,971	29,372
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(184)	(7)
Proceeds from disposal of property, plant and equipment	40	-
Additions to inventories - land held for future development	(1,390)	(72,015)
	<hr/>	<hr/>
Net cash used in investing activities	(1,534)	(72,022)
FINANCING ACTIVITIES		
Proceeds from borrowings	12,761	170,499
Repayment of borrowings	(26,926)	(133,016)
Change in pledged deposits	(13)	(13)
Interest paid	(3,777)	(3,916)
	<hr/>	<hr/>
Net cash (used in) / from financing activities	(17,955)	33,554
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,518)	(9,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	607	478
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<hr/> (8,911) <hr/>	<hr/> (8,618) <hr/>
Cash and cash equivalents comprise of :		
Deposits, bank and cash balances	14,253	11,265
Bank overdrafts	(23,164)	(19,883)
	<hr/> (8,911) <hr/>	<hr/> (8,618) <hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2018 and the accompanying notes attached to the interim financial statements.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2019.

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2019 save for the adoption of the following new and amended MFRSs and Issues Committee ("IC") Interpretations that are mandatory for the Group for the financial year commencing 1 April 2019:

Annual Improvements to MFRSs 2015-2017 Cycle	
MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

The Group has yet to adopt the following new and amended MFRSs and IC Interpretations that have been issued but not yet effective:

		Effective for financial periods beginning on or after
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
Amendments to MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

These new and amended standards are not expected to have any material impact on the financial statements of the Group upon their initial application.

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2019 was not qualified.

3 Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal or cyclical factors.

4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

5 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

6 Debt and Equity Securities

Status of Sukuk Murabahah Programme announced and completed:

On 29 April 2014, Public Investment Bank Berhad had, on behalf of the Board announced that the Company has obtained approval from the Securities Commission Malaysia on 28 April 2014 with regards to the proposed Sukuk Murabahah Programme of up to RM250.0 million in nominal value.

Proceed raised from the Sukuk Murabahah Programme issuance shall be utilised to part finance the acquisition cost of the Shariah compliant development land(s) and/or such other Shariah compliant property(ies).

The cumulative drawdown of the facility at the end of the reporting period are as follows:

Date of drawdown	Amount drawdown (RM' 000)
31 March 2016	18,450
26 April 2016	21,250
28 September 2017	13,000
Total	52,700

Save for the above, there were no other issuance and repayment of debts and equity, repurchases, share cancellation or new issuance during the quarter under review and financial year-to-date.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

7 Dividends Paid

No dividend has been paid during the quarter under review.

8 Segment Information

	Property Development		Other Operation		Adjustments and Eliminations		Per Consolidated Financial Statements	
	30/6/2019 RM' 000	30/6/2018 RM' 000	30/6/2019 RM' 000	30/6/2018 RM' 000	30/6/2019 RM' 000	30/6/2018 RM' 000	30/6/2019 RM' 000	30/6/2018 RM' 000
Revenue:								
External customers	81,861	66,273	316	269	-	-	82,177	66,542
Inter-segment	1,639	1,574	-	-	(1,639)	(1,574)	-	-
	83,500	67,847	316	269	(1,639)	(1,574)	82,177	66,542
Results:								
Interest income	79	2,039	-	-	-	(1,942)	79	97
Depreciation and amortisation	(513)	(509)	(173)	(158)	(1)	(1)	(687)	(668)
Other non-cash income / (expenses)	(15)	-	13	423	-	-	(3)	423
Share of results of an Associate	(985)	988	-	-	-	-	(985)	988
Interest expenses	(4,113)	(5,793)	-	(65)	337	1,942	(3,777)	(3,916)
Segment profit / (loss)	7,201	3,257	(208)	173	-	-	6,993	3,430
Assets:								
Additions to non-current assets	4,679	4,574	39	-	-	-	4,718	4,574
Segment assets	1,802,221	1,753,807	10,262	10,110	(621,762)	(517,080)	1,190,720	1,246,837
Segment liabilities	1,159,941	1,111,476	14,761	12,852	(571,772)	(470,928)	602,930	653,400

9 Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward, without any amendments from the previous annual audited financial statements for the year ended 31 March 2019.

10 Material Events Subsequent to the End of the Reporting Period

There were no material events subsequent to the statement of financial position date up to 17 July 2019, being the latest practicable date from the date of issuance of this Interim Financial Report.

11 Changes in the Composition of the Group

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

12 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual statement of financial position as at 31 March 2019.

13 Capital Commitments

There were no outstanding capital commitments for the Group as at 30 June 2019.

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

14 Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2019 RM' 000	Preceding Year Corresponding Quarter 30/6/2018 RM' 000	Current Year to Date 30/6/2019 RM' 000	Preceding Year Corresponding Year to Date 30/6/2018 RM' 000
Malaysian income tax	(3,021)	(2,611)	(3,021)	(2,611)
Deferred tax	(298)	193	(298)	193
	<u>(3,319)</u>	<u>(2,418)</u>	<u>(3,319)</u>	<u>(2,418)</u>
Over/(Under) provision of Malaysian income tax in prior years	-	-	-	-
	<u>(3,319)</u>	<u>(2,418)</u>	<u>(3,319)</u>	<u>(2,418)</u>

15 Corporate Proposals

As of 17 July 2019, the Company has not announced any corporate proposal.

16 Borrowings - Secured

	As at 30/6/2019 RM' 000	As at 31/3/2019 RM' 000
Short Term Bank Borrowings	101,302	92,460
Long Term Bank Borrowings	294,799	310,623
	<u>396,101</u>	<u>403,083</u>

17 Changes in Material Litigation

There were no material litigation since the date of the last annual statement of financial position to the date of this report.

18 Dividends Payable

No dividend has been declared for the quarter under review.

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

19 Earnings Per Share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the company by the weighted average number of ordinary shares in issue during the period.

		3 months ended 30/6/2019	3 months ended 30/6/2018
(a) Basic earnings per share			
Profit for the period	(RM' 000)	<u>3,699</u>	<u>1,012</u>
Weighted average number of ordinary shares	('000)	<u>352,000</u>	<u>352,000</u>
Basic earnings per share	(sen)	1.05	0.29
(b) Diluted earnings per share			
	(sen)	N/A	N/A

20 Review of Group Performance

For the quarter under review, the Group achieved revenue of RM82.18 million, representing an increase of RM15.64 million (24%) as compared to the preceding year's corresponding quarter.

Profit before tax for the quarter under review of RM6.99 million was RM3.56 million (104%) higher than the preceding year corresponding quarter.

Total unbilled sales at the end of the quarter under review stood at RM201.56 million. The Group has undeveloped landbank of 467 acres across key regions with an estimated GDV of RM5.3 billion.

The performance of the respective operating business segments is analysed as follows:

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/6/2019 RM' 000	Preceding Year Corresponding Quarter 30/6/2018 RM' 000	% + / (-)	Current Year to Date 30/6/2019 RM' 000	Preceding Year Corresponding Year to Date 30/6/2018 RM' 000	% + / (-)
Revenue						
Property Development	81,861	66,273	23.5	81,861	66,273	23.5
Other Operation	316	269	17.4	316	269	17.4
	<u>82,177</u>	<u>66,542</u>	23.5	<u>82,177</u>	<u>66,542</u>	23.5
Profit before tax						
Property Development	7,201	3,257	121.1	7,201	3,257	121.1
Other Operation	(208)	173	(220.4)	(208)	173	(220.4)
	<u>6,993</u>	<u>3,430</u>	103.9	<u>6,993</u>	<u>3,430</u>	103.9

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

20 Review of Group Performance (contd.)

(a) Property development:

For the quarter under review, revenue and profit before tax increased by 24% and 121% respectively as compared to the previous financial year corresponding quarter.

The improved results were mainly contributed by steady construction progress from Astetica Residence, Seri Kembangan and Meritus Residence, Penang.

(b) Other operations:

Revenue and profit from other operations mainly consist of rental income derived from the operation of commercial properties under the "build, operate and transfer" concession with local authorities and newly established franchising food and beverage outlet, namely "Kluang Station" at One South.

21 Material Changes in the Quarterly Results compared to the Results of the Immediate Preceding Quarter

For the quarter under review, the Group achieved profit before tax of RM6.99 million as compared to the loss before tax of RM26.98 million in the immediate preceding quarter ended 31 March 2019. In the preceding quarter, the loss was mainly due to the recognition of impairment on investment in the associate company of RM7.93 million and share of loss of the associate company of RM16.65 million which is lower in the quarter under review.

	Quarter Ended		%
	30/6/2019	31/3/2019	
	RM' 000	RM' 000	+ / (-)
Revenue	82,177	77,853	5.6
Cost of Sales	<u>(61,151)</u>	<u>(54,619)</u>	
Gross Profit	21,026	23,234	(9.5)
Other Income	213	114	
Selling and Marketing Expenses	(2,629)	(4,372)	
Administrative and General Expenses	<u>(6,855)</u>	<u>(16,640)</u>	
Operating Profit	11,755	2,336	403.2
Finance Costs	(3,777)	(8,918)	
Share of Results of Associate	<u>(985)</u>	<u>(20,397)</u>	
Profit Before Tax	6,993	(26,979)	125.9
Income Tax Expense	<u>(3,319)</u>	<u>(2,469)</u>	
Profit After Tax	<u>3,675</u>	<u>(29,448)</u>	112.5

22 Current Year Prospects

The current sentiment of the property sector remains weak and challenging. The Board and Management will continue to focus on driving sales for on-going projects and inventory units to deliver better results for the remaining period of financial year ending 31 March 2020.

23 Explanatory Notes for Variance of Actual Profit from Forecast Profit / Profit Guarantee

Not applicable.

24 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' meeting held on 17 July 2019.