

TO BE RELEASED TO BURSA



HUA YANG GROUP OF COMPANIES

INTERIM FINANCIAL RESULTS

SECOND QUARTER ENDED 30 SEPTEMBER 2019

Interim Financial Statements for the financial period ended 30 September 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	%
	30/9/2019 RM' 000	30/9/2018 RM' 000	+ / (-)	30/9/2019 RM' 000	30/9/2018 RM' 000	+ / (-)
Revenue	67,995	64,545	5.3	150,172	131,087	14.6
Cost of Sales	(48,205)	(48,411)		(109,356)	(96,734)	
Gross Profit	19,790	16,134	22.7	40,816	34,353	18.8
Other Income	226	412		439	1,104	
Selling and Marketing Expenses	(2,445)	(3,009)		(5,074)	(5,614)	
Administrative and General Expenses	(7,618)	(6,976)		(14,473)	(16,924)	
Operating Profit	9,953	6,561	51.7	21,708	12,919	68.0
Finance Costs	(3,624)	(4,020)		(7,401)	(7,936)	
Share of Results of an Associate	(3,394)	1,123		(4,379)	2,111	
Profit Before Tax	2,935	3,664	(19.9)	9,928	7,094	40.0
Tax Expense	(1,959)	(1,764)		(5,278)	(4,182)	
Profit For The Period	976	1,900	(48.6)	4,650	2,912	59.7
Profit attributable to:						
Owners of the Company	994	1,900	(47.7)	4,693	2,912	61.1
Non-controlling Interests	(18)	-		(43)	-	
	976	1,900		4,650	2,912	
Earnings Per Share Attributable to Owners of the Company (sen)						
Basic, for profit for the period	0.28	0.54	(47.7)	1.33	0.83	61.1

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 September 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	%
	30/9/2019 RM' 000	30/9/2018 RM' 000	+ / (-)	30/9/2019 RM' 000	30/9/2018 RM' 000	+ / (-)
Profit For The Period	976	1,900	(48.6)	4,650	2,912	59.7
Other Comprehensive Income / (Loss) For The Period, Net Of Tax	208	(735)	128.3	(366)	(1,595)	77.1
Total Comprehensive Income For The Period, Net Of Tax	1,184	1,165		4,284	1,317	
Total Comprehensive Income Attributable To :						
Owners of the Company	1,202	1,165	3.1	4,327	1,317	228.5
Non-controlling Interests	(18)	-		(43)	-	
	1,184	1,165		4,284	1,317	

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

Interest Income	93	45		172	142	
Other Income Including Investment Income	133	367		267	962	
Interest Expense	3,624	4,020		7,401	7,936	
Depreciation & Amortization	755	684		1,442	1,352	
Provision For/Write Off of Receivables	(1)	(1)		13	(424)	
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	208	(735)		(366)	(1,595)	
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 September 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) As at 30/9/2019 RM' 000	(AUDITED) As at 31/3/2019 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	15,800	15,100
Concession assets	7,091	7,345
Inventories - Land held for property development	488,721	478,627
Investment properties	1,674	1,696
Investment in associate	155,763	160,508
Other receivables	7,950	8,389
Fixed deposit with licenced bank	3,307	3,276
Intangible assets	9,596	9,596
Deferred tax assets	14,030	14,956
	<u>703,934</u>	<u>699,492</u>
Current assets		
Inventories - Completed properties	34,313	58,012
Inventories - Property development costs	268,858	280,418
Inventories - Others	27	11
Contract assets	74,955	70,118
Contract cost	18,306	24,247
Trade and other receivables	46,831	43,145
Other current assets	119	548
Tax recoverable	-	3,544
Cash and bank balances	15,577	16,589
	<u>458,986</u>	<u>496,631</u>
TOTAL ASSETS	<u>1,162,920</u>	<u>1,196,123</u>
EQUITY AND LIABILITIES		
Current liabilities		
Contract liabilities	13,734	26,149
Trade and other payables	154,239	137,615
Short term borrowings	122,316	92,460
	<u>291,032</u>	<u>256,223</u>
Net current assets	<u>167,954</u>	<u>240,407</u>
Non-current liabilities		
Trade and other payables	6,649	6,541
Deferred tax liabilities	37,582	37,593
Long term borrowings	238,229	310,623
	<u>282,461</u>	<u>354,757</u>
TOTAL LIABILITIES	<u>573,493</u>	<u>610,981</u>
Net assets	<u>589,427</u>	<u>585,141</u>
Total equity attributable to owners of the Company		
Share capital	352,000	352,000
Reserves	214,893	210,565
	<u>566,893</u>	<u>562,565</u>
Non-controlling interests	22,534	22,578
TOTAL EQUITY	<u>589,427</u>	<u>585,143</u>
TOTAL EQUITY AND LIABILITIES	<u>1,162,920</u>	<u>1,196,123</u>
Net Assets Attributable to Owners of the Company	<u>566,893</u>	<u>562,565</u>
Net Assets Per Share Attributable to Owners of the Company (RM)	<u>1.61</u>	<u>1.60</u>

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 September 2019

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Company ----->						
	<----- Non-distributable ----->			<- Distributable ->		Non-controlling Interests RM' 000	Total Equity RM' 000
	Share Capital RM' 000	Foreign Currency Exchange Reserve RM' 000	Retained Earnings RM' 000	Sub-Total RM' 000			
<u>6 months ended 30 September 2018</u>							
At 1 April 2018	352,000	(2,581)	241,546	590,965	-	590,965	
Profit for the period	-	-	2,912	2,912	-	2,912	
Share of losses of equity-accounted associate	-	(1,595)	-	(1,595)	-	(1,595)	
Total comprehensive income for the period	-	(1,595)	2,912	1,317	-	1,317	
Changes in ownership interest in a subsidiary	-	-	-	-	21,000	21,000	
At 30 September 2018	352,000	(4,176)	244,458	592,282	21,000	613,282	
<u>6 months ended 30 September 2019</u>							
At 1 April 2019	352,000	(6,933)	217,499	562,566	22,578	585,144	
Profit for the period	-	-	4,693	4,693	(43)	4,649	
Share of losses of equity-accounted associate	-	(366)	-	(366)	-	(366)	
Total comprehensive income for the period	-	(366)	4,693	4,327	(43)	4,283	
At 30 September 2019	352,000	(7,299)	222,192	566,893	22,534	589,427	

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 September 2019

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30/9/2019 RM' 000	6 months ended 30/9/2018 RM' 000
OPERATING ACTIVITIES		
Profit before tax	9,928	7,094
Adjustments for :		
Non-cash items	5,825	(1,183)
Non-operating items	7,229	7,794
Operating profit before changes in working capital	<u>22,982</u>	<u>13,705</u>
<i>Net change in current assets</i>		
Receivables	(2,805)	(10,953)
Contract assets	(17,252)	-
Contract cost	5,941	-
Inventories - completed properties	23,683	39,580
Inventories - property development costs	15,617	(1,307)
<i>Net change in current liabilities</i>		
Payables	<u>16,734</u>	<u>(3,809)</u>
Cash generated from operations	64,900	37,216
Tax paid	(3,536)	(3,929)
Tax refund	2,809	-
Interest received	172	142
Net cash from operating activities	<u>64,345</u>	<u>33,429</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(1,926)	(91)
Net cash outflow on acquisition of a subsidiary	-	(69,337)
Proceeds from disposal of property, plant and equipment	43	-
Proceeds from disposal of shares in subsidiary	-	21,000
Additions to inventories - land held for future development	(8,822)	(8,609)
Net cash used in investing activities	(10,705)	(57,037)
FINANCING ACTIVITIES		
Proceeds from borrowings	21,774	187,915
Repayment of borrowings	(68,763)	(163,852)
Change in pledged deposits	(31)	(26)
Interest paid	(12,081)	(7,936)
Net cash (used in) / from financing activities	(59,101)	16,101
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,461)	(7,507)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	607	478
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(4,854)</u>	<u>(7,029)</u>
Cash and cash equivalents comprise of :		
Deposits, bank and cash balances	15,577	14,669
Bank overdrafts	(20,433)	(21,698)
	<u>(4,854)</u>	<u>(7,029)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019 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	
	30/9/2019 RM' 000	30/9/2018 RM' 000	30/9/2019 RM' 000	30/9/2018 RM' 000	30/9/2019 RM' 000	30/9/2018 RM' 000	30/9/2019 RM' 000	30/9/2018 RM' 000
Revenue:								
External customers	148,821	130,550	1,351	537	-	-	150,172	131,087
Inter-segment	3,416	3,308	-	-	(3,416)	(3,308)	-	-
	152,237	133,858	1,351	537	(3,416)	(3,308)	150,172	131,087
Results:								
Interest income	181	5,895	-	-	(9)	(5,753)	172	142
Depreciation and amortisation	(1,440)	(1,035)	(0)	(315)	(2)	(2)	(1,442)	(1,352)
Other non-cash income / (expenses)	(17)	-	13	424	-	-	(4)	424
Share of results of an Associate	(4,379)	2,111	-	-	-	-	(4,379)	2,111
Interest expenses	(8,394)	(14,337)	-	(163)	993	6,564	(7,401)	(7,936)
Segment profit / (loss)	10,588	7,140	(660)	(46)	-	-	9,928	7,094
Assets:								
Additions to non-current assets	13,894	25,704	605	3	-	-	14,499	25,707
Segment assets	1,726,427	1,791,255	17,077	9,956	(580,583)	(535,694)	1,162,920	1,265,517
Segment liabilities	1,137,955	1,133,997	15,751	12,842	(580,213)	(494,470)	573,493	652,369

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 23 October 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 September 2019.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2019 RM' 000	Preceding Year Corresponding Quarter 30/9/2018 RM' 000	Current Year to Date 30/9/2019 RM' 000	Preceding Year Corresponding Year to Date 30/9/2018 RM' 000
Malaysian income tax	(1,993)	(1,234)	(5,014)	(3,845)
Deferred tax	34	(530)	(264)	(337)
	<u>(1,959)</u>	<u>(1,764)</u>	<u>(5,278)</u>	<u>(4,182)</u>
Over/(Under) provision of Malaysian income tax in prior years	-	-	-	-
	<u>(1,959)</u>	<u>(1,764)</u>	<u>(5,278)</u>	<u>(4,182)</u>

15 Corporate Proposals

As of 23 October 2019, the Company has not announced any corporate proposal.

16 Borrowings - Secured

	As at 30/9/2019 RM' 000	As at 31/3/2019 RM' 000
Short Term Bank Borrowings	122,316	92,460
Long Term Bank Borrowings	238,229	310,623
	<u>360,546</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.

		6 months ended 30/9/2019	6 months ended 30/9/2018
(a) Basic earnings per share			
Profit for the period	(RM' 000)	<u>4,693</u>	<u>2,912</u>
Weighted average number of ordinary shares	('000)	<u>352,000</u>	<u>352,000</u>
Basic earnings per share	(sen)	1.33	0.83
(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 RM68.00 million, representing an increase of RM3.45 million (5%) as compared to the preceding year's corresponding quarter.

Profit before tax for the quarter under review of RM2.94 million was RM0.73 million (20%) lower than the preceding year corresponding quarter.

Total unbilled sales at the end of the quarter under review stood at RM182.87 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 30/9/2019 RM' 000	Preceding Year Corresponding Quarter 30/9/2018 RM' 000	% + / (-)	Current Year to Date 30/9/2019 RM' 000	Preceding Year Corresponding Year to Date 30/9/2018 RM' 000	% + / (-)
Revenue						
Property Development	66,960	64,277	4.2	148,821	130,550	14.0
Other Operations	1,035	268	286.4	1,351	537	151.7
	<u>67,995</u>	<u>64,545</u>	5.3	<u>150,172</u>	<u>131,087</u>	14.6
Profit before tax						
Property Development	3,803	3,883	(2.1)	10,588	7,140	48.3
Other Operations	(868)	(219)	(296.1)	(660)	(46)	(1,333.7)
	<u>2,935</u>	<u>3,664</u>	(19.9)	<u>9,928</u>	<u>7,094</u>	40.0

**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 increased by 4% while profit before tax decreased marginally by 2% as compared to the previous financial year corresponding quarter.

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

(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, operation of franchised food and beverage outlet and trading of building materials.

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 RM2.94 million as compared to RM6.99 million in the immediate preceding quarter ended 30 June 2019. The decrease was mainly due to higher share of losses of associate company.

	Quarter Ended		%
	30/9/2019	30/6/2019	
	RM' 000	RM' 000	+ / (-)
Revenue	67,995	82,177	(17.3)
Cost of Sales	(48,205)	(61,151)	
Gross Profit	19,790	21,026	(5.9)
Other Income	226	213	
Selling and Marketing Expenses	(2,445)	(2,629)	
Administrative and General Expenses	(7,618)	(6,855)	
Operating Profit	9,953	11,755	(15.3)
Finance Costs	(3,624)	(3,777)	
Share of Results of Associate	(3,394)	(985)	
Profit Before Tax	2,935	6,993	58.0
Income Tax Expense	(1,959)	(3,319)	
Profit After Tax	976	3,674	73.4

22 Current Year Prospects

The current sentiments of the property sector remains challenging. Amid an uncertain macro-economic situation, the Board and Management will be more cautious on new property launches and continue to strive 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 23 October 2019.